

NRC EXPORT LICENSE APPLICATION—Continued

Country of Destination Belgium.

Dated: May 27, 2022.

For the Nuclear Regulatory Commission.

David L. Skeen,

Deputy Director, Office of International Programs.

[FR Doc. 2022-11854 Filed 6-2-22; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meetings

TIME AND DATE: Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94-409, that the Securities and Exchange Commission Investor Advisory Committee will hold a public meeting on Thursday, June 9, 2022. The meeting will begin at 10:00 a.m. (ET) and will be open to the public.

PLACE: The meeting will be conducted by remote means. Members of the public may watch the webcast of the meeting on the Commission's website at www.sec.gov.

STATUS: This Sunshine Act notice is being issued because a majority of the Commission may attend the meeting.

PUBLIC COMMENT: The public is invited to submit written statements to the Committee. Written statements should be received on or before June 8, 2022.

Written statements may be submitted by any of the following methods:

Electronic Statements

- Use the Commission's internet submission form (http://www.sec.gov/rules/other.shtml); or
• Send an email message to rules-comments@sec.gov. Please include File No. 265-28 on the subject line; or

Paper Electronic Statements

- Send paper statements to Vanessa A. Countryman, Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to File No. 265-28. This file number should be included on the subject line if email is used. To help us process and review your statement more efficiently, please use only one method.

Statements also will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Room 1503, Washington, DC 20549, on official business days between the hours of

10:00 a.m. and 3:00 p.m. All statements received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly.

MATTERS TO BE CONSIDERED: The agenda for the meeting includes: Welcome and introduction of new IAC members; opening remarks; approval of previous meeting minutes; a panel discussion regarding the accounting of non-traditional financial information; a panel discussion regarding climate disclosure; a discussion of a recommendation on protecting older investors, a discussion of a recommendation on funding investor advocacy clinics, subcommittee reports; and a non-public administrative session.

CONTACT PERSON FOR MORE INFORMATION: For further information and to ascertain what, if any, matters have been added, deleted or postponed; please contact Vanessa A. Countryman from the Office of the Secretary at (202) 551-5400.

Authority: 5 U.S.C. 552b.

Dated: June 1, 2022.

Vanessa A. Countryman, Secretary.

[FR Doc. 2022-12120 Filed 6-1-22; 4:15 pm]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-95003; File No. SR-FINRA-2022-013]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change To Amend FINRA Rule 6730 To Enhance TRACE Reporting Obligations for U.S. Treasury Securities

May 27, 2022.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 23, 2022, the Financial Industry Regulatory Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been

prepared by FINRA. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

FINRA is proposing to amend FINRA Rule 6730 to: (i) Require members to report electronically executed transactions in U.S. Treasury Securities to FINRA's Trade Reporting and Compliance Engine ("TRACE") in the finest increment captured by the system used to execute the transaction, subject to an exception for members with limited trading volume in U.S. Treasury Securities; and (ii) reduce the trade reporting timeframe for transactions in U.S. Treasury Securities to generally require reporting to TRACE as soon as practicable but no later than 60 minutes.

The text of the proposed rule change is available on FINRA's website at http://www.finra.org, at the principal office of FINRA and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, FINRA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

On July 10, 2017,³ FINRA members began reporting information on transactions in U.S. Treasury

³ See Regulatory Notice 16-39 (October 2016); see also Securities Exchange Act Release No. 79116 (October 18, 2016), 81 FR 73167 (October 24, 2016) (Order Granting Accelerated Approval of File No. SR-FINRA-2016-027).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Securities⁴ to TRACE.⁵ Information reported to TRACE regarding transactions in U.S. Treasury Securities is used for regulatory and other official sector purposes and is not disseminated publicly.⁶ Among other regulatory uses, FINRA makes the data available to the official sector to assist them in the monitoring and analysis of the U.S. Treasury Security markets.⁷

Since members began reporting U.S. Treasury Security transaction information to TRACE,⁸ FINRA has continued to study the data and, in consultation with the Treasury Department, consider potential ways to enhance the quality and availability of the data for FINRA and the official sector. FINRA is now proposing two changes to its TRACE reporting rules to enhance the regulatory audit trail and require members to report transactions in U.S. Treasury Securities to FINRA in a more timely manner. The first proposed change would require members to report electronically executed transactions in U.S. Treasury

Securities to TRACE in the finest increment captured by the system that executed the transaction, as discussed below. FINRA is proposing to provide an exception from the amended execution timestamp provision for members with limited trading volume in U.S. Treasury Securities. The second proposed change would reduce the reporting timeframe for transactions in U.S. Treasury Securities, as discussed further below.

Execution Timestamps

Existing Supplementary Material .04 to Rule 6730 provides that, when reporting transactions in U.S. Treasury Securities executed electronically to TRACE, members must report the Time of Execution⁹ pursuant to paragraph (c)(8) of Rule 6730 to the finest increment of time captured by the member's system (e.g., millisecond, microsecond), but at a minimum, in increments of seconds.¹⁰ The "member's system" referenced in the existing rule refers to the system that is used to report the transaction to TRACE (i.e., the member's "reporting system"). Under the existing rule and related guidance, if a member uses multiple systems to facilitate trade reporting and those systems differ in granularity, then the member may use the finest increment that is common across all systems.¹¹ As a result, currently members may use a reporting system to report a trade to TRACE in an increment of time that is less precise than that

captured by the system that is used to execute the transaction (i.e., the "execution system").¹²

