Friday, April 19, 2019

On April 12, the Financial Industry Regulatory Authority (FINRA) published a regulatory notice (the “Notice”) requesting comment on a proposed pilot program to study proposed changes regarding corporate bond block trade dissemination based upon recommendations by the Fixed Income Market Structure Advisory Committee (FIMSAC) of the Securities and Exchange Commission. The changes are aimed at improving corporate bond block trade dissemination—mainly, by increasing block liquidity without imposing significant costs on market participants. Currently, FINRA’s Trade Reporting and Compliance Engine (TRACE) provides information to the marketplace regarding corporate bonds and other debt securities. It is intended that the pilot program will study FIMSAC’s recommendations to determine whether such recommendations can enhance current TRACE protocols.

The pilot program is expected to last one year and is designed to study two primary changes recommended by the FIMSAC:

1. an increase to the current dissemination caps for large corporate bond trades; and
2. a 48-hour dissemination delay for trades above the proposed caps.

The Notice discusses, among other items, current TRACE protocols, the FIMSAC recommendations, a description of the pilot program, an analysis of the pilot program’s economic impacts and questions for comment on the pilot program. The comment period expires on June 11.

The Notice is available here.