

Bond Case Briefs

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BDA Submits Comment Letter to the SEC on FINRA's U.S. Treasury Transaction Reporting Proposed Rule.

BDA submitted a comment letter to the SEC on FINRA's proposed rule to require reporting of U.S. Treasury security transactions to TRACE.

[BDA's comment letter](#) expresses general support for the proposal. However, BDA urges regulators to not implement fees or pursue public dissemination of Treasury transaction information in the future. In addition, BDA urges FINRA and federal banking regulators to work to adopt a rule that would require non-FINRA member financial institutions to also report Treasury transactions to a central repository.

Proposal Summary:

FINRA has filed [proposed rule](#) with the SEC to require the reporting of certain transactions in U.S. Treasury securities to TRACE. The proposal has been published in the Federal Register and it has a 21-day comment period. Comment letters are due by Monday, August

Scope of Transactions to be Reported: Bills, Notes, Bonds, STRIPS

Timing of Reporting: FINRA has proposed end-of-day reporting within current TRACE hours.

Modifiers: FINRA has proposed two different modifiers for reporting purposes.

Modifier S: FINRA has proposed a modifier for reporting spread trades between on-the-run and off-the-run Treasuries where transaction prices entered into the reporting fields for the spread trade could be different from the current market price for the given Treasury.

Modifier B: FINRA has proposed a second modifier for a Treasury trade executed in connection with a Treasury futures contract.

Fees: FINRA does not propose charging trade-reporting fees for Treasury trades to FINRA members.

Timing of the Rule's Effective Date: Once the rule is approved by the Commission, FINRA will issue an effective date notice within 90 days. The rule will go into effect no later than 365 days from Commission approval.

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