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January 30, 2023

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

Re: Request for Comment on Proposed Changes to TRACE Reporting Relating to Delayed Treasury Spot Trades (Regulatory Notice 22-26)

Dear Ms. Mitchell:

Jane Street Capital, LLC (“Jane Street”) appreciates the opportunity to comment on FINRA’s proposed changes to the TRACE reporting rules to provide a two-part reporting regime for “delayed Treasury spot trades.” Jane Street believes the proposal would increase transparency in the U.S. corporate bond market and improve price discovery, creating a more efficient marketplace for all participants.

Jane Street trades across a wide range of asset classes, including equities, bonds, options, currencies, commodities and futures. Jane Street makes markets not only by buying or selling small quantities around the bid or offer, but by standing ready to provide deep liquidity in large size, both on exchange and to institutions through OTC markets. Jane Street’s U.S. fixed income trading includes, individual bonds, portfolio trades, and ETFs, for which, Jane Street is one of the largest lead market makers. Jane Street’s significant experience in fixed income markets has given it a deep understanding of the market’s dynamics and the important role that price transparency serves.

In 2020, Jane Street expressed support for FINRA’s previous proposal of a potential reporting scheme for delayed Treasury spot trades, which would have identified these trades and noted the time at which the spread was agreed upon. Jane Street believed that the prior proposal would have allowed for improved price discovery and more efficient markets.¹ The current proposal goes a step further and provides that upon agreeing to the spread, firms would report both the spread amount and the identity of the benchmark U.S. Treasury security (in addition to the other

¹ See Letter from Matt Berger to Jennifer Piorko Mitchell, FINRA Regulatory Notice 20-24, (Sept. 14, 2020), available at <https://www.finra.org/sites/default/files/NoticeComment/Matt%20Berger%20-%20Jane%20Street.pdf>.

information about the trade that must be reported). Subsequent to spotting, firms would supplement the earlier report with the transaction's calculated dollar price.

Jane Street similarly believes that FINRA's current proposal would allow for important transparency and efficiency benefits to accrue to the corporate bond market. The proposal would expand the universe of trades subject to real-time public price transparency and facilitate timelier and more complete information about delayed Treasury spot trades than is currently available. Robust public price transparency helps market participants better understand how the price of a given bond was determined which ultimately enables them to transact with greater confidence and reduced transaction costs. This in turn, can yield more competitive and efficient markets. We recognize that market participants would initially incur some costs to modify their systems and trade reporting procedures. However, these one time costs would be far outweighed by ensuring more timely information about executed transactions.

To the extent it would be helpful, we would be happy to provide further insight into these comments.

Sincerely,

/s/ Matt Berger

Matt Berger
Global Head of Fixed Income and Commodities