To improve the granularity and consistency of transaction information for U.S. Treasury Securities, FINRA is proposing to amend Supplementary Material .04 to Rule 6730 to instead provide that, when reporting transactions in U.S. Treasury Securities executed electronically, members must report the Time of Execution pursuant to paragraph (c)(8) of Rule 6730 to the finest increment of time captured by the execution system (e.g., millisecond, microsecond), but reporting must be in an increment of (i) no longer than a second and (ii) no shorter than a microsecond. Amended Supplementary Material .04 would not require members to update execution systems for U.S. Treasury Securities—instead members must update their reporting systems, if necessary, to ensure that their TRACE reports reflect the finest increment of time captured by the execution system (but not finer than a microsecond).¹³ Therefore, a member may be required to update its reporting system for U.S. Treasury Securities if such reporting system does not currently report to TRACE to the same level of granularity as the execution system.¹⁴

For example, if the execution system captures time in milliseconds but the reporting system for U.S. Treasury Security transactions reports the Time

⁴ Under Rule 6710(p), a "U.S. Treasury Security" means a security, other than a savings bond, issued by the U.S. Department of the Treasury (the "Treasury Department") to fund the operations of the federal government or to retire such outstanding securities. The term "U.S. Treasury Security" also includes separate principal and interest components of a U.S. Treasury Security that has been separated pursuant to the Separate Trading of Registered Interest and Principal of Securities (STRIPS) program operated by the Treasury Department.

⁵ TRACE is the FINRA-developed system that facilitates the mandatory reporting of over-the-counter transactions in eligible fixed income securities. See generally Rule 6700 Series.

⁶ On March 10, 2020, FINRA began posting on its website weekly, aggregate data on the trading volume of U.S. Treasury Securities reported to TRACE. See FINRA Press Release, FINRA Launches New Data on Treasury Securities Trading Volume, <https://www.finra.org/media-center/newsreleases/2020/finra-launches-new-data-treasury-securities-trading-volume>; see also Securities Exchange Act Release No. 87837 (December 20, 2019), 84 FR 71986 (December 30, 2019) (Order Approving File No. SR-FINRA-2019-028). Information on individual transactions in U.S. Treasury Securities is not published or disseminated.

⁷ The Treasury Department, the Board of Governors of the Federal Reserve System (the "Federal Reserve"), the Federal Reserve Bank of New York, the SEC and the U.S. Commodity Futures Trading Commission comprise the Inter-Agency Working Group for Treasury Market Surveillance (IAWG or "official sector").

⁸ Currently, the TRACE reporting requirements apply only to FINRA members. However, FINRA notes that the Federal Reserve has approved a rule change that will require certain non-FINRA member banks to begin reporting information on transactions in specified fixed income securities, including U.S. Treasury Securities, to TRACE. See Agency Information Collection Activities: Announcement of Board Approval Under Delegated Authority and Submission to OMB, 86 FR 59716 (October 28, 2021) (Federal Reserve approval to implement the Treasury Securities and Agency Debt and Mortgage-Backed Securities Reporting Requirements (FR 2956; OMB No. 7100-NEW)).

⁹ Under Rule 6710(d), the "Time of Execution" generally means the time when the parties to a transaction agree to all of the terms of the transaction that are sufficient to calculate the dollar price of the trade.

¹⁰ Existing Supplementary Material .04 provides that a member must report "at a minimum, in increment of seconds." As discussed below, to avoid confusion, the proposed amendments update this language to clarify that members must report trades in an increment of "no longer than a second" and no shorter than a microsecond. TRACE currently cannot accept a Time of Execution in an increment that is finer than a microsecond. The proposed rule change would also make a non-substantive edit to Supplementary Material .04 to capitalize the defined term "Time of Execution."

¹¹ Specifically, TRACE Treasury FAQ #3.5.8 provides as follows: Question: Our firm will use two separate systems to facilitate trade reporting of U.S. Treasury Securities for different business lines. One system ("System A") has the capability to capture the time of execution to the millisecond; however, the second system ("System B") will only capture the time of execution to the second. Will our firm be required to update System B to capture the time of execution to the millisecond? Answer: No. The rule requires members to report the time of electronic executions to the finest increment of time captured in the member's system (e.g., millisecond, microsecond), but at a minimum, in increments of seconds. Since the firm would be reporting the time of execution to the finest increment captured by each system, the firm would not need to make any updates to System B to comply with a finer time increment.

¹² For purposes of Supplementary Material .04, FINRA would consider the relevant execution system to be the system used to execute the particular U.S. Treasury Security transaction being reported to TRACE, regardless of whether the member is using its own internal systems for execution or if the transaction is executed through an external system. For example, if a member executes a transaction in a U.S. Treasury Security through an alternative trading system ("ATS") or other electronic trading platform, the member would be required to report in the finest increment of time captured by such ATS or electronic trading platform (but no finer than a microsecond, in line with TRACE system parameters).

¹³ The TRACE system does not accept trade reports in increments finer than a microsecond. Where a firm captures time in a finer increment, the firm must truncate the time when reporting the transaction to TRACE. Specifically, TRACE FAQ #3.5.37 provides as follows: Question: Is rounding permitted when reporting the Time of Execution of a U.S. Treasury Security transaction to TRACE? Answer: No. Members must accurately report a transaction's Time of Execution and are not permitted to round when reporting to TRACE. The TRACE system can accommodate reporting up to the microsecond and, where the firm captures time in an increment finer than microseconds, the firm must truncate when reporting to TRACE.

