

(A) A member that is a Market Maker, and for which FINRA is the DEA, shall collect and transmit to FINRA the data described in Item I of Appendix C to the Plan, as modified by paragraph (b)(5) below, with respect to executions on any Trading Center that have settled or reached settlement date. Market Makers shall transmit such data in a pipe delimited format by 12:00 p.m. EST on T+4:

(i) For executions during and outside of Regular Trading Hours in each Pre-Pilot Data Collection Security for the period beginning six months prior to the Pilot Period through thirty-one days prior to the first day of the Pilot Period; and

(ii) For executions during and outside of Regular Trading Hours in each Pilot Security for the period beginning thirty days prior to the first day of the Pilot Period through six months after the end of the Pilot Period.

(B) FINRA shall collect the data required by Item I of Appendix C to the Plan and paragraph (b)(4)(A) above and, on a monthly basis, transmit such data, categorized by the Control Group and each Test Group, to the SEC in a pipe delimited format. The data transmitted to the SEC shall include the profitability statistics categorized by Market Maker and by security. FINRA shall aggregate and publish, categorized by the Control Group and each Test Group: (i) Market Maker profitability statistics for Market Makers for which FINRA is the DEA, (ii) Market Maker profitability statistics collected from other Participants that are DEAs, and (iii) Market Maker profitability statistics for Market Makers whose DEA is not a Participant. FINRA shall make this data publicly available on the FINRA web site within 30 calendar days following month end at no charge and shall not identify the Market Makers that generated the data or the individual securities.

#### **(5) Calculation of Market Maker Participation and Market Maker Profitability**

A member that is a Market Maker in a Pre-Pilot Data Collection Security or Pilot Security for which FINRA is the DEA subject to paragraphs (b)(3)(A) and (b)(4)(A) above shall be deemed to have satisfied the requirements of paragraphs (b)(3)(A) and (b)(4)(A) above, in addition to the requirements of Item IV of Appendix B to the Plan and Item I of Appendix C to the Plan, if such Market Maker submits to FINRA the following data for any principal trade, not including a riskless principal trade, in Pre-Pilot Data Collection Securities and Pilot Securities executed in furtherance of its status as a Market Maker on any Trading Center:

(A) Ticker Symbol;

(B) Trading Center where the trade was executed, or if not known, the destination where the order originally was routed for further handling and execution;

(C) Time of execution;

(D) Price;

(E) Size;

(F) Buy / sell;

(G) For trades executed away from the Market Maker, a unique identifier, as specified by the Market Maker's DEA, that will allow the trade to be associated with the Trading Center where the trade was executed; and

(H) For trades cancelled or corrected beyond T+3, whether the trade represents a cancellation or correction.

#### **• • • Supplementary Material: -----**

**.01** The terms used in this Rule 6191 shall have the same meaning as provided in the Plan, unless otherwise specified.

**.02** No member shall break an order into smaller orders or otherwise effect or execute an order to evade the requirements of the Trade-at Prohibition of this Rule or any other provisions of the Plan.

**.03** For purposes of the reporting requirement in Appendix B.II.(n), a Trading Center shall report "Y" when it is relying upon the Retail Investor Order exception to Test Groups Two and Three, and "N" in all other instances.

**.04** For purposes of Appendix B.I, the field "Affected by Limit-Up Limit-Down bands" shall be included. A Trading Center shall report a value of "Y" when the ability of an order to execute has been affected by the Limit-Up Limit-Down (LULD) bands in effect at the time of order receipt. A Trading Center shall report a value of "N" when the ability of an order to execute has not been affected by the LULD bands in effect at the time of order receipt. For purposes of Appendix B.I, the Participants shall classify all orders in Pilot and Pre-Pilot Securities that may trade in a foreign market as fully executed domestically or fully or partially executed on a foreign market. For purposes of Appendix B.II, the Participants shall classify all orders in Pilot and Pre-Pilot Securities that may trade in a foreign market as: directed to a domestic venue for execution; may only be directed to a foreign venue for execution; or fully or partially directed to a foreign venue at the discretion of the member.

**.05** (a) For purposes of Appendix B.I.a(14), B.I.a(15), B.I.a(21) and B.I.a(22), the time ranges shall be changed as follows:

(1) Appendix B.I.a(14A): The cumulative number of shares of orders executed from 100 microseconds to less than 1 millisecond after the time of order receipt;

(2) Appendix B.I.a(15): The cumulative number of shares of orders executed from 1 millisecond to less than 100 milliseconds after the time of order receipt;

(3) Appendix B.I.a(21A): The cumulative number of shares of orders canceled from 100 microseconds to less than 1 millisecond after the time of order receipt; and

(4) Appendix B.I.a(22): The cumulative number of shares of orders canceled from 1 millisecond to less than 100 milliseconds after the time of order receipt.

