



August 17, 2022

To FINRA regarding the proposed change to a 1-minute reporting rule

The proposed change to one minute reporting will put most small broker dealers out of business and thus create less liquidity in the market. With the current rule approximately 90% of corporate bond trades are already reported within 2 minutes. I do not believe the shortening of the requirement adds any liquidity to the market. I do think that 15 minutes is reasonable and manual entry systems can normally match up within that time frame. The technology a small firm would have to implement to comply with a 1-minute reporting would be cost prohibitive. I believe the marginal improvement in trade reporting will eliminate small players and reduce the liquidity in the marketplace

The biggest factor here is automated ticketing. The reason that most trades are reported so fast is that on the ATS systems and electronic platforms trades are reported instantaneously. We currently must match those trades within 15 minutes not to be late. The automated system that most of the larger firm's use is Bloomberg TOMS and eTOMS. We have investigated the cost for us to get that platform and the cost is somewhere around 500k per year. An annual cost like that would be too much for us to afford. We have hired additional personnel to be able to enter our tickets on a timely manner.

The largest problem will be for voice trades. Even if one has the TOMS system and executed a voice trade and then must write the ticket which takes usually over one minute. If we do multiple trades at the same time, then it further complicates the process as each trade takes around a minute to input in our manual system. If one were to examine IB (instant messaging on Bloomberg) conversations that say done and then the clock starts, my guess is everyone including the larger dealers will have trouble as they will have to instantaneously have the bond up and price it, take off hedge if any, select the account, and send a confirmation. It appears that, when possible, via automation that the majority of trades are already reported within one minute, but by implementing a rule to have all trades within a minute will force small players out of the market and disrupt the round lot market as most large trades are still done on the phone. I believe the current rule is working well and allows time for the smaller dealers to comply. So, I urge you to refrain from changing the current 15 minute rule.

Best,

A handwritten signature in black ink, appearing to read 'John Isaak', with a long, sweeping underline.

John Isaak

Sr. Vice President

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