July 10, 2025

Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549–1090

Re: File Number SR–MSRB–2025–01, Notice of Filing of a Proposed Rule Change to Amend Rule G-14 RTRS Procedures under MSRB Rule G-14 Regarding the Timing of Reporting Transactions in Municipal Securities; and File No. SR-FINRA-2025-008, Notice of Filing of a Proposed Rule Change to Amend FINRA Rule 6730 (Transaction Reporting)

Dear. Ms. Countryman:

The American Securities Association[1] ("ASA") submits this letter regarding the Municipal Securities Rulemaking Board ("MSRB") and Financial Industry Regulatory Authority ("FINRA") (MSRB and FINRA collectively, "the SROs") proposed rescission of the 1-minute trade reporting rule and the reversion to the 15-minute standard for reporting of certain fixed-income products under Rules 6730 and G-14, respectively (together, "the Proposals").

While this letter is formally addressed to the Securities and Exchange Commission (SEC) in support of the proposal, our comments seek to highlight the persistent structural, decision-making, and procedural failures of the SROs that occurred throughout this rulemaking process. ASA would also like to emphasize the importance of ensuring the regulatory record accurately reflects the concerns raised by stakeholders throughout the totality of this rulemaking process.[2]

***ASA supports the current proposals to restore and clarify the 15-minute reporting timeframe*.**

[1] ASA is a trade association that represents the retail and institutional capital markets interests of regional financial services firms who provide Main Street businesses with access to capital and advise hardworking Americans how to create and preserve wealth. ASA's mission is to promote trust and confidence among investors, facilitate capital formation, and support efficient and competitively balanced capital markets. This mission advances financial independence, stimulates job creation, and increases prosperity. ASA has a geographically diverse membership base that spans the Heartland, Southwest, Southeast, Atlantic, and Pacific Northwest regions of the United States.
[2] See ASA Comment Letters: September 30, 2022: https://www.msrb.org/sites/default/files/2022-09/ASA-MSRB-FINRA-One-Minute-Proposals.pdf; February 16, 2024: https://www.sec.gov/comments/sr-msrb-2024-01/srmsrb202401-1072182.pdf; May 17, 2024: https://www.sec.gov/comments/sr-finra-2024-004/srfinra2024004-1351861.pdf; August 21, 2024: https://www.sec.gov/comments/sr-finra-2024-004/srfinra2024004-509275-1478403.pdf.

I. Overview of the Rulemaking Process.

FINRA and the MSRB could have—and should have—avoided this entire episode had they fulfilled their mandate to protect the integrity of the fixed income market, conduct a cost-benefit analysis and listen to public commenters from the outset.

The facts are undisputed:

- No Market Problem Was Ever Identified: From the beginning, the MSRB and FINRA failed to demonstrate a substantive problem in trade reporting that required shortening the reporting window from 15 minutes to 1 minute. To the contrary, commenters repeatedly asked for data or evidence of investor harm or a market failure that would justify the rule change and the SROs repeatedly failed to provide it.[3]

- FINRA & MSRB Ignored Stakeholder Input: Throughout the rulemaking, industry participants —including regulated broker-dealers— provided detailed comment letters outlining operational, technological, and cost concerns. These comments highlighted the infeasibility of the one-minute standard, especially given the prevalence of manual processes in some markets. FINRA and MSRB ignored or dismissed these obvious problems, pressing forward without meaningful engagement until finally reversing course in the face of stakeholders' continued concerns, the overwhelming weight of the evidence, and an industry lawsuit.[4]

- FINRA and MSRB Failed to Uphold Their Mission: The SROs are required to act in a reasonable and responsible way in the public interest to promote fair and efficient markets.

[3] ASA's comments to the SEC repeatedly noted the absence of data or evidence justifying the rule change and requested substantiation of investor harm or market failure, which the MSRB did not provide, See: ASA-v.-SEC-MSRB-No.-24-13751-Response-to-MTD-File-Stamped.pdf; ASA's opposition brief to the SEC's motion to dismiss reiterates that the MSRB's rule was not supported by evidence of market failure or investor harm, See: ASA-v.-SEC-MSRB-No.-24-13751-Response-to-MTD-File-Stamped.pdf; Christopher Iacovella, President and CEO of ASA, similarly argued in a Bond Buyer op-ed that the fixed income markets have proven resilient through multiple crises, and regulatory changes should be rooted in evidence of actual market failure, not unsubstantiated theory, See: bondbuyer.com-Fixed-income-doesnt-need-more-regulation-1.pdf.

[4] ASA and other stakeholders submitted multiple rounds of comments to the SEC and MSRB detailing operational and cost concerns, particularly for small and mid-sized dealers, which were not meaningfully addressed in the final rule, See: ASA-v.-SEC-MSRB-No.-24-13751-Response-to-MTD-File-Stamped.pdf; The MSRB's own filings acknowledge that additional feedback was received after the rule's approval, expressing concerns about the feasibility of the one-minute standard, especially for trades with manual components, See: See: bondbuyer.com-SEC-seeks-comment-on-MSRB-proposal-to-rescind-one-minute-trade-reporting-1.pdf; ASA's opposition to the SEC's abeyance motion further documents that the MSRB pressed forward despite "fierce opposition" and only reconsidered after years of complaints and concerns from stakeholders, See: Doc-32-2025.03.06-ASA-Response-to-SEC-Abeyance-Motion.pdf.