(b) For purposes of Appendix B.I.a(21) through B.I.a(27), unexecuted Immediate or Cancel orders shall be categorized separately irrespective of the duration of time after order receipt.

**.06** The requirement in Appendix B.I.a(33) relating to the share-weighted average BBO Spread also shall apply to a Trading Center that displays on the ADF.

**.07** For purposes of Appendix B.I.a(31)–(33), the relevant measurement is the time of order receipt.

**.08** For purposes of Appendix B.I.a(33), only a Trading Center that is displaying in its own name as a Trading Center when executing an order shall enter a value in this field.

**.09** For purposes of Appendix B, the following order types and numbers shall be included and assigned the following numbers: "not held" orders (18); clean cross orders (19); auction orders (20); orders that cannot otherwise be classified, including orders received when the NBBO is crossed (21); and limit orders priced more than \$0.10 away from the NBBO (22). For purposes of order types 12-14 in Appendix B, such order types shall include all orders and not solely "resting" orders.

**.10** A Member shall not be deemed a Trading Center for purposes of Appendix B of the Plan where that Member only executes orders otherwise than on a national securities exchange for the purpose of: (1) correcting a bona fide error related to the execution of a customer order; (2) purchasing a security from a customer at a nominal price solely for purposes of liquidating the customer's position; or (3) completing the fractional share portion of an order.

**.11** For purposes of Appendix B.IV, the count of the number of Market Makers used in the calculation of share (trade) participation shall be added to each category. For purposes of Appendix B.IV(b) and (c), share participation and trade participation shall be calculated by using a total count instead of a share-weighted average or a trade-weighted average. For purposes of Appendix B, B.IV(d) (cross-quote share (trade) participation), (e) (inside-the-quote share (trade) participation), (f) (at-the-quote share (trade) participation), and (g) (outside-the-quote share (trade) participation), shall be calculated by reference to the National Best Bid or National Best Offer in effect immediately prior to the trade.

**.12** A Trading Center shall begin the data collection required pursuant to Appendix B.I.a(1) through B.II.(y) to the Plan and Item I of Appendix C to the Plan on April 4, 2016. The requirement that FINRA provide information to the SEC within 30 days following month end pursuant to Appendix B and C to the Plan shall commence at the beginning of the Pilot Period. Notwithstanding the provisions of paragraphs (b)(2)(B) and (b)(3)(C) of this Rule, with respect to data for the Pre-Pilot Period and Pilot Period, the requirement that FINRA make Appendix B data publicly available on the FINRA website shall commence on August 31, 2017. Notwithstanding the provisions of paragraphs (b)(4)(B) of this Rule, FINRA shall make Appendix C data for the Pre-Pilot Period through January 2017 publicly available on the FINRA website by February 28, 2017.

**.13** For purposes of Item I of Appendix C, the Participants shall calculate daily Market Maker realized profitability statistics for each trading day on a daily last in, first out (LIFO) basis using reported trade price and shall include only trades executed on the subject trading day. The daily LIFO calculation shall not include any positions carried over from previous trading days. For purposes of Item I.c of Appendix C, the Participants shall calculate daily Market Maker unrealized profitability statistics for each trading day on an average price basis. Specifically, the Participants must calculate the volume weighted average price of the excess (deficit) of buy volume over sell volume for the current trading day using reported trade price. The gain (loss) of the excess (deficit) of buy volume over sell volume shall be determined by using the volume weighted average price compared to the closing price of the security as reported by the primary listing exchange. In calculating unrealized trading profits, the Participant also shall report the number of excess (deficit) shares held by the Market Maker, the volume weighted average price of that excess (deficit), and the closing price of the security as reported by the primary listing exchange used in reporting unrealized profit.

**.14** "Pre-Pilot Data Collection Securities" are the securities designated by the Participants for purposes of the data collection requirements described in Items I, II and IV of Appendix B and Item I of Appendix C to the Plan for the period beginning six months prior to the Pilot Period through thirty-one days prior to the Pilot Period. The Participants shall compile the list of Pre-Pilot Data Collection Securities by selecting all NMS stocks with a market capitalization of \$5 billion or less, a Consolidated Average Daily Volume (CADV) of 2 million shares or less and a closing price of \$1 per share or more. The market capitalization and the closing price thresholds shall be applied to the last day of the Pre-Pilot measurement period, and the CADV threshold shall be applied to the duration of the Pre-Pilot measurement period. The Pre-Pilot measurement period shall be the three calendar months ending on the day when the Pre-Pilot Data Collection Securities are selected. The Pre-Pilot Data Collection Securities shall be selected thirty days prior to the commencement of the six-month Pre-Pilot Period.