¹⁴ See *supra* note 12. In connection with the proposed rule change, FINRA would also amend its existing TRACE FAQs to clarify that a member must report using the finest increment of time captured by the execution system, and therefore may need to update other systems to enable trade reporting using the execution system's level of timestamp granularity.

of Execution in seconds, the member would be required to update its reporting system to report the Time of Execution in milliseconds. Similarly, if a member's reporting system reports transactions in U.S. Treasury Securities in milliseconds but the member executes trades on an ATS that captures the execution times in microseconds, the member would be required to update its reporting system to report the Time of Execution in microseconds. FINRA believes the proposed change would result in FINRA and the official sector receiving more precise information with respect to the Time of Execution of transactions in U.S. Treasury Securities, which would assist with trade matching and sequencing for U.S. Treasury Securities.

FINRA is, however, proposing to add new Supplementary Material .07 to Rule 6730 to provide a limited exception for members with limited trading volume in U.S. Treasury Securities from the proposed requirement to report electronically executed transactions in U.S. Treasury Securities to the finest increment of time captured by the execution system.¹⁵ The proposed Supplementary Material would define a "member with limited trading volume in U.S. Treasury Securities" as a member that executed transactions in U.S. Treasury Securities of \$10 million or less in average daily par value, computed by aggregating buy and sell transactions, during the preceding calendar year. Where a member's activity is below the proposed criteria during the preceding calendar year, such member would not be required to report transactions in U.S. Treasury Securities in the finest increment captured by the execution system and would be permitted to continue to report the Time of Execution for transactions in U.S. Treasury Securities executed electronically as it does today for the duration of the following calendar year.

Under the proposed rule change, a member that relies on the exception for limited trading volume would be

¹⁵ The proposed rule change would also make non-substantive, conforming edits to the Supplementary Material to Rule 6730. Specifically, existing Supplementary Material .06 to Rule 6730 provided a temporary exception for aggregate transaction reporting of U.S. Treasury Securities executed in ATS trading sessions. By its terms, that temporary exception expired on April 12, 2019. Therefore, FINRA is proposing to delete the temporary exception under existing Supplementary Material .06, renumber existing Supplementary Material .07 (ATS Identification of Non-FINRA Member Counterparties for Transactions in U.S. Treasury Securities) as Supplementary Material .06 and add the new exception for members with limited trading volume in U.S. Treasury Securities as new Supplementary Material .07.

required to confirm on an annual basis that it continues to meet the criteria for the exception based on its trading activity during the preceding calendar year. Where a member no longer meets the criteria for the exception based on its trading activity during a given preceding calendar year, the member may no longer rely on the exception beginning 90 days after the end of such calendar year, which FINRA believes would provide such members with a sufficient amount of time to make any systems changes that may be needed to comply with the amended timestamp requirement.¹⁶

As discussed further below in the Economic Impact Assessment, FINRA believes that providing an exception from the amended execution timestamp requirement is appropriate as it would apply the enhanced obligations under the rule and associated burdens to the members that engage in substantial trading activity in U.S. Treasury Securities (based on the \$10 million average daily par value traded threshold).

Reporting Timeframe Reduction

Under existing Rule 6730(a)(4)(A), transactions in U.S. Treasury Securities executed on a business day at or after 12:00:00 a.m. Eastern Time through 5:00:00 p.m. Eastern Time must be reported the same day during TRACE System Hours, *i.e.*, 8:00:00 a.m. Eastern Time through 6:29:59 p.m. Eastern Time.¹⁷ A transaction executed on a business day after 5:00:00 p.m. Eastern Time but before the TRACE system closes can be reported the same day before the TRACE system closes, but must be reported no later than the next business day (T+1) during TRACE System Hours, *i.e.*, 8:00:00 a.m. Eastern Time through 6:29:59 p.m. Eastern Time, and, if reported on T+1, designated "as/of" and include the date of execution. Finally, a transaction executed on a business day at or after 6:30:00 p.m. Eastern Time through 11:59:59 p.m. Eastern Time (or a

¹⁶ Under the proposed rule change, once a member's activity falls outside of the scope of the proposed criteria based on its trading activity during a given preceding calendar year, such member generally may no longer rely on the exception beginning 90 days after the end of such calendar year, irrespective of whether it again meets the criteria in a subsequent calendar year. However, a member may consult with FINRA staff regarding the availability of the exception where the member has changed business lines or undergone a corporate restructuring that significantly impacts its level of activity in U.S. Treasury Securities.

¹⁷ Under Rule 6710(t), "TRACE System Hours" means the hours the TRACE system is open, which are 8:00:00 a.m. Eastern Time through 6:29:59 p.m. Eastern Time on a business day, unless otherwise announced by FINRA.

Saturday, a Sunday, a federal or religious holiday or other day on which the TRACE system is not open at any time during that day) must be reported the next business day (T+1) during TRACE System Hours, *i.e.*, 8:00:00 a.m. Eastern Time through 6:29:59 p.m. Eastern Time, designated "as/of," and include the date of execution.

