



VIA EMAIL

February 22, 2021

Jennifer Piorko Mitchell
Office of the Corporate Secretary
Financial Industry Regulatory Authority
1735 K Street, NW
Washington, DC 20006-1506
pubcom@finra.org

Re: FINRA Regulatory Notice 20-43 - Request for Comment on Enhancements to TRACE Reporting for U.S. Treasury Securities

Dear Ms. Mitchell:

ICE Bonds Securities Corporation (CRD# 123635)(“**ICE Bonds**”)¹ appreciates the opportunity to respond to FINRA Notice 20-43 (the “**Request**”) issued by the Financial Industry Regulatory Authority (“**FINRA**”) to request comment on enhancements to FINRA’s Trade Reporting and Compliance Engine (“**TRACE**”) reporting for U.S. Treasury Securities.

ICE Bonds supports FINRA’s efforts to (i) enhance the information reported to TRACE regarding transactions in U.S. Treasury securities and (ii) expand the number of parties required to report such data to TRACE. ICE Bonds believes that including non-FINRA members, such as banks, will provide a more comprehensive and substantially complete set of data in U.S. Treasury securities that will further enhance the analysis and monitoring that is currently being performed.

While ICE Bonds is generally supportive of the policy goals and intentions behind the enhancements in the Request, we raise the following issues to your attention for consideration.

Platform Information and Trading Method

ICE Bonds supports FINRA’s proposal to require members to report information regarding the identity of any non-ATS electronic trading platform through which a transaction in a U.S. Treasury security occurs as well as the method of execution (i.e., voice or electronic). ICE Bonds is encouraged that FINRA intends to apply this requirement to not only non-ATS electronic trading platforms that rely on the exchange registration exemption provided by Rule 301(a)(4) of Regulation ATS,² but also to other electronic trading platforms that don’t meet the

¹ICE Bonds is the operator of three (3) alternative trading systems (ICE BondPoint, ICE Credit Trade and ICE TMC) for the trading of fixed income products and a broker-dealer registered with the US Securities and Exchange Commission, pursuant to Section 15 of the Securities Exchange Act of 1934, is a member of FINRA, the Municipal Securities Rulemaking Board and is registered with the National Futures Association as an introducing broker pursuant to the provisions of the Commodity Exchange Act.

² See CFR 17 242.301(a)(4).



definition of an exchange.³ ICE Bonds believes that as the market stands today, much of the volume in U.S. Treasury securities is being traded on electronic trading platforms regulated only as either broker-dealers or banks or on electronic trading platforms that are not regulated in any capacity. This lack of transparency should be concerning to regulators and as such, adopting the proposal as written in the Request should provide regulators with a more substantially complete set of data that will aid them in gaining a better understanding of the U.S. Treasury securities marketplace.

Report ATS Fees Separately

ICE Bonds believes that reporting ATS fees separately may require both FINRA members that are subscribers to an ATS and ATS operators (also FINRA members) to incur unnecessary implementation costs, technology burdens, and complicate existing subscriber billing structures. As FINRA highlights in the Request, ATSs charge fees to subscribers in a number of different ways, and most subscribers will have fee structures that differ between ATSs. As such, the requirement, as written in the Request, may require both the member user and the ATS operator to develop several different types of reports to address varying fee arrangements.

Further, ICE Bonds is concerned that the requirement to separately disclose ATS related fees may lead to the exposure of competitive and confidential information to the market generally. ATS subscribers generally consist of other broker-dealers, banks, investment advisors, and other sophisticated market participants that in turn do not need FINRA to protect their interests through the implementation of a separate field for ATS fees. ATS operators frequently negotiate fee arrangements that are unique to a specific subscriber. Fee arrangements may differ from subscriber to subscriber based on various factors, such as the level of support a subscriber is willing to provide to the ATS, or the number of other services that the subscriber takes from the ATS operator. ICE Bonds is concerned that information relating to individual fee structures may eventually be required to be publicly disclosed without effectively further enhancing FINRA's oversight of U.S. Treasury securities markets.

More specifically, ICE Bonds would like to highlight that from a development standpoint, the implementation will be substantial, and the monetary cost associated with the development and ongoing support of the additional field will not be insignificant. ICE Bonds has estimated that it will need at least eight technology professionals and approximately six to eight weeks to build and implement this proposed enhancement. These costs will be borne directly by all members reporting to TRACE and indirectly by subscribers, as ATS operators will in turn pass its development and maintenance costs on to its own subscribers. ICE Bonds requests that FINRA undertake a more thorough cost benefit analysis prior to implementing any of the enhancements proposed in the Request.

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³ See 17 CFR 240.3b-16.



We hope these comments are constructive to FINRA as it considers further enhancements to TRACE reporting in U.S. Treasury securities. In considering any change, we encourage FINRA to consider whether such change directly enhances the transparency into the U.S. Treasury securities markets as well as the associated costs and development burdens related to such implementations.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Laorno', with a stylized flourish at the end.

Robert Laorno
General Counsel, ICE Bonds Securities Corporation

cc: Peter Borstelmann, President, ICE Bonds Securities Corporation
Patrick Geraghty, Vice President, Market Regulation, FINRA
Chris Stone, Vice President, Transparency Services, FINRA
Racquel Russell, Associate General Counsel, OGC, FINRA