Reprinted with permission from FINRA. Version date May 10, 2022.

.15 Appendix B data to be made publicly available on the FINRA website pursuant to the Plan will combine over-the-counter data for firms for which Chicago Stock Exchange, Inc. is the designated examining authority, and such data will be aggregated within groupings of five to 25 Trading Centers each. The groupings methodology will distinguish between alternative trading systems (“ATSS”) and non-ATSS, but no other details of the methodology used to formulate the groupings will be disclosed to maintain confidentiality of the published data. Trading Center group assignments will not be published and will remain unchanged for the duration of the data publication period (subject to modifications, as appropriate, to account for industry entrants).

.16 This Rule shall be in effect during a pilot period to coincide with the pilot period for the Plan (including any extensions to the pilot period for the Plan).

Amended by SR-FINRA-2017-006 eff. Aug. 26, 2017.  
Amended by SR-FINRA-2017-010 eff. April 28, 2017.  
Amended by SR-FINRA-2017-005 eff. Feb. 23, 2017.  
Amended by SR-FINRA-2016-042 eff. Nov. 15, 2016.  
Amended by SR-FINRA-2016-038 eff. Oct. 3, 2016.  
Amended by SR-FINRA-2016-026 eff. Oct. 3, 2016.  
Paragraph (a) Adopted by SR-FINRA-2015-047 eff. Oct. 3, 2016.  
Amended by SR-FINRA-2016-035 eff. Aug. 30, 2016.  
Paragraph (b) Adopted by SR-FINRA-2015-048 eff. April 4, 2016.

◀ 6190. COMPLIANCE WITH REGULATION NMS PLAN TO ADDRESS EXTRAORDINARY  
MARKET VOLATILITY

UP

6200. ALTERNATIVE DISPLAY FACILITY ▶

## VERSIONS

Aug 26, 2017 onwards

## 6210. General

The Rule

Notices

The Alternative Display Facility ("ADF") is a facility operated by FINRA for members that choose to quote or effect trades in ADF-eligible securities otherwise than on an exchange. The ADF collects and disseminates quotations and trade reports, and compares trades. Those FINRA members that use ADF systems for quotation or trade reporting activities must comply with the Rule 6200 and 7100 Series, as well as all other applicable FINRA rules and the federal securities laws.

Amended by SR-FINRA-2013-053 eff. Feb. 3, 2014.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2006-091 eff. March 5, 2007.  
Amended by SR-NASD-2007-005 eff. Jan. 27, 2007.  
Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
Amended by SR-NASD-2004-160 eff. Oct. 26, 2004.  
Amended by SR-NASD-2004-012 eff. Jan. 26, 2004.  
Amended by SR-NASD-2003-67 eff. April 7, 2003.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notice:** 08-57.

### VERSIONS

Feb 03, 2014 onwards



## 6220. Definitions

### The Rule

### Notices

(a) Unless the context requires otherwise, the terms used in the Rule 6200 and Rule 7100 Series shall have the meanings below. Terms not specifically defined below shall have the meaning in the FINRA By-Laws and rules and Rule 600 of SEC Regulation NMS.

(1) "Exchange Act" or "SEA" means the Securities Exchange Act of 1934.

(2) "ADF-eligible security" means an NMS stock as defined in Rule 600(b)(47) of SEC Regulation NMS.

(3) "ADF Market Participant" or "Market Participant" means a Registered Reporting ADF Market Maker, or a Registered Reporting ADF ECN.

(4) "ADF Trading Center" means a Registered Reporting ADF Market Maker, or a Registered Reporting ADF ECN that is a "Trading Center," as defined in Rule 600(b)(78) of SEC Regulation NMS, and that is certified, pursuant to Rule 6250, to display its quotations or orders through the ADF.

(5) "Certification Record" means the document that an ADF Trading Center must execute and continue to comply with, pursuant to Rule 6250, to display its quotations through the ADF.

(6) "CQS security" is a security that is eligible for inclusion in the Consolidated Quotation Plan and reported to the Consolidated Tape in accordance with the Consolidated Tape Association Plan. These securities include all common stocks, preferred stocks, long-term warrants, and rights entitling the holder to acquire an eligible security, listed or admitted to unlisted trading privileges on the BATS Exchange Inc., NYSE MKT LLC, NYSE Arca LLC or the New York Stock Exchange, and securities listed on regional stock exchanges that have been designated by such regional exchange as eligible for reporting to the Consolidated Tape.

(7) "Nasdaq" means the NASDAQ Stock Market, LLC other than any facilities operated by The NASDAQ Stock Market, LLC on behalf of FINRA.

(8) "Nasdaq security" means any security listed on The NASDAQ Stock Market, LLC.

(9) "Normal unit of trading" means 100 shares of a security unless, with respect to a particular security, the market where the security is listed determines that a normal unit of trading shall constitute other than 100 shares.

(10) "Otherwise than on an exchange" means a trade effected by a FINRA member otherwise than on or through the facilities of a national securities exchange. The determination of what constitutes a trade "on or through" a particular national securities exchange shall be determined by that exchange in accordance with all applicable statutes, rules and regulations, and with any necessary SEC approval.

(11) "Registered Reporting ADF ECN" means a member of FINRA that is an electronic communications network ("ECN") that elects to display orders in the ADF. A member shall cease being a Registered Reporting ADF ECN when it has withdrawn or voluntarily terminated its quotations on the ADF or when its quotations have been suspended or terminated by action of FINRA. This term also shall include a FINRA member that is an alternative trading system ("ATS") that displays orders in the ADF. A Registered Reporting ADF ECN may voluntarily withdraw from participation on the ADF upon providing, through electronic delivery, written notice to FINRA Market Operations of its intention to withdraw as an Registered Reporting ADF ECN, with such withdrawal to be effective upon the first trading day following the provision of such notice announcing the Registered Reporting ADF ECN's intention to withdraw, or such other date as specified in the written notice.

(12) "Registered Reporting ADF Market Maker" means a member of FINRA that is registered as a FINRA market maker in a particular designated security and, with respect to that security, holds itself out (by entering quotations in the Alternative Display Facility) as being willing to buy and sell such security for its own account on a regular and continuous basis. A member is a Registered Reporting ADF Market Maker in only those designated securities for which it is registered as an ADF market maker. A member shall cease being a Registered Reporting ADF Market Maker in a designated security when it has withdrawn or voluntarily terminated its quotations in that security on the ADF or when its quotations have been suspended or terminated by action of FINRA.

(13) "Registered Reporting Member" means a Registered Reporting ADF Market Maker or Registered Reporting ADF ECN.

(14) "Stop Stock Price" means the specified price at which a member and another party agree a Stop Stock Transaction shall be executed, and which price is based upon the prices at which the security is trading at the time the order is received by the member, taking

into consideration that the specified price may deviate from the current market prices to factor in the size of the order and the number of shares available at those prices.

(15) "Stop Stock Transaction" means any transaction that meets both of the following conditions:

(A) the transaction is the result of an order in which a member and another party agree that the order will be executed at a Stop Stock Price or better; and

(B) the order is executed at the Stop Stock Price or better.

(b) For purposes of Rule 6275, the following terms shall have the meanings as defined in Rule 100 of SEC Regulation M: "affiliated purchaser," "covered security," "distribution," "distribution participant," "restricted period," and "selling security holder."

Amended by SR-FINRA-2016-031 eff. Sep. 12, 2016.  
Amended by SR-FINRA-2013-053 eff. Feb. 3, 2014.  
Amended by SR-FINRA-2011-024 eff. June 17, 2011.  
Amended by SR-FINRA-2008-057 eff. Dec. 15, 2008.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2006-091 eff. March 5, 2007.  
Amended by SR-NASD-2006-087 eff. Aug. 1, 2006.  
Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notices:** 08-57, 08-74, 16-33.

## VERSIONS

Sep 12, 2016 onwards



[> FINRA RULES](#) > [6000. QUOTATION, ORDER, AND TRANSACTION REPORTING FACILITIES](#) > [6200. ALTERNATIVE DISPLAY FACILITY](#)

## 6230. Use of Alternative Display Facility Data Systems

FINRA may at any time authorize the use of Alternative Display Facility data systems on a test basis for whatever studies it considers necessary and appropriate.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notice:** 08-57.

[← 6220. DEFINITIONS](#)

[UP](#)

[6240. PROHIBITION FROM LOCKING OR CROSSING QUOTATIONS IN NMS STOCKS →](#)



## 6240. Prohibition from Locking or Crossing Quotations in NMS Stocks

The Rule

Notices

(a) Definitions. For purposes of these Rules, the following definitions shall apply:

(1) The terms "automated quotation," "National Market System Plan" (NMS Plan), "intermarket sweep order," "manual quotation," "NMS stock," "protected quotation," and "trading center" shall have the meanings set forth in Rule 600(b) of SEC Regulation NMS.

(2) The term crossing quotation shall mean the display of a bid for an NMS stock at any time between 8:00 a.m. and 6:30 p.m. Eastern Time at a price that is higher than the price of an offer for such NMS stock previously disseminated pursuant to an effective NMS Plan, or the display of an offer for an NMS stock at any time between 8:00 a.m. and 6:30 p.m. Eastern Time at a price that is lower than the price of a bid for such NMS stock previously disseminated pursuant to an effective NMS Plan.

(3) The term locking quotation shall mean the display of a bid for an NMS stock at any time between 8:00 a.m. and 6:30 p.m. Eastern Time at a price that equals the price of an offer for such NMS stock previously disseminated pursuant to an effective NMS Plan, or the display of an offer for an NMS stock at any time between 8:00 a.m. and 6:30 p.m. Eastern Time at a price that equals the price of a bid for such NMS stock previously disseminated pursuant to an effective NMS Plan.

(b) Prohibition. Except for quotations that fall within the provisions of paragraph (d) of this Rule, members shall reasonably avoid displaying, and shall not engage in a pattern or practice of displaying, any quotations that lock or cross a protected quotation, and any manual quotations that lock or cross a quotation previously disseminated pursuant to an effective NMS Plan.

(c) Manual quotations. FINRA prohibits the display of manual quotations in the Alternative Display Facility, as specified in Rule 6250. However, if a member displays a manual quotation in another FINRA facility that locks or crosses a quotation previously disseminated pursuant to an effective NMS Plan, such member shall promptly either withdraw the manual quotation or route an intermarket sweep order to execute against the full displayed size of the locked or crossed quotation.

(d) Exceptions.

(1) The locking or crossing quotation was displayed at a time when the trading center displaying the locked or crossed quotation was experiencing a failure, material delay, or malfunction of its systems or equipment.

(2) The locking or crossing quotation was displayed at a time when a protected bid was higher than a protected offer in the NMS stock.

(3) The locking or crossing quotation was an automated quotation, and the member displaying such automated quotation simultaneously routed an intermarket sweep order to execute against the full displayed size of any locked or crossed protected quotation.

(4) The locking or crossing quotation was a manual quotation that locked or crossed another manual quotation, and the member displaying the locking or crossing manual quotation simultaneously routed an intermarket sweep order to execute against the full displayed size of the locked or crossed manual quotation.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2007-001 eff. March 5, 2007.  
Adopted by SR-NASD-2006-091 eff. March 5, 2007.

**Selected Notice:** 08-57.



## 6250. Quote and Order Access Requirements

The Rule

Notices

(a) For each security in which an ADF Trading Center displays a bid and offer (for Registered Reporting ADF Market Makers), or a bid or offer (for Registered Reporting ADF ECNs), in the ADF, it must:

(1) Provide other ADF Trading Centers direct electronic access, as defined below;

(2) Provide registered broker-dealers that are not ADF Trading Centers direct electronic access and allow for indirect electronic access, as defined below. In any event, an ADF Trading Center is prohibited from: (A) in any way directly or indirectly influencing or prescribing the prices that its customer broker-dealer may choose to impose for providing indirect access; and (B) precluding or discouraging indirect electronic access, including through the imposition of discriminatory pricing or quality of service with regard to a broker-dealer that is providing indirect electronic access;

(3) Provide a level and cost of access to its quotations in an NMS stock displayed in the ADF that is substantially equivalent to the level and cost of access to quotations displayed by SRO trading facilities in that NMS stock;

(4) Demonstrate that it has sufficient technology to automatically update its quotations and immediately respond to orders for execution directly against the individual ADF Trading Center's best bid or offer;

(5) Ensure that it does not impose unfairly discriminatory terms that prevent or inhibit any person, through a registered broker-dealer, from obtaining efficient access to such quotations;

(6) Provide at least 14 calendar days advance written notice, via facsimile, personal delivery, courier or overnight mail, to FINRA Market Operations before denying any registered broker-dealer direct electronic access as defined below. The notice provided hereunder must be based on the good faith belief of an ADF Trading Center that such denial of access is appropriate and does not violate any of the ADF Trading Center's obligations under FINRA rules or the federal securities laws. Further, any notification or publication of an ADF Trading Center's intent to deny access will have no bearing on the merits of any claim between the ADF Trading Center and any affected registered broker-dealer, nor will it insulate the ADF Trading Center from liability for violations of FINRA rules or the federal securities laws, such as Rule 602 of SEC Regulation NMS. The 14-day period begins on the first business day that FINRA Market Operations has receipt of the notice; and

(7) Comply with the minimum performance standards set forth in paragraph (e) of this Rule and the terms agreed to in the Certification Record.