To provide more timely information about transactions in U.S. Treasury Securities, FINRA is proposing to amend Rule 6730(a)(4) to reduce the trade reporting timeframe as follows.¹⁸ Amended Rule 6730(a)(4) would provide that transactions in U.S. Treasury Securities must be reported as soon as practicable, but no later than the following time periods.¹⁹ Amended Rule 6730(a)(4)(A) would require that a transaction executed on a business day at or after 12:00:00 a.m. Eastern Time through 7:59:59 a.m. Eastern Time must be reported the same day no later than 60 minutes after the TRACE system opens. A transaction executed on a business day at or after the time the TRACE system opens at 8:00:00 a.m. Eastern Time through when the TRACE system closes at 6:29:59 p.m. Eastern Time (standard TRACE System Hours) must be reported within 60 minutes of the Time of Execution, except that a transaction executed on a business day less than 60 minutes before 6:30:00 p.m. Eastern Time can be reported the same day before the TRACE system closes, but must be reported no later than 60 minutes after the TRACE system opens the next business day (T+1), and if reported on T+1, designated "as/of" and

¹⁸ FINRA is not proposing to provide an exception for members with limited trading activity in U.S. Treasury Securities from the proposed reduced reporting timeframe requirement.

¹⁹ In connection with the proposed changes to Rule 6730(a)(4) discussed above, the proposed rule change would also make conforming changes to Supplementary Material .03 to Rule 6730, which sets forth standards for firms reporting transactions "as soon as practicable" after the Time of Execution in accordance with Rule 6730(a). Existing Rule 6730.03 provides that "[e]ach member with a trade reporting obligation pursuant to paragraph (a) above for a TRACE-Eligible Security that is subject to dissemination must adopt policies and procedures reasonably designed to comply with the requirement that transactions in TRACE-Eligible Securities be reported 'as soon as practicable' by implementing systems that commence the trade reporting process at the Time of Execution without delay." Under the proposed rule change, the "as soon as practicable" standard would also apply to transactions in U.S. Treasury Securities, which are not subject to dissemination. Therefore, FINRA is proposing to update the first sentence of Rule 6730.03 to provide that "[e]ach member with an obligation to report a transaction in a TRACE-Eligible Security 'as soon as practicable' pursuant to paragraph (a) of this Rule must adopt policies and procedures reasonably designed to comply with this requirement by implementing systems that commence the trade reporting process at the Time of Execution without delay."

include the date of execution. Finally, a transaction executed on a business day at or after 6:30:00 p.m. Eastern Time through 11:59:59 p.m. Eastern Time, or a Saturday, a Sunday, a federal or religious holiday or other day on which the TRACE system is not open at any time during that day (determined using Eastern Time) must be reported the next business day (T+1) no later than 60 minutes after the TRACE system opens, designated “as/of,” and include the date of execution.

FINRA believes the proposal to require that members report transactions in U.S. Treasury Securities to TRACE as soon as practicable, but no later than within 60 minutes of the Time of Execution (or within 60 minutes after the TRACE system opens for trades executed during specified periods, as described above) is a beneficial next step towards providing FINRA and the official sector with more timely information about activity in the U.S. Treasury Security markets than the current reporting timeframe, including more timely data about intraday pricing and liquidity. As discussed further in the Economic Impact Assessment, FINRA also notes that members already report over 90 percent of transactions in U.S. Treasury Securities within 60 minutes of the Time of Execution. FINRA will continue to consider whether further reducing the reporting timeframe for U.S. Treasury Securities may be beneficial.

If the Commission approves the proposed rule change, FINRA will announce the effective date of the proposed rule change in a *Regulatory Notice*. The effective date will be no later than 365 days following publication of the *Regulatory Notice* announcing Commission approval of the proposed rule change.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,²⁰ which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

FINRA believes that the proposed rule change to align the granularity of the Time of Execution provided in TRACE reports with the granularity of timestamps in the system used to execute transactions in U.S. Treasury Securities will enhance the regulatory audit trail for U.S. Treasury Securities

available to FINRA and the official sector by facilitating more efficient matching and sequencing of transactions in the audit trail data. FINRA also believes that providing an exception from the amended execution timestamp requirement for members with limited trading volume in U.S. Treasury Securities will reduce burdens for members with limited activity while continuing to ensure that FINRA and the official sector receives valuable audit trail information for U.S. Treasury Security trades. FINRA further believes that requiring members to report transactions in U.S. Treasury Securities to TRACE in a more timely manner will improve the availability to regulators of information regarding transactions in the U.S. Treasury Security markets, including more timely data about intraday pricing and liquidity.

B. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Economic Impact Assessment

FINRA has undertaken an economic impact assessment, as set forth below, to further analyze the regulatory need for the proposed rule change, its potential economic impacts, including anticipated costs, benefits, and distributional and competitive effects, relative to the current baseline, and the alternatives FINRA considered in assessing how best to meet its regulatory objective.

Regulatory Need

Under the existing rule, members may report a trade to TRACE in an increment of time that is less precise than that captured by the execution system, which makes it difficult to match interdealer trades when two sides report at different time granularity because coarse granularity in timestamps makes sequencing trades less precise. To address this, the proposed amendment requires that, when reporting transactions in U.S. Treasury Securities executed electronically, members must report the Time of Execution to the finest increment of time captured by the execution system, but must report in an increment of time that is no longer than a second and no shorter than a microsecond.

Under the existing rule, a transaction executed on a business day at or after 12:00:00 a.m. Eastern Time through 5:00:00 p.m. Eastern Time must be reported the same day during TRACE

System Hours, while a transaction executed after 5:00:00 p.m. Eastern Time but before the TRACE system closes must be reported no later than the next business day (T+1) during TRACE System Hours. A transaction executed on a business day at or after 6:30:00 p.m. Eastern Time through 11:59:59 p.m. Eastern time or on a non-business day must be reported the next business day (T+1) during TRACE System Hours. To improve the timeliness of the information reported to TRACE, the proposed amendment will require transactions in U.S. Treasury Securities to be reported as soon as practicable, but no later than 60 minutes from the Time of Execution (or within 60 minutes after the TRACE system opens for trades executed during specified periods), which would provide more timely information to regulators.

