

July 5, 2018

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

Re: Proposed Rule Change to Amend FINRA Rule 6730 Relating to ATS Reporting of Transactions to TRACE in U.S. Treasury Securities (SR-FINRA-2018-023)

Citadel¹ appreciates the opportunity to provide comments to the Securities and Exchange Commission (the “Commission”) on Financial Industry Regulatory Authority (“FINRA”) Rule Filing SR-FINRA-2018-023 (the “Rule Proposal”). We support the proposed rule change to require alternative trading systems (“ATSS”) that report transactions in U.S. Treasury Securities to the Transaction Reporting and Compliance Engine (“TRACE”) to identify non-FINRA member subscribers on those transaction reports.

Citadel has consistently supported efforts to modernize the regulatory framework for the US Treasury markets, including the introduction of real-time public reporting, the registration of multilateral trading venues, non-discriminatory access to trading venues, and the expansion of central clearing for both the cash and repo markets.² Consistent with our longstanding commitment to more fair and efficient markets, we believe these changes will enhance transparency and resiliency in the US Treasury market and provide Treasury market participants with greater choice among trading venues and counterparties.

We strongly support increasing the amount of U.S. Treasury market data that is readily available to the official sector. We believe enhanced reporting to the official sector, and the robust audit trail that is created, will improve general monitoring and surveillance capabilities, including those designed to detect prohibited trading practices and potential risks to market stability. In addition, with comprehensive data, regulators and policymakers will be better equipped to identify specific market trends and to evaluate the expected impact of subsequent policy decisions.

We note that the U.S. Department of Treasury in its October 2017 Capital Market Report³

¹ Citadel is a global financial firm built around world-class talent, sound risk management, and innovative market-leading technology. For more than a quarter of a century, Citadel’s hedge funds and capital markets platforms have delivered meaningful and measurable results to top-tier investors and clients around the world. Citadel operates in all major asset classes and financial markets, with offices in the world’s leading financial centers, including Chicago, New York, San Francisco, Boston, London, Hong Kong, and Shanghai.

² See Citadel’s response to the U.S. Department of Treasury’s *Request for Information on the Evolution of U.S. Treasury Market Structure*, available at: <https://www.regulations.gov/document?D=TREAS-DO-2015-0013-0045> and Citadel’s response to FINRA’s *Proposed Rule Change Relating to the Reporting of U.S. Treasury Securities to the Trade Reporting and Compliance Engine*, available at: <https://www.sec.gov/comments/sr-finra-2016-027/finra2016027-5.pdf>.

³ Available at: <https://www.treasury.gov/press-center/press-releases/Documents/A-Financial-System-Capital-Markets-FINAL-FINAL.pdf>.

found that “significant gaps in the data available to regulators and Treasury still exist” and recommended that “trading platforms operated by FINRA member broker-dealers that facilitate transactions in Treasury securities ... be required to identify customers in their reports of Treasury security transactions.” The Rule Proposal would effectively implement this well-reasoned recommendation.

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We appreciate the opportunity to provide comments to the Commission on further enhancing the reporting regime for U.S. Treasuries.

Respectfully,

/s/ Stephen John Berger

Managing Director, Government & Regulatory Policy