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### **AFR STATEMENT ON SEC CONSOLIDATED AUDIT TRAIL RULE**

**Washington DC** - Americans for Financial Reform, a coalition of more than 250 national, state, and local organizations working together for strong Wall Street reform, issued the following statement:

We are disappointed by the 'consolidated audit trail' rule promulgated by the SEC yesterday to improve access to critical market data. The long-awaited rule is intended to provide the Commission with accurate, comprehensive and timely data about trading activity. A strong rule would ensure that the SEC has access to information that can help to uncover deliberate market manipulation which exploits investors. A strong rule is also vital to gaining information on disruptive trading activities associated with high frequency trading, such as the activity that led to the 2010 'flash crash'. Without consolidated and data that permits effective tracking of trading activity across markets, the SEC cannot fully perform its investor protection and transparency functions.

Yesterday's final rule, however, does not create the framework to ensure that the Commission has access to this critical data. The rule effectively outsources critical elements of creating the consolidated audit trail to private exchanges and self-regulatory agencies, without mandating effective integration and reporting of the data. These entities face potential conflicts of interest and do not have the public interest mandate or the market overview function of the SEC. Not only does the rule fail to require critical standards be met, it actually restricts SROs from requiring real time reporting.

In finalizing this rule the SEC missed an opportunity to ensure access to information that would be essential for any financial regulator to keep up with modern markets operating with 21st century technologies. We applaud Commissioner Aguilar and Commissioner Walters who fought to strengthen the rule and refused to support a final rule that did not live up to its potential. We hope that the SEC revisits the decision to outsource key elements of this rule and strengthens the standards that must be met in reporting trading activity.

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