Economic Baseline

The economic baseline of the proposed rule change is the existing TRACE U.S. Treasury Security reporting requirements, and member firms trading activities in these securities. FINRA has analyzed TRACE U.S. Treasury Security transaction reports during the sample period of July 2020 to June 2021 by 729 members and 21 ATs,²¹ during which there were approximately 336,612 transaction reports on average reported to TRACE per day.²² ATs collectively accounted for 58.8 percent of these reports. Among the top 10 TRACE reporters for U.S. Treasury Securities, five are ATs and five are non-ATs FINRA members. The top 10 reporters collectively represented 71.8 percent of all TRACE U.S. Treasury Security reports, and the five ATs accounted for 57.8 percent of the total. On average, there were 667 FINRA members that reported fewer than 100 transactions per day for the days on which they reported transactions in U.S. Treasury Securities.

During the sample period, 253 unique MPIDs reported transactions in U.S. Treasury Securities executed on or through an ATs to TRACE.²³ Of the 253 MPIDs, 173 MPIDs reported transactions in seconds and 80 MPIDs reported

²¹ In selecting a sample period, FINRA also analyzed trade reports during the 2020 calendar year, which includes the March 2020 stress period, and found no significant difference in the statistics over the 2020 calendar year as compared to the statistics over the July 2020 to June 2021 period.

²² The analysis considers all transaction reports for the purpose of the rule, and thus differs from the weekly aggregated statistics published by FINRA, which adjusts for multiple reporting of trades where a trade involves an ATs or both sides are FINRA members. See *supra* note 6.

²³ FINRA has analyzed the number of transactions executed on or through an ATs because these are a readily identifiable subset of all electronically executed transactions.

²⁰ 15 U.S.C. 78o-3(b)(6).

transactions in milliseconds or finer. Fifty-nine of the 173 reporters which reported in seconds had no more than \$10 million in average daily par value traded. Thirty-four of the 80 reporters which reported in milliseconds or finer had no more than \$10 million in average daily par value traded. There were approximately 70.2 million ATS transactions reported in the sample period across all 253 MPIDs. Most of these transactions (72.7 percent) were reported in milliseconds or finer.

Furthermore, for the sample period reviewed, FINRA analysis found that for transactions executed on business days between 8:00 a.m. and 5:00 p.m., members reported 96.5 percent of transactions within 60 minutes of the Time of Execution. Of the 749 MPIDs (either member firm or ATS) that reported transactions, 281 MPIDs always reported transactions within 60 minutes and 12 MPIDs always reported transactions more than 60 minutes after the execution. The remaining 456 MPIDs reported transactions both within 60 minutes and after 60 minutes of execution, of which 96.5 percent were reported within 60 minutes of execution. FINRA also observed that of the transactions that were executed from 5:00 p.m. through 7:59:59 a.m. the next business day or on non-business days by 318 MPIDs, 95.5 percent of these transactions were reported within 60 minutes after the TRACE system opened. Of the 318 MPIDs, 109 always reported within 60 minutes after the TRACE system opened. Of the 318 MPIDs, 193 reported both within and after 60 minutes after the TRACE system opened.

Economic Impacts

As discussed above, FINRA is proposing two enhancements to improve the quality and timeliness of the information reported to TRACE for transactions in U.S. Treasury Securities. The enhancements will result in benefits, including facilitating market oversight and providing FINRA and the official sector with valuable insight into U.S. Treasury Security transactions, thereby benefiting the markets and market participants, and strengthening investor protection.

FINRA recognizes that the proposed enhancements may result in costs for members that trade U.S. Treasury Securities where members must implement changes to their processes and systems for reporting U.S. Treasury Securities transactions to TRACE.

The proposed rule change may affect competition between member firms with reporting obligations and non-members engaging in U.S. Treasury

Security trades. Such competitive impact could result from the extent to which members pass costs resulting from the reporting requirement to customers, either fully or partially. Customers may thus choose to trade using non-members who do not have TRACE reporting obligations. However, such substitutability would depend on, among other things, whether sufficient liquidity exists with these non-reporting firms, and regulatory or practical limitations on where customers and institutions may trade. In addition, search and other costs may further impose a burden on customers that may limit such potential substitution. Substitution may also be limited where other regulators impose TRACE reporting requirements that align with the proposed rule change, for example when the Federal Reserve implements TRACE reporting for U.S. Treasury Securities for banks.²⁴ The proposed rule change may also affect competition among reporting firms, where firms reporting only a limited number of trades may face the same costs of upgrading their systems and therefore find their limited trading in U.S. Treasury Securities less viable. The impact on such firms is expected to be mitigated as a result of the proposed exception for eligible members in connection with the proposed timestamp granularity provision, as described above.

Execution Timestamps

As discussed above, FINRA is proposing to require members to report electronically executed transactions in U.S. Treasury Securities in the finest increment of time as that captured by the execution system, but must report in an increment of time that is no longer than a second and no shorter than a microsecond. Finer time granularity in the audit trail will assist with trade matching and sequencing by allowing transactions to be matched more accurately and sequenced with more granularity. This facilitates market oversight by providing FINRA and the official sector with more information on U.S. Treasury Security transactions. It will result in costs for members that need to implement changes to their processes and systems.

