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N. B., Hard copy NOT sent

12 November 2007

Ms. Barbara Z. Sweeney
Office of Corporate Secretary
Financial Industry Regulatory Authority - FINRA
1735 K Street, NW
Washington, DC 20006-1506

RE: FINRA Request for Comments
Regulatory Notice 07-46, "OTC Trade Reporting"
Reply by Pipeline Trading Systems LLC ("Pipeline"), CRD 128453

Dear Ms. Sweeney,

First, Pipeline agrees that the present four tiered reporting structure contributes to confusion and duplication. Upon analyzing the two execution/trade reporting alternatives proposed by FINRA i.e., 1) a sell-side reporting structure, and 2) an executing broker reporting structure, Pipeline recommends and supports the implementation of an executing broker ("EB") reporting structure. As the originator/source of execution information, the EB is best positioned to providing accurate and timely tape reports and no decision process, relative to reporting responsibility, comes into play.

Present market practices make the sell-side approach very difficult to achieve. Algorithmic trading and Reg NMS have contributed to creating a trading environment wherein customers' orders are frequently re-routed one or more times. Under the sell-side approach, this scenario could be problematic. An originating BD would be the seller if its sale were executed by the first BD to whom it routed its orders. But subsequent re-routes would cloud that fact. Further, there is no mandatory format for notifications of execution ("NOE") messages. If a NOE associated with a re-routed order did not contain EB information, late execution reports would increase substantially. If the selling BD was not provided the identity of the actual EB, erroneous reporting would increase.

Second, the proposal requiring firms to provide information sufficient to link tape and non-tape reports is, under certain circumstances, not attainable. Further, under certain conditions it would be cost prohibitive to accomplish.

Step-outs are an important, frequently used execution allocation process employed by a majority of buy-side organizations. A step-out is usually a component of multiple trade allocations associated with a block execution(s), the instruction for which is frequently received late in the trading day or after market closing. Most, if not all, block allocation instructions are provided at an average price basis of the multiple executions associated with the order. It would not be possible to match specific execution information to a specific step-out(s) since step-outs and executions have no direct correlation.

Economically, this would create undo hardship for all introducing brokers who have Attachment II Clearing Agreements (A2) with their sell-side participants. Most BDs who clear under an A2 accumulate, net, all regular way transactions for each trade date on a same side, same symbol basis and report a single average price trade to clearing at the end of the day. If the community were forced to report on an execution basis, clearing costs would increase exponentially diminishing the efficiency of the current process and potentially leading to the forcing of BD closures due in an inability to sustain the resulting exorbitant cost structure. Firms could continue to net if the format of the end of day report included detailed trade execution information as a sub-set of the net clearing obligation. Both economic and logistical hardships would result from this alternative. Every firm would have to develop new programs to capture additional information from its trading systems; this is extremely time consuming and costly given the numerous complex systems that are involved. Further, if FINRA was to provide a common identifier, delays would be realized while waiting for the receipt of this information so that it could be included with the Notification of Execution that must be sent to the originator of the order. If each firm was permitted to design its own structure, disparate numbering conventions would result in numerous erroneous mismatches. While there may be some limited value to this type of matching, the costs of implementation and support far outweigh the benefits.

In summary, Pipeline endorses the proposal to place the responsibility for trade reporting solely on the executing broker, with no exceptions. We strongly urge FINRA abandon its proposal to mandate the linkage of trade and clearing reports.

We thank you for this opportunity to respond to these proposals.

Sincerely,

A handwritten signature in black ink, appearing to read "J. F. Funch", with a long horizontal flourish extending to the right.