

FINANCIAL INFORMATION FORUM

May 27, 2026

By electronic mail to rule-comments@sec.gov

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090
Attn: Secretary

Re: Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change to Amend the FINRA Rule 6700 Series (Trade Reporting and Compliance Engine) (TRACE) to Expand the Scope of the Non-Member Affiliate-Principal Transaction Indicator to Also Include Member Affiliates (File No. SR-FINRA-2026-009)

Dear Secretary,

The Financial Information Forum (“FIF”)¹ appreciates the opportunity to comment on the above-referenced Notice of Filing published by the Securities and Exchange Commission on May 1, 2026 (the “Notice of Filing”).² The Notice of Filing relates to a rule filing (the “rule filing”) by the Financial Industry Regulatory Authority, Inc. (“FINRA”) to expand the scope of the non-member affiliate - principal transaction indicator (the “affiliate indicator”) for reporting to the Trade Reporting and Compliance Engine (“TRACE”) to include transactions with affiliates that are FINRA members.³ FIF is submitting this comment letter on behalf of the members of the FIF TRACE / RTRS Working Group.

The rule filing discusses the scope and purpose of the current affiliate indicator:

Originally adopted in 2015, the non-member affiliate - principal transaction indicator requires members to identify in TRACE reports transactions between the member and

¹ FIF (www.fif.com) was formed in 1996 to provide a centralized source of information on the implementation issues that impact the securities industry across the order lifecycle. Our participants include broker-dealers, exchanges, back office service bureaus, and market data, regulatory reporting and other technology vendors in the securities industry. Through topic-oriented working groups, FIF participants focus on critical issues and productive solutions to technology developments, regulatory initiatives, and other industry changes.

² Securities Exchange Act Release No. 105352 (May 1, 2026), 91 FR 24625 (May 6, 2026).

³ FINRA, Proposed Rule Change to Amend the FINRA Rule 6700 Series (Trade Reporting and Compliance Engine) (TRACE) to Expand the Scope of the Non-Member Affiliate - Principal Transaction Indicator to Also Include Member Affiliates, SR-FINRA-2026-009 (Apr. 22, 2026), available at <https://www.finra.org/sites/default/files/2026-04/SR-FINRA-2026-009.pdf>.

its non-member affiliate, where the member also engaged in a same-day, same-price transaction in the same security with another contra-party. The non-member affiliate - principal transaction indicator allows FINRA to suppress from dissemination inter-affiliate transactions that do not provide pricing information different from the disseminated transaction between the member and the other contra-party, thereby improving transparency and addressing concerns regarding potential investor confusion as to the level of trading activity in TRACE-Eligible Securities.”⁴

The rule filing further discusses the proposed expansion of the current affiliate indicator:

FINRA is proposing changes to expand the use of the non-member affiliate - principal transaction indicator to also include transactions between member affiliates trading as principal where the transaction with the member affiliate occurs within the same trading day, at the same price, and in the same TRACE-Eligible Security as a transaction executed by one of the members with another contra-party. To reflect this expanded use, the indicator would be re-designated as the Affiliate - Principal Transaction indicator.⁵

FIF members support the rule filing as it would address certain scenarios not addressed by the current rule where duplicate trades are publicly disseminated by TRACE. FIF members appreciate FINRA including scenarios within the rule filing to illustrate whether and, if so, how FINRA members would report the affiliate indicator in specific scenarios. If the Commission approves the rule filing, FIF members request that FINRA incorporate these scenarios through updates to the current TRACE FAQs.

FIF members have the following additional comments and questions relating to the rule filing:

Applicability of current FAQs

Existing FAQs address related fact patterns under the non-member affiliate framework - in particular, how the indicator applies when affiliate and non-affiliate quantities do not match cleanly or involve multiple trades. FAQ 3.1.48 Scenario 6 addresses multiple non-affiliate counterparties.⁶ FAQ 3.1.48 Scenario 6 also addresses a post-trade amendment that reduces the offsetting non-affiliate quantity, with the indicator removed from the affiliate report if the aggregate non-affiliate quantity is no longer equal to or greater than the affiliate quantity.⁷ FAQ 3.1.74 also addresses a scenario involving multiple transactions with the non-affiliate. In this scenario, the firm is required to include the affiliate indicator if multiple transactions with the non-affiliate contra-party “... in the aggregate, equal the quantity of the ... affiliate transaction.”⁸ FIF members request that FINRA update the FAQs to also address the scenario where there are multiple transactions between affiliates, applying the same principles (for example a

⁴ Id. at 4.

⁵ Id. at 5.

⁶ FINRA, Frequently Asked Questions (FAQ) about the Trade Reporting and Compliance Engine (TRACE), available at <https://www.finra.org/filing-reporting/trace/faq#GeneralReporting>.

⁷ Ibid.

⁸ Ibid.

scenario where multiple transactions with an affiliate should be suppressed because of a single disseminated transaction with a non-affiliate).

Covered Depository Institutions

Banks and savings associations, and U.S. branches and agencies of a foreign bank, that exceed specified trading thresholds in (i) U.S. Treasury securities or (ii) agency debt and agency mortgage-backed securities are subject to TRACE reporting as “covered depository institutions” (“CDIs”) for the category (or categories) of securities for which they exceed the applicable threshold.⁹ FIF members request that FINRA update the current FAQs to include back-to-back trading scenarios that involve trading by CDIs with their FINRA member affiliates, including (i) scenarios that involve securities for which a CDI is subject to TRACE reporting and (ii) scenarios that involve securities for which a CDI is not subject to TRACE reporting. In addition, FIF members note that trades in agency bonds are subject to public dissemination by TRACE while trades in U.S. Treasury securities are not subject to public dissemination and request further clarification on obligations relating to disseminated and non-disseminated trades.

Voluntary implementation period prior to mandatory compliance date

Given the circumstances of different firms, FIF members request that FINRA provide a voluntary compliance date to commence on the date of approval of the rule filing (or as soon as possible thereafter) while also providing sufficient time for technical implementation by firms prior to the date of mandatory compliance.

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FIF appreciates the opportunity to comment on the above-referenced FINRA rule filing. If you would like clarification on any of the items discussed in this letter or would like to discuss further, please contact me at howard.meyerson@fif.com.

Very truly yours,

/s/ Howard Meyerson

Howard Meyerson
Managing Director, Financial Information Forum

⁹ See, Board of Governors of the Federal Reserve System, Reporting Treasury Securities and Agency Mortgage-Baked Securities in TRACE, Reporting Form FR 2956 (effective Nov. 2024), available at <https://www.federalreserve.gov/apps/reportingforms/Download/DownloadAttachment?guid=2b899e9f-4654-42c5-ac44-c40d53ae9599>.