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BDA Submits Comment Letter: FINRA Requests Comment on the Application of Certain Rules to Government Securities and to Other Debt Securities More Broadly.

On March 9, 2018, the Bond Dealers of America submitted a letter to FINRA in response to Regulatory Notice (18-05) requesting comment on the Application of Certain Rules to Government Securities and to Other Debt Securities More Broadly. You can view our final comment letter [here](#).

The comment letter outlines that:

- The BDA believes that the application of the many rules identified in the Notice to government securities and U.S. Treasury securities does not make sense because dealers do not comprise a sufficient amount of the markets in these securities to justify the specificity of rules to them.
- FINRA rules already adequately protect investors in U.S. Treasury securities and other government securities (other than municipal securities).
- The BDA believes that the key rules that should apply to these transactions already apply, which include fair dealing, anti-manipulative and anti-fraud rules, fair pricing, and suitability. These rules adequately provide FINRA and the SEC with the regulatory authority to ensure that dealers fairly and appropriately trade in these securities.

Background

FINRA is requesting comment on the application of the following rules to government securities, including U.S. Treasury securities for:

- FINRA Rule 2242 (Debt Research Analysts and Debt Research Reports);
- FINRA Rule 5240 (Anti- Intimidation/Coordination); 5250 (Payments for Market Making);
- FINRA Rule 5270 (Front Running of Block Transactions);
- FINRA Rule 5280 (Trading Ahead of Research Reports);
- FINRA Rule 5320 (Prohibition Against Trading Ahead of Customer Orders); and
- NASD Rules 1032(f) (Securities Trader), 1032(i) (Limited Representative - Investment Banking) and 1050 (Registration of Research Analysts).

In addition, FINRA is requesting comment on the application of FINRA Rule 5320 as well as NASD Rules 1032(f) and 1050 to all debt securities, in addition to government securities.

The FINRA Notice can be found [here](#).