FINRA is proposing an exception from the timestamp granularity requirement for members that engage in limited activity in U.S. Treasury Securities—specifically, members that executed transactions in U.S. Treasury Securities of no more than \$10 million in average daily par value traded

(computed by aggregating buy and sell transactions over the prior calendar year). The \$10 million threshold would provide relief for firms with limited activity (and for which the technological changes required may be more significant compared to their level of activity in this space) while continuing to ensure that FINRA receives valuable audit trail information for U.S. Treasury Security trades. Based on 2020 data which is the full calendar year members' activity will be measured, the proposed threshold would provide relief to 485 firms that, in the aggregate, accounted for 0.11% of the total par value traded.

Reporting Timeframe Reduction

As discussed above, FINRA is proposing to reduce the timeframe for reporting transactions in U.S. Treasury Securities to TRACE to generally require reporting as soon as practicable but no later than within 60 minutes of the Time of Execution (or within 60 minutes after the TRACE system opens for trades executed during specified periods). This facilitates market oversight by providing FINRA and the official sector with more timely information on U.S. Treasury Security transactions. It will result in costs for members that need to implement changes to their processes and systems. As discussed in the baseline, members reported approximately 96 percent of transactions within 60 minutes of the Time of Execution.

Some members who trade in U.S. Treasury Securities also trade in other types of TRACE-Eligible Securities that already require reporting in a shorter timeframe. For example, transactions in corporate bonds and Agency Debt Securities²⁵ generally are required to be reported to FINRA as soon as practicable, but no later than within 15 minutes of the Time of Execution. In the sample period, of the 750 MPIDs that reported transactions in U.S. Treasury Securities, 691 MPIDs also reported transactions in corporate bonds and Agency Debt Securities. While these transactions may occur on separate

²⁵ Under Rule 6710(l), an "Agency Debt Security" means a debt security (i) issued or guaranteed by an Agency; (ii) issued or guaranteed by a Government-Sponsored Enterprise; or (iii) issued by a trust or other entity that was established or sponsored by a Government-Sponsored Enterprise for the purpose of issuing debt securities, where such enterprise provides collateral to the trust or other entity or retains a material net economic interest in the reference tranches associated with the securities issued by the trust or other entity. The term excludes a U.S. Treasury Security and a Securitized Product, where an Agency or a Government-Sponsored Enterprise is the Securitizer (or similar person), or the guarantor of the Securitized Product.

²⁴ See *supra* note 8.

trading desks, to the extent that members are able to leverage existing technology within the firm, the costs associated with the proposed reporting timeframe changes for U.S. Treasury Securities could potentially be reduced.

Alternatives Considered

FINRA considered several alternatives to the \$10 million threshold for the exception from the timestamp granularity requirement. First, FINRA considered basing the relief on the number of trades reported rather than the par value traded. Based on its analysis, FINRA believes that average daily par value traded is a more appropriate measurement; specifically, some firms with fewer than 100 trades on average per day still had significant average trading volume. FINRA also considered basing the relief on different levels of trading activity, up to an average daily par value traded of \$100 million (which is the threshold used by the Federal Reserve for bank reporting).²⁶ FINRA determined that a \$100 million threshold would result in the loss of valuable audit trail information for members that trade significant U.S. Treasury Security volumes. FINRA also analyzed firms at or below a \$50 million threshold, a \$20 million threshold, and \$15 million threshold and determined in each case that these thresholds were too high for purposes of the proposed exception and would result in the loss of valuable audit trail information. On balance, FINRA believes that the firms within scope of the proposed execution timestamp enhancement, using the proposed \$10 million threshold, are active participants in the U.S. Treasury Security space and should be required to implement the U.S. Treasury Security reporting changes; therefore, this threshold would ensure that FINRA receives valuable audit trail information for U.S. Treasury Security trades from more active firms.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The proposed rule change was published for comment in *Regulatory Notice* 20–43 (December 2020). Nine comments were received in response to the *Regulatory Notice*. A copy of the *Regulatory Notice* is available on FINRA's website at <http://www.finra.org>. A list of the comment letters received in response to the *Regulatory Notice* is available on

FINRA's website.²⁷ Copies of the comment letters received in response to the *Regulatory Notice* are also available on FINRA's website. The comments received in response to the *Regulatory Notice* that relate to the instant proposal are summarized below.²⁸

Execution Timestamps

Comments regarding the proposed execution timestamp requirement were mixed. Citadel supported the proposal to increase the granularity of execution timestamps to match execution systems.²⁹ EA supported normalizing the Time of Execution information received and the general language proposed in the *Regulatory Notice*, but stated that it should be revised to indicate best and worst boundaries, *i.e.*, the worst being one second and the best one microsecond as currently supported by the TRACE facility.³⁰ As discussed above, the proposed rule change would clarify that the Time of Execution must be reported in an increment of no longer than a second and no shorter than a microsecond.