(b) Subject to the terms and conditions contained herein, all ADF Trading Centers that display quotations in the ADF must record each item of information described in paragraphs (b)(1) and (2) of this Rule for all orders they receive from another broker-dealer via direct or indirect electronic access only if such order results in an execution, a cancellation, a correction or a rejection by the ADF Trading Center. All ADF Trading Centers must report this information to FINRA as specified below.

(1) ADF Trading Centers must record the following information for every order they receive from another broker-dealer via direct or indirect electronic access:

(A) Unique Order Identifier

(B) Order Entry Firm

(C) Order Side

(D) Order Quantity

(E) Symbol

(F) Order Price

(G) Time In Force (i.e. regular hours, entire day, other)

(H) Order Date

(I) Order Time (expressed in hours, minutes, seconds and milliseconds if the ADF Trading Center's system captures time in milliseconds based on Eastern Time in military format)

(J) Minimal Acceptable Quantity (i.e., all or none (AON), volume)

(K) ADF Trading Center

(L) Any other information as specified by FINRA or the SEC (e.g., Customer Order Handling Instructions)

The information described in subparagraphs (A) through (L) must be reported to FINRA by no later than 6:30 p.m. Eastern Time on the day of receipt of the order; provided, however, that an ADF Trading Center must report any information described in subparagraphs (A) through (L) to FINRA immediately upon request.

(2) In addition to the information previously provided pursuant to paragraph (b)(1), ADF Trading Centers must record the following information, as applicable, for every order received via direct or indirect access from another broker-dealer that has been acted upon or responded to:

(A) Unique Order Identifier (as provided in paragraph (b)(1)(A))

(B) Order Response (e.g., Execute, Cancel, Correct, Reject)

(C) Order Response Time (expressed in hours, minutes, seconds and milliseconds if the ADF Trading Center's system captures time in milliseconds based on Eastern Time in military format)

(D) Quantity

(E) Price

The information described in subparagraphs (A) through (E) must be reported to FINRA by no later than 6:30 p.m. Eastern Time on the day of any response to or action taken regarding an order; provided, however, that an ADF Trading Center must report any information described in subparagraphs (A) through (E) to FINRA immediately upon request.

### **(3) Maintaining and Preserving Records**

(A) In addition to submitting the information described herein to FINRA, each member shall maintain and preserve records of the information required to be recorded under this Rule for the period of time and accessibility specified in SEA Rule 17a-4(b).

(B) The records required to be maintained and preserved under this Rule may be immediately produced or reproduced on "micrographic media" as defined in SEA Rule 17a-4(f)(1)(i) or by means of "electronic storage media" as defined in SEA Rule 17a-4(f)(1)(ii) that meet the conditions set forth in SEA Rule 17a-4(f) and may be maintained and preserved for the required time in that form.

### **(4) Orders Not Required To Be Recorded**

Any order that results in being fully posted to the ADF Trading Center.

The recording and reporting requirements contained in paragraphs (a) and (b) of this Rule shall not apply to orders received via any system operated by a national securities exchange or national securities association such that the association or exchange operating the system has access to and regulates that order activity.

### **(5) Method of Transmitting Data**

Members shall transmit this information in such form as prescribed by FINRA.

### **(6) Reporting Agent Agreements**

(A) "Reporting Agent" shall mean a third party that enters into any agreement with a member pursuant to which such third party agrees to fulfill such member's obligations under this Rule.

(B) Any member may enter into an agreement with a Reporting Agent pursuant to which the Reporting Agent agrees to fulfill the obligations of such member under this Rule. Any such agreement shall be evidenced in writing, which shall specify the respective functions and responsibilities of each party to the agreement that are required to effect full compliance with the requirements of this Rule.

(C) All written documents evidencing an agreement described in subparagraph (6)(B) shall be maintained by each party to the agreement.



(D) Each member remains responsible for compliance with the requirements of this Rule, notwithstanding the existence of an agreement described in this paragraph.

#### **(7) Withdrawal of Quotations**

If an ADF Trading Center knows or has reason to believe that it or its Reporting Agent is not complying with the requirements of this Rule, the ADF Trading Center must withdraw its quotations from the ADF until such time that the member is satisfied that it is in compliance with the requirements of this Rule.

(c) For each bid or offer displayed by an ADF Trading Center on the ADF, the ADF Trading Center must record and report to FINRA the following information in such form as prescribed by FINRA.

(1) All ADF Trading Centers must record and report the following information for each order that is part of a displayed bid or offer, including:

- (A) Symbol;
- (B) Side;
- (C) Price;
- (D) Quantity (including displayed quantity);
- (E) Order date and time of receipt;
- (F) Order instructions (including order type);
- (G) Internal order identifiers;
- (H) Firm identifiers (including broker order identifier) and capacity information;
- (I) Quote identifier;
- (J) Quote price;
- (K) Quote time;
- (L) Short sale exemption reason, as applicable; and
- (M) Clearing member.

(2) All ADF Trading Centers must also record and report the execution details, if any, of each order that is part of a displayed bid or offer, including:

- (A) Date and time of receipt;
- (B) Side;
- (C) Price;
- (D) Quantity (including executed quantity);
- (E) Execution price;
- (F) Order instructions (including order type);
- (G) Internal order identifiers;
- (H) Firm identifiers (including broker order identifier);
- (I) Execution identifier;
- (J) Quote price;
- (K) Quote identifier; and
- (L) Quote time.

The information described in paragraphs (1) and (2) shall be reported to FINRA in "next day" file submission, with such information reported to FINRA no later than 8:00 a.m. Eastern Time on the day following receipt of the order; provided, however, that an ADF Trading

Center must report any information described in paragraphs (1) and (2) to FINRA immediately upon request. Any information related to time must be reported in the finest increment (e.g., milliseconds) that is captured in the ADF Trading Center's system.

(d) ADF Trading Centers are required to specify as part of their Certification Record the method and terms by which they will comply with the requirements of this Rule. FINRA will not allow an ADF Trading Center to display quotations in the ADF unless the method and terms provided by the ADF Trading Center are in compliance with this Rule and applicable provisions of SEC Regulation NMS. Acceptance by FINRA of an ADF Trading Center's Certification Record does not relieve an ADF Trading Center of any of its on-going obligations. Moreover, FINRA's acceptance of such Certification Record, shall not constitute an estoppel as to FINRA or bind FINRA in any subsequent administrative, civil or disciplinary proceeding.

#### **(e) Definitions**

(1) "Direct electronic access" means the ability to deliver an order for execution directly against an individual ADF Trading Center's best bid or offer subject to applicable FINRA rules and the federal securities laws, including SEC Regulation NMS. As described herein, ADF Trading Centers must provide direct electronic access, in conformity with this Rule, through the use of a communications service(s) that is deemed to be sufficient by FINRA.

(2) "Indirect electronic access" means the ability to route an order through a FINRA member, subscriber broker-dealer, or customer broker-dealer of an ADF Trading Center that are not an affiliate of the ADF Trading Center, for execution against the ADF Trading Center's best bid or offer subject to applicable FINRA rules and the federal securities laws, including SEC Regulation NMS. An ADF Trading Center shall not impose unfairly discriminatory terms that prevent or inhibit any person from obtaining efficient access to such quotation through a FINRA member, subscriber broker-dealer, or customer broker-dealer. A FINRA member that is providing indirect electronic access shall remain responsible for orders routed through it as though the orders were the firm's own orders.

#### **(f) Minimum Performance Standards**

(1) ADF Trading Centers must submit "Automated Quotations", as defined in Rule 600(b)(3) of SEC Regulation NMS to the ADF for posting. "Manual Quotations," as defined in Rule 600(b)(37) of SEC Regulation NMS, shall not be submitted to the ADF. As a precondition to becoming an ADF Trading Center, an ADF Trading Center must, among other things, certify to FINRA their compliance with this paragraph based on reasonable forecasts of peak volume activity and the establishment of policies and procedures to ensure only "Automated Quotations," as defined in Rule 600(b)(3) of SEC Regulation NMS, are submitted to the ADF.

