

October 3, 2022

Jennifer Mitchell
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington DC 20006-1506

Dear Ms. Mitchell-

Seaport Global Securities, LLC is pleased to comment on Regulatory Notice 22-17 issued by FINRA on August 2, 2022, especially with regards to Investment Grade and High Yield corporate bonds.

We believe that the statistical approach taken in consideration of shortening the reporting time for eligible TRACE trades ignores the evolution of market structure, particularly regarding the impacts of electronic trading. The data used regarding time of reporting is skewed by the facts that almost 90% of TRACE tickets by count are less than or equal to \$1mm notional value and most of these sized tickets are executed electronically. FINRA's data in figure 2 of 22-17 reveals a 25% differential between smallest (<\$100k par value) and largest trades (>\$25mm par value) reported in less than 1 minute. We further believe that the non-electronic portion of the market transactions, most notably voice brokering, accounts for more of the ADV in IG and HY than what is executed electronically and requires more than 1 minute to confirm and process.

A limited set of CUSIPs accounts for the bulk of electronic traded transactions. Many of these trades are executed by algo pricing which requires a significant amount of price data which limits the domain of CUSIPs. The vast remainder of CUSIPs are less liquid and tend to trade in larger size by voice and/or Bloomberg IB. The human element of such trade execution, as well as the practical considerations of hedging and multiple CUSIPs involved in switches often requires time beyond a 1 minute horizon. We believe that consideration of the majority of ADV beyond electronic volumes and a more inclusive view of the CUSIPs traded justifies the current requirements as they stand.

If the trade reporting time limit was shortened to 1 minute, we believe that the error rate would grow substantially and possibly result in market disinformation increasing. The current ticketing work-flow would also require additional automation for bond price confirmation between sales & trading, likely at a significant cost, especially to firms like ours that trade by voice and in larger size than typical electronic trades.

In summary, we conclude that corporate bond trading beyond electronic means serves an essential role in providing market liquidity and by practical necessity

requires an execution reporting window beyond 1 minute. We respectfully ask FINRA to consider fully the impact of changing the requirements on such trading.

Sincerely,

Markus Witthaut
Head of Compliance
Seaport Global Securities LLC