

FIA PTG

PRINCIPAL TRADERS GROUP

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June 25, 2024

Christopher J. Kirkpatrick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 2058

Re: CBOT Submission No. 24-187. Adoption of a 15-Minute Block Trade Reporting Window During Regular Trading Hours for Block Trades Exceeding Certain Large Block Trade Quantity Thresholds for all U.S. Treasury Futures Contracts

Dear Mr. Kirkpatrick:

The FIA Principal Traders Group (“FIA PTG”)¹ writes to express our concerns with the self-certified rule change by the Board of Trade of the City of Chicago, Inc. (“CBOT”) that extends the block trade reporting window for certain CBOT U.S. Treasury futures contracts.² As liquidity providers across multiple asset classes, it is the experience of FIA PTG members that transparent markets are more efficient, competitive, and liquid. We have consistently supported efforts to increase transparency in the U.S. Treasury markets,³ and thus have significant concerns regarding this rule change.⁴

The self-certified rule change will reduce transparency in the Treasury futures markets by extending the trade reporting time for “large” block trades for CBOT U.S. Treasury futures contracts from 5 minutes to 15 minutes. Thus, the rule change is designed to delay the dissemination of transaction and price data for certain large transactions. Importantly, the rule

¹ FIA PTG is an association of firms, many of whom are broker-dealers, who trade their own capital on exchanges in futures, options and equities markets worldwide. FIA PTG members engage in manual, automated and hybrid methods of trading, and they are active in a wide variety of asset classes, including equities, fixed income, foreign exchange and commodities. FIA PTG member firms serve as a critical source of liquidity, allowing those who use the markets, including individual investors, to manage their risks and invest effectively. The presence of competitive professional traders contributing to price discovery and the provision of liquidity is a hallmark of well-functioning markets. FIA PTG advocates for open access to markets, transparency and data-driven policy.

² CBOT Submission No. 24-187 (May 9, 2024) available at <https://www.cftc.gov/sites/default/files/filings/orgrules/24/05/rules050924554.pdf>.

³ See [Letter from Joanna Mallers, Secretary, FIA PTG, to Jennifer Piorko Mitchell, Office of the Corporate Secretary, FINRA \(Oct. 3, 2022\)](#); [Letter from Joanna Mallers, Secretary, to Brian Smith, Deputy Assistant Secretary for Federal Finance, U.S. Department of the Treasury \(Aug. 26, 2022\)](#); and [Letter from Joanna Mallers, Secretary, FIA PTG, to Christopher J. Kirkpatrick, Secretary, CFTC \(May 22, 2020\)](#).

⁴ These are the views of FIA PTG and do not necessarily represent the views of the FIA membership as a whole.

change stands in stark contrast to recent official sector efforts to *increase* transparency in this critically important market, where it has been recognized that price transparency increases liquidity, lowers transaction costs, increases resiliency during periods of market volatility, and enhances competition.⁵

Below, we reiterate general concerns about the negative impacts of reducing market transparency by delaying the dissemination of transaction and price data.

- **Information asymmetries.** Market participants involved in these large block trades will have an information advantage over other market participants for the extended 15-minute period. This advantages certain market participants over others and reduces the ability of investors to assess execution quality and hold liquidity providers accountable.
- **Reduced market resiliency.** Introducing information asymmetries is particularly problematic during times of market volatility. To the extent changes in supply and demand are not accurately reflected in current price levels, market participants may have less confidence trading during volatile market conditions, decreasing overall market resiliency.
- **Impact on related markets.** FIA PTG members are active across asset classes. Introducing information asymmetries may negatively impact price discovery and liquidity in related markets.

For the reasons detailed above, FIA PTG does not support extending the intentional delay of U.S. Treasury futures contracts transaction and price data.

If you have any questions, please do not hesitate to contact Joanna Mallers at jmallers@fia.org.

Respectfully,

FIA Principal Traders Group



Joanna Mallers
Secretary

cc: Rostin Behnam, Chair
Kristin N. Johnson, Commissioner

⁵ See [Treasury Department, Notice Seeking Public Comment on Additional Transparency for Secondary Market Transactions of Treasury Securities, 87 Fed. Reg. 38259 \(June 27, 2022\) \(Docket No. TREAS-DO-2022-0012\)](#).

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