FIF did not support increasing the granularity of execution timestamps to match execution systems, stating that the proposal would require significant system changes to match the granularity of internal and third-party execution systems, and requested that FINRA provide additional insight into the objective of the proposal.³¹ SIFMA also generally did not support increasing the granularity of execution timestamps, stated that the proposal would present technological complexities, and asked that FINRA provide additional information regarding the objectives of the proposal so that execution time information can be structured in a way that reflects the complexities of market practice, firm systems, and interactions among market participants.³² SIFMA further stated that, while some firms already provide information at this level of granularity, it is not standard across firms, and that using the most granular time component within any element of larger systems would create substantial

operational challenges. In addition, SIFMA noted that it is likely that firms receive timestamps at differing increments across venues (or potentially even products), and therefore it would not be an easy or straightforward undertaking to create the level of uniformity required by the proposal.

As discussed above, FINRA acknowledges that some members may need to make operational and technological changes to comply with the amended timestamp requirement. However, FINRA continues to believe that the benefits to the regulatory audit trail of aligning the timestamps reported to TRACE with those captured by the relevant execution system are appropriate. In particular, requiring firms to align the reporting system timestamp granularity to the level of granularity used in the execution system would result in more precise information with respect to the Time of Execution of transactions in U.S. Treasury Securities that would be available to FINRA and the official sector, which would assist with trade matching and sequencing for U.S. Treasury Securities. FINRA also notes that the proposed timestamp requirement would provide an exception for members with limited trading activity, which is intended to provide relief for firms with limited activity in the U.S. Treasury Security markets from making the operational and technological changes that may be needed to update their systems to comply with the new requirements.

SIFMA raised concerns regarding the proposed requirement for transactions that are "executed electronically," and stated that it is unclear which transactions would be within scope of the proposal, and further stated that creating a different standard for voice versus electronic trades would create confusion. SIFMA also asserted that it would be most effective from a technological perspective to apply the same timestamp standards across all TRACE-Eligible Securities, such that timestamp granularity for U.S. Treasury Securities would be informed by the limitations and structural constraints that shape reporting timestamps for other TRACE-Eligible Securities.

With respect to commenter concerns regarding members' ability to accurately identify transactions that are "executed electronically" and the impact of establishing different standards for voice versus electronic trades, FINRA notes that the existing timestamp granularity provision for U.S. Treasury Securities in Rule 6730.04 specifically applies to transactions that are "executed electronically," and FINRA is

²⁷ See SR-FINRA-2022-013 (Form 19b-4, Exhibit 2b) for a list of abbreviations assigned to commenters (available on FINRA's website at <http://www.finra.org>).

²⁸ FINRA notes that *Regulatory Notice* 20–43 solicited comment on a number of potential enhancements to TRACE reporting for U.S. Treasury Securities, including items that are not being proposed in the instant filing. Thus, Item I.I.C. of this filing is limited to a discussion of comments received in response to the *Regulatory Notice* that relate to the items being proposed herein.

²⁹ See Citadel at 4.

³⁰ See EA at 1–2.

³¹ See FIF at 5–6.

³² See SIFMA at 4–5.

²⁶ See *supra* note 8.

not aware that there has been confusion regarding the scope of the current requirement that has resulted in compliance concerns for members. To the extent that members encounter interpretive questions, FINRA will work with the industry to provide guidance, as appropriate, with respect to the proposed amendments.

FINRA appreciates commenter concerns regarding requiring a different timestamp granularity standard for U.S. Treasury Securities than for other TRACE-Eligible Securities. FINRA notes that, to the extent preferable, members may choose to make the systems changes required under the proposal for reporting all TRACE-Eligible Securities in the same increment as captured by the execution system used to execute the transaction (to the extent this is preferable to making the change solely for U.S. Treasury Securities). FINRA also notes that the proposal would not require that trades executed electronically be captured by execution systems in increments finer than a second; however, to the extent that the execution system uses a finer increment, the proposal would require that TRACE reports also reflect such finer increment (but no finer than a microsecond, in line with TRACE system parameters).

Reporting Timeframe Reduction

Comments regarding reducing the reporting timeframe for U.S. Treasury Securities were generally supportive. EA supported the proposed 60-minute reporting timeframe, noting that it already reports transactions within this timeframe. EA stated that the 60-minute requirement would be a significant step forward while still allowing members sufficient time between execution and reporting to resolve any system issues.³³ FIA PTG stated that there was no justification for the lengthy reporting window that exists today in light of the prevalence of electronic trading in this market.³⁴ As such, FIA PTG stated that, at a minimum, it supported the proposed reduction to a 60-minute timeframe, but would generally recommend further reducing the reporting timeframe to no greater than 15 minutes, congruent with current reporting requirements for corporate bonds. Additionally, with respect to on-the-run U.S. Treasury Securities, FIA PTG recommended a 10-second reporting window to mirror U.S. equity markets, given the liquidity profile of the market for on-the-run U.S. Treasury Securities.

Similarly, both Citadel and MFA supported the proposed reporting timeframe reduction, but both recommended further reducing the period to 15 minutes to harmonize reporting with corporate bonds.³⁵ Citadel agreed that the proposed reduction would provide the official sector with access to more timely data regarding intraday pricing and liquidity dynamics. Citadel argued that market participants should be well-situated to comply with a 15-minute timeframe for U.S. Treasury Securities, noting that members already report approximately 95% of U.S. Treasury Security transactions within an hour after execution, despite not being required to report until end-of-day. Citadel further stated that harmonizing reporting timeframes is warranted given the ongoing consideration of whether to publicly report secondary market U.S. Treasury Security transactions, as public dissemination would require trading activity to be reported to FINRA as soon as possible following execution. MFA also argued that regulators should have the same timely data with respect to the U.S. Treasury Securities as they do for corporate bonds, noting that timely data is critical for regulators to perform their supervisory functions, especially in times of extreme market volatility.

