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August 15, 2016

Mr. Robert W. Errett
Deputy Secretary
Securities and Exchange Commission,
100 F Street, NE,
Washington, D.C. 20549-1090

Re: SR-FINRA-2016-027

Dear Mr. Pearl

Virtu Financial, Inc. (together with its affiliates, "Virtu" or "we") is submitting this letter to share our views with the Securities and Exchange Commission ("SEC") in connection with FINRA's proposal to expand the Trade Reporting and Compliance Engine ("TRACE") reporting rules to include secondary market transactions in marketable U.S. Treasury securities ("FINRA proposal").

By way of background, Virtu is a leading technology-enabled market-maker and liquidity provider to the global financial markets, operating from offices in New York, Austin, Singapore and Dublin. Virtu acts as a market-maker across numerous exchanges and asset classes, is a direct member of most recognized futures exchanges in the United States and around the globe, and, through its subsidiary, a principal trading firm ("PTF"), Virtu is an active participant in U.S. Treasury futures and cash markets. The PTF is also registered as a Floor Trader with the Commodity Futures Trading Commission ("CFTC") and the National Futures Association.

Virtu is supportive of the next steps as outlined in The Joint Staff Report: The U.S. Treasury Market on October 15, 2014 ("JSR") and the objectives of the Treasury RFI to develop a holistic view of trading and risk management practices across U.S. Treasury futures and cash markets and its ongoing efforts to seek input on potential improvements in Treasury market policies, practices and conduct. Further, we believe that greater interagency coordination in areas such as monitoring and surveillance will result in increased confidence in the Treasury markets and enhance market integrity.

As we discussed in our comment letter in response to the Treasury RFI dated April 22, 2016, we are supportive of the introduction of a transaction reporting requirement to the U.S. Treasury markets.

It is our view that the resulting data will not only improve the overall market, it could also inform future decisions regarding standards such as circuit breakers and volatility guards, which need detailed analysis. In addition, access to transaction level data will help the regulators to effectively design surveillance to prevent manipulative and fraudulent acts.

We agree that leveraging FINRA's TRACE infrastructure provides the fastest path to achieving these objectives. However, since the proposed rule only requires reporting by FINRA members, we ask that the U.S. Treasury Department and the SEC move quickly to capture transactions by non-FINRA members who trade U.S. Treasury securities. Not doing so will affect the efficacy of the monitoring system.

While we understand the need for flexibility and the importance of lessening the burden on firms to comply with the new requirements, we believe that FINRA's decision to exempt U.S. Treasury securities transactions from the 15-minute TRACE reporting requirement should be reviewed in a time-bound manner. We are of the view that for surveillance to be effective, the underlying data collection should be both comprehensive and immediate with very few exceptions, such as for trades in excess of a specified volume threshold or in less liquid securities.

We appreciate the opportunity to comment on the FINRA proposal. If you have any questions, do not hesitate to contact me at [redacted].

Sincerely,

John Shay
Senior Vice President,
Virtu Financial, Inc.