

Wachtel & Co Inc
1101 14th Street NW # 800
Washington, DC 20005

Marcia E. Asquith
FINRA Office of the Corporate Secretary
1735 K Street, NW
Washington, DC 20006-1506

Jan 16, 2015

Re: Regulatory Notice 14-52, "Pricing Disclosure in the Fixed Income Markets"

Established in 1961, Wachtel & Co Inc. is one of a shrinking number of small self-clearing broker/dealers.

We appreciate the opportunity to comment on FINRA Proposed Rule 2232. Although this rule is well intentioned, if implemented, it will have far reaching negative consequences regarding how bond business is conducted in this country and the structure of the industry. At a time when the problem of 'too big to fail' is an elephant in the room, we believe implementation of this rule will promote further industry consolidation. If enacted, the cost of systems to implement, and the continuing costs of compliance, will be disproportionately high for small firms, will not provide any meaningful information to customers, and will not stop the 'bad guys'. Proposed Rule 2232 specifically disadvantages small firms and is easily circumvented by large firms.

FINRA states that it is "concerned that investors in fixed income securities currently are limited in their ability to understand and compare transaction costs." We do not share this concern. Our experience is that investors in fixed income securities tend to be reasonably sophisticated – they understand current practices and are fully capable of evaluating the net price of a bond. Unsophisticated investors, on the other hand, are unlikely to desire, fully understand, or make use a confirmation disclosure. For all investors, sophisticated or not, members of this industry already have a duty to deal with them fairly. The proposed rule will not improve upon that obligation.

FINRA already has quite a few related and/or relevant rules such as **Rule 2120 Commissions Markups and Charges**, **Rule 2111 Suitability**, **Rule 2010 Standards of Commercial Honor and Just and Equitable Principles of Trade**, and **TRACE Rule Series 6700**. Mandatory 15 minute trade reporting for most bond transactions (recently expanded for more securities) is in place and access to Trace data is readily available. **FINRA monitors TRACE data** and is able to identify trades with mark-ups not within a close range. We suggest that FINRA send Requests for Information (or a team of examiners) directly to firms reporting such outlying trades and withdraw this proposal.

We believe that proposed Rule 2232 would provide little if any benefit to investors; however, it would definitely increase costs and decrease profits to all firms – that is not good regulatory policy.

A diverse financial community comprised of numerous small and medium sized firms is good for customers, issuers, the financing process, and the country. No actions should be taken that would have the effect of decreasing the number of small, stable, solid securities firms.

Respectfully submitted,

Wendie L Wachtel, COO

Bonnie K Wachtel, CEO