FIF stated that its members generally do not object to a reduction in the reporting timeframe. FIF stated that some members recommend a two-hour timeframe rather than the proposed 60-minute timeframe, while other FIF members recommend a shorter timeframe that is harmonized with requirements in other asset classes (*i.e.*, 15 minutes for corporate bonds).³⁶ SIFMA noted that, although shortening the reporting timeframe would be a substantial change, its members feel that some shortening of the reporting timeframe would be feasible for firm systems, provided that any change includes sufficient time for implementation and testing.³⁷ However, SIFMA recommends moving to a reporting timeframe of, at most, two hours, rather than the proposed 60-minute timeframe. SIFMA noted that operational challenges would be inherent in moving from the current reporting timeframe to the proposed 60 minute-timeframe, including the impact of transmitting more data through systems on an intraday basis, as well as the potential for increased late reports, cancels and corrections. SIFMA also

stated that the reporting timeframe should reflect the unique operational and market responsibilities of firms active in the U.S. Treasury Security market, noting for example that primary dealers have responsibilities to support auctions and open market activity, such that a wider reporting window would provide more flexibility to meet firms' other time-sensitive requirements.

FINRA continues to believe that requiring members to report as soon as practicable, but no later than 60 minutes from the Time of Execution is appropriate for U.S. Treasury Securities. The proposed reporting timeframe would provide FINRA and the official sector with more timely data regarding U.S. Treasury Security transactions, which will significantly increase the ability of regulators to monitor intraday pricing and liquidity information in the U.S. Treasury Security markets. FINRA does not agree that a longer outer limit reporting timeframe than 60 minutes—*e.g.*, two hours—would be appropriate, as it would reduce the timeliness of intraday data available to FINRA and the official sector. FINRA does not believe that the operational challenges of reporting within 60 minutes would be significantly greater than reporting within two hours. As discussed above in the Economic Impact Assessment, FINRA notes that members already report over 90 percent of transactions in U.S. Treasury Securities within 60 minutes of the Time of Execution. FINRA also does not believe that establishing an outer limit of 15 minutes or 10 seconds is appropriate. As noted above, individual transaction information for U.S. Treasury Securities is not publicly disseminated, and therefore the shorter timeframes that generally apply to disseminated transactions are not necessary for U.S. Treasury Securities. Thus, FINRA continues to believe that requiring members to report as soon as practicable, but no later than 60 minutes from the Time of Execution is appropriate for U.S. Treasury Securities as it would provide more timely information for regulatory use while balancing concerns regarding the burdens that would be imposed on reporting members.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days of such date (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding

³³ See EA at 2.

³⁴ See FIA PTG at 1.

³⁵ See Citadel at 1–2; MFA at 2.

³⁶ See FIF at 6.

³⁷ See SIFMA at 5–6.

or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-FINRA-2022-013 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090. All submissions should refer to File Number SR-FINRA-2022-013. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FINRA-

2022-013 and should be submitted on or before June 24, 2022.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁸

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2022-11878 Filed 6-2-22; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-95002; File No. SR-ICC-2022-006]

Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change Relating to the ICC Model Validation Framework

May 27, 2022.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 17, 2022, ICE Clear Credit LLC ("ICC") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared primarily by ICC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The principal purpose of the proposed rule change is to revise the ICC Model Validation Framework (the "Model Validation Framework" or "Framework"). These revisions do not require any changes to the ICC Clearing Rules (the "Rules").

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, ICC included statements concerning the purpose of and basis for the proposed rule change, security-based swap submission, or advance notice and discussed any comments it received on the proposed rule change, security-based swap submission, or advance notice. The text of these statements may be examined at the places specified in Item IV below. ICC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

³⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

(A) *Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change*

(a) Purpose

ICC proposes revisions to the Model Validation Framework, which provides assurances that ICC models are performing as expected. The proposed amendments include clarifications on the scope and applicability of the Framework, responsibilities of relevant stakeholders, and other validation elements. Additional proposed changes reorganize certain portions of the Framework and make language clarifications to promote readability. ICC believes the proposed changes will facilitate the prompt and accurate clearance and settlement of securities transactions and derivative agreements, contracts, and transactions for which it is responsible. ICC proposes to make such changes following Commission approval of the proposed rule change. The proposed rule change is described in detail as follows.

ICC proposes amendments to Section 1 containing the introduction. To introduce the purpose of the Framework more clearly, ICC proposes to begin the document with an overview in Subsection 1.1. The revision history of the Framework would be moved to the end of the document. Proposed new language in Subsection 1.1 describes ICC's clearing approach that utilizes various models as part of its risk processes. For clarity, the definition of a model and the purpose of validation is included. Relevant language from current Subsection 1.1 is accordingly moved to Subsection 1.2 and certain other language is removed as described below.

Amended Subsection 1.2 applies the Framework to clearing house models, rather than risk management system models. ICC proposes these revisions to expand the scope of the Framework. The current language directly applies the Framework to ICC's risk management system models (*i.e.*, those relating to financial resources and liquidity resources). The proposed revisions clarify that the Framework applies to all ICC models, which would include an additional model relating to counterparty credit. Accordingly, the changes frame the components that make up a model ("model components") in terms of ICC's models rather than its risk management system. Information in current Subsection 1.1 regarding risk drivers would be removed to avoid confusion as it is specific to risk management system models and not relevant elsewhere in the document. Detailed information regarding risk