(2) In the event that an ADF Trading Center experiences three (3) unexcused system outages during a period of five (5) business days, the ADF Trading Center may be suspended from quoting in the ADF in all or certain issues for a period of twenty (20) business days. With respect to an ADF Trading Center, a "system outage" shall mean an inability to post "Automated Quotations," as defined by Rule 600(b)(3) of SEC Regulation NMS, in the ADF or an inability to immediately and automatically respond to orders.

(3) Officers of FINRA or FINRA Regulation designated by the Chief Executive Officer of FINRA shall, pursuant to the procedures set forth in paragraph (g) below, have the authority to review any system outage to determine whether the system outage should be excused. An officer may deem a system outage excused upon proof by the ADF Trading Center that the system outage resulted from circumstances not within the control of the ADF Trading Center. The burden shall rest with the ADF Trading Center to demonstrate that a system outage should be excused.

(4) An ADF Trading Center may contact FINRA Product Management and request that a system outage be deemed excused, whether or not the system outage resulted from circumstances within the control of the ADF Trading Center; however, if FINRA Product Management becomes aware of the system outage prior to the ADF Trading Center's request for an excused system outage, FINRA Product Management may, at its own discretion, deem the system outage to be unexcused, based on the specific facts and circumstances surrounding the outage.

#### **(g) Procedures for Reviewing System Outages**

(1) Any ADF Trading Center that seeks to have a system outage reviewed pursuant to paragraph (f)(3) hereof, shall submit a written request, via facsimile, e-mail, personal delivery, courier or overnight mail to FINRA Product Management by close of the business day on which the system outage occurs, or the following business day if the system outage occurs outside of normal market hours.

(2) An ADF Trading Center that seeks review of a system outage shall supply any supporting information for a determination under paragraph (f)(3) to FINRA staff by the close of business on the day following the system outage.

(3) An ADF Trading Center that seeks review of a system outage shall supply FINRA staff with any information requested to make a determination pursuant to paragraph (f)(3).

(4) An officer shall, in accordance with paragraph (f)(3), make a determination whether a system outage is excused by the close of business on the day following the receipt of information supplied pursuant to paragraphs (g)(2) and (g)(3).

(5) An ADF Trading Center may appeal a determination made under paragraph (f)(3) to a three-member subcommittee comprised of current or former industry members of FINRA's Market Regulation Committee in writing, via facsimile or otherwise, by the close of business on

the day a determination is rendered pursuant to paragraph (f)(3). An appeal to the subcommittee shall operate as a stay of the determination made pursuant to paragraph (f)(3). Once a written appeal has been received, the ADF Trading Center may submit any additional supporting written documentation, via facsimile or otherwise, up until the time the appeal is considered by the subcommittee. The subcommittee shall render a determination by the close of business following the day a notice of appeal is received. The subcommittee's determination shall be final and binding.

#### (h) Inactive Quoting

In order to maintain ADF certification, Registered Reporting ADF ECNs must post at least one marketable quote/order through the ADF on each side of the market every 30 calendar days. A quote/order that is posted through the ADF will be presumptively a marketable quote/order if such quote/order is accessed (i.e., traded against) by another trading center or market participant (other than a subscriber of the Registered Reporting ADF ECN). A Registered Reporting ADF ECN that fails to post at least one marketable quote/order through the ADF on each side of the market every 30 calendar days, shall lose its ADF certification at the sole discretion of FINRA staff. Registered Reporting ADF ECNs seeking to regain ADF certification shall be required to recertify pursuant to this Rule 6250.

Amended by SR-FINRA-2015-050 eff. Dec. 24, 2015.  
Amended by SR-FINRA-2015-034 eff. Dec. 20, 2015.  
Amended by SR-FINRA-2013-053 eff. Feb. 3, 2014.  
Amended by SR-FINRA-2009-085 eff. Jan. 4, 2010.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2007-001 eff. March 5, 2007.  
Amended by SR-NASD-2006-091 eff. March 5, 2007.  
Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
Amended by SR-NASD-2004-02 eff. Oct. 20, 2004.  
Amended by SR-NASD-2003-145 eff. Jan. 6, 2004.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notices:** 04-68, 08-57, 16-04.

#### VERSIONS

Dec 24, 2015 onwards



## 6260. Review of Direct or Indirect Access Complaints

### (a) Authority to Receive Complaints

(1) For the purposes of this Rule, a "direct or indirect access complaint" is a complaint against an ADF Trading Center, as defined in Rule 6220, that alleges a denial or limitation of access in contravention of Rule 6250 or the federal securities laws.

(2) Any registered broker-dealer that wishes to file a direct or indirect access complaint shall submit a written complaint stating the pertinent facts that constