Regional Brokers, Inc
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Suite 105
Cherry Hill, NJ 08002

Mr. Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1300 I Street NW
Washington, DC 20005

Ms. Jennifer Piorko Mitchell
Office of the Corporate Secretary
Financial Industry Regulatory Authority
1735 K Street NW
Washington, DC 20006

Re: Request for Comment on Transaction Reporting Obligations under MSRB Rule G-14; Request for Comment on Proposal to Shorten the Trade Reporting Timeframe for Transactions in Certain TRACE-Eligible Securities From 15 Minutes to One Minute

Dear Mr. Smith and Ms. Mitchell:

Regional Brokers, Inc. (RBI) welcomes the opportunity to respond to Notice 2022-07 and Regulatory Notice 22-17 regarding proposed changes to the reporting times of fixed income products.

RBI is a small firm that acts in the capacity of a Voice Broker's Broker. RBI supports market transparency and the protection of retail investors; when operating its bond auctions, RBI strives to obtain the best prices available in the market at the time.

RBI is a member of the Securities Industry and Financial Markets Association (SIFMA) and has participated actively in the preparation of that response letter. RBI is also an associate member of the American Securities Association (ASA) and has endorsed their response as well. RBI will not attempt to repeat here the many valid points contained in the letters from SIFMA and the ASA.

We will, however, point out the ways in which these proposals could severely impact the business model of RBI and dealers with which we do business. While there have been regulatory changes that have affected RBI over the years, the proposal to shorten the reporting time on trades could severely affect RBI's ability to continue as a firm.

RBI is a small volume, small size firm, founded in 1992. RBI attempts at all times to fulfill the requirements of the various regulatory rules, including those regarding trade reporting.

Since the inception of the fifteen minute rule, RBI has processed trades as quickly as reasonably possible. Because of this effort, RBI already processes trades as fast as it can. It will be functionally impossible for RBI to adhere to a reduction in the reporting time without the addition either of costly technical systems, or additional personnel.

RBI could therefore be forced out of business either by the expenses incurred by theses costly additions, or by the regulatory fines that would be imposed on the firm for not meeting this new timeline.

A change to a one-minute reporting time would not solely impose economic costs on RBI- it could also force RBI to detrimentally change the way it does business, hampering the ability of RBI and its counterparties to trade bonds in an efficient manner.

Although the rule change is designed to hasten trade reporting, the new time requirement could slow down the process of trading by which RBI does business with its counterparties. For example, as a broker's broker, RBI is given lists of bonds to put out for auction. At the end of those auctions, when prices have been confirmed and the seller agrees with RBI to process the tickets, both sides of the trade hang up the phone and begin to process the trades. Having a fifteen minute window to process those trades allows RBI and the counterparty to process the trades in an efficient manner, knowing that the trades will report within the fifteen minute requirement. A one-minute trade reporting window would require the traders at RBI and the counterparty to remain on the line, processing tickets one at a time to ensure that the window was not exceeded. This extra time spent in processing trades could lead to opportunity costs in other trade opportunities that were missed while tickets were matched.

RBI agrees with FINRA and the MSRB that transparency is good for the market. However, the new time requirement could also lead to the inability of dealers to execute certain trade strategies. RBI's counterparty dealers often use RBI to execute the sale of large positions into the market; RBI helps in this strategy by selling smaller pieces of a large position to other dealers. Under a new one-minute reporting requirements, the trades of those smaller pieces would have to be reported before the selling dealer was able to fully execute its strategy. Dealers using computer models to gather information from RTRS would be able to buy or sell matching or similar positions in front of the dealer's execution plan, thereby stealing the strategy from the original trader and turning the benefit of transparency into what might be called "theft of intellectual property".

While FINRA and the MSRB focus on an added protection for retail in proposing this change, RBI does not believe that FINRA or the MSRB have shown any actual benefit that would be realized by those retail investors. As SIFMA points out in its comment letter, there is little to be gained in mandating the shortened time period when many of the CUSIPS traded in the market occur infrequently enough to make information on one bond inconsequential compared to the next. RBI would also note that the MSRB, when asked for information about how many times retail investors use the EMMA system to verify the price of a bond, was unable to cite how many of the "hits" on the EMMA site came from retail investors.

Retail investors are better protected by the rules of Best Execution, which require dealers to ensure that retail investors are receiving fair and reasonable prices for their bonds. Dealers have invested substantial amounts of money, time, and personnel to ensure that retail trades are reviewed on a T+1 basis for fair and reasonable pricing; shortening the time period of reporting will not substantially improve retail's ability to receive fair and reasonable prices.

Lastly, at a time when FINRA and the MSRB are watching small dealer firms close their doors due to the costs imposed by regulation or their inability to compete with larger firms that can afford (or are forced to afford) expensive trading systems, it is stunning to us at RBI that FINRA and the MSRB would impose a rule that threatens the business models of so many small firms like ours. This is especially frustrating given that the benefits gained by the reduction in time reporting will accrete to the larger firms in the market, with no proven additional benefit to the retail investors that are intended to be protected.

Sincerely,

H. Deane Armstrong

CCO

Regional Brokers, Inc.

Joseph A. Hemphill III

CEO

Regional Brokers, Inc.