Instead, they acted as an instrumentality of the government to impose a rule that pushed unnecessary burdens, unnecessary costs, and elevated risks into the market.[5]

- SROs Engaged in Wasteful and Avoidable Process: The SROs refusal to heed industry warnings led to a substantial waste of resources. Firms invested significant time, effort, and money developing comments and producing data to support their arguments, and then engaging in litigation to prevent a rule that was never justified and that should (as the SROs now agree) be rescinded. The MSRB and FINRA also expended significant regulatory and legal resources defending a rule they could not support legally or with data-based evidence, only to return to the original rule with minor tweaks after years of stakeholder concerns revealed a body of evidence that was impossible to ignore.[6]

- SROs Exercised Government Power. Instead of questioning the previous administration's demands and asserting their independence, the SROs exercised their power to impose a flawed policy on the fixed income markets without regard to its impact. Had they instead listened to public commenters and acted in accordance with their mandates, they could have spared the industry and their organizations this costly, disruptive, and ill-advised public episode.

- SRO Governance and Decision-Making Must Change. The SEC should take the MSRB and FINRA's poor performance in this rulemaking as an invitation to scrutinize their governance structures and decision-making processes. The SEC should also consider what corrective actions are appropriate to restore the public's trust and confidence in the SROs.

II. No Problem Identified, No Justification Provided.

At no point did MSRB and FINRA identify a substantive problem in the market that would have warranted the original proposals. Indeed, ASA and other stakeholders explained in detail that the one-minute-reporting requirement was a solution in search of a problem. But the SROs ignored those concerns until the weight of the evidence became so overwhelming that rescission was inevitable.

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[5] ASA's filings and public statements emphasize that the MSRB's actions were not aligned with the statutory requirement to balance transparency with operational feasibility and market efficiency, See: bondbuyer.com-SEC-seeks-comment-on-MSRB-proposal-to-rescind-one-minute-trade-reporting-1.pdf.

[6] ASA's opposition to the SEC's abeyance motion details the significant compliance costs imposed on firms, including smaller broker-dealers, who were forced to invest in expensive systems in anticipation of the rule, only for the rule to be rescinded, See: Doc-32-2025.03.06-ASA-Response-to-SEC-Abeyance-Motion.pdf; The MSRB's own filings acknowledge that the compliance burdens and costs associated with the one-minute reporting requirement were a factor in the decision to revert to the 15-minute standard, See: bondbuyer.com-SEC-seeks-comment-on-MSRB-proposal-to-rescind-one-minute-trade-reporting-1.pdf.

That the SROs failed to meaningfully engage with stakeholders' concerns until they were preparing to enter the interpretation, application, and enforcement phase of the regulatory process demonstrates a serious deficiency in their functioning as market regulators. Going forward, it would not be unreasonable for regulated firms to question whether the MSRB and FINRA could again perform an about-face on a rulemaking as the 'political wind' shifts.

III. Wasteful and Unaccountable Process.

The MSRB and FINRA wasted a significant and to date unknown amount of their and industry resources. They initiated, justified, and finalized a rule that was unsupported by evidence, only to ultimately revert to the original rule with only minor, technical changes.[7] This drain on resources was not limited to the SROs as dealers, compliance professionals, and technology vendors across the industry also devoted substantial time and resources to analyzing, preparing for, and responding to the proposed changes. Industry participants were forced to coordinate internally and externally, incurring costs that could have been avoided had there been meaningful engagement with the comment record from the outset.

This raises a fundamental question: How much money was spent on this entire rulemaking process—including the review of comment letters, the finalization of the rule, and the subsequent legal defense—only to return to the status quo? This is not just a question of regulatory efficiency; it is a matter of accountability. This assessment is especially important given the grave constitutional problems ASA has identified.[8]

Given this, the public is also left questioning whether there are serious governance and decision-making issues at the SROs that the SEC needs to address.

IV. The SEC Must Demand a Full Accounting.

Given the magnitude of the resources expended in this instance, ASA requests that the SEC require MSRB and FINRA to provide a public and comprehensive accounting of all costs and staff hours associated with this rulemaking process, including:

[7] ASA's court filings and letter detail the wasted resources and compliance costs incurred by both the industry and the MSRB itself, as well as the lack of accountability for these expenditures, See: Doc-32-2025.03.06-ASA-Response-to-SEC-Abeyance-Motion.pdf and ASA-v.-SEC-MSRB-No.-24-13751-Response-to-MTD-File-Stamped.pdf; The MSRB's own filings admit that the compliance burdens were significant and that the "as soon as practicable" requirement alone could improve reporting times without the need for a one-minute standard, See: bondbuyer.com-SEC-seeks-comment-on-MSRB-proposal-to-rescind-one-minute-trade-reporting-1.pdf.

[8] See: Doc-32-2025.01.03-ASA-Opening-Brief.pdf.

- Internal costs for drafting, reviewing, and finalizing the rule and its amendments;
- Costs associated with reviewing and responding to comment letters;
- Legal and administrative costs incurred in defending these rules in court;
- Costs and time spent coordinating with FINRA and industry participants; and
- An assessment of the total industry costs, including the time and resources spent by regulated firms in anticipation of the rule.

This information is necessary for the SEC and the public to assess the true cost of this regulatory failure and to determine whether the MSRB and FINRA current governance structures and decision-making processes effectively served the public interest in this instance.

V. Conclusion.

While we support this specific proposal, the totality of failures related to this multi-year rulemaking process can't be ignored because it perfectly crystallizes the dangers of allowing quasi-public, quasi-private market regulators to operate without meaningful accountability.

The MSRB and FINRA failed to identify a problem, ignored substantive input, misused evidence, and wasted industry and regulatory resources—only to reverse a years-long effort in the face of overwhelming contrary evidence. Such a poor exercise of government power only serves to undermine the public's trust and confidence in the regulatory process.

Moving forward, the SEC needs to reform the MSRB and FINRA by holding them to a much higher standard of governance, decision-making, transparency, and accountability so this type of failure can never happen again.

Sincerely,

Christopher A. Iacovella

Christopher A. Iacovella
President & Chief Executive Officer
American Securities Association