

23 March 2012

Marcia E Asquith
Office of the Corporate Secretary
FINRA
1735 K Street NW
Washington, DV 206-1506

RE: Regulatory Notice 12-07, FINRA Requests Comment on Proposed Amendments Relating to Reporting of OTC Trades Executed in a Mixed Capacity

Capital Research and Management Company ("CRMC") appreciates the opportunity to comment on FINRA's proposed amendments relating to the reporting of OTC trades executed in a mixed capacity. CRMC manages the American Funds. The American Funds has been serving investors since 1931 and is one of the nation's oldest mutual fund families. The American Funds invests over \$1 trillion in assets for more than 50 million shareholder accounts.

We would first like to commend FINRA in its continuing efforts to ensure a transparent market where all market participants have fair and equal access to trade information. CRMC supports FINRA's proposal to report mixed-capacity trades as multiple trade executions. CRMC strongly prefers this option to having a separate non-public capacity report submission.

As the FINRA request for comment states, the relief granted to firms in *Notice To Members (NTM) 01-85* was 'intended to address technological constraints that existed at the time that prevented certain trading systems from separately reporting each component of a mixed capacity trade.' In addition to this technological constraint, in 2001 NASDAQ market trading was in the process of moving from net pricing to gross pricing. Frequently a broker would be crossing shares for multiple clients in a single transaction that would involve Agency, Riskless Principle, and Principal executions. Separating out which particular shares were executed in a particular capacity would have been a somewhat arbitrary exercise and would indeed have been technically problematic to program. However, the US markets have changed. Trades are almost universally executed at a gross price with a commission, regardless of whether the broker is executing in an Agency or Principal capacity.

FINRA's request for comments focuses on the availability of correct and complete execution capacity information for FINRA's regulatory surveillance systems. CRMC certainly supports FINRA's ability to have optimal information for surveillance purposes. If this request for comment were solely about information reported to FINRA then CRMC would be agnostic as to the methodology. However, the two proposed methods also affect the way brokers report trade information to the market.

CRMC requests that executing brokers report the execution capacity on each individual CRMC trade. This information is an important component of the analytics CRMC performs to ensure we are receiving best execution for our shareholders. Being able to match individual executions received from brokers to individual executions reported in the market place is a part of this process. If each trade is publicly reported as a separate transaction this matching process is more exact.



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CRMC sees no benefit to our shareholders for a broker to be able to tape report a mixed capacity transaction as a single trade. Indeed, this method can be used to 'bunch' transactions together for the express purpose of disguising from the marketplace the number of participants in a given trade as well as the broker's principal participation in the trade.

CRMC applauds the ongoing work of FINRA and its continuing effort to provide a fair, transparent, and well regulated marketplace and thanks the Authority for the opportunity to comment on the proposed amendment.

Sincerely,

A handwritten signature in blue ink, appearing to read "Matt Lyons", followed by a horizontal line.

Matt Lyons
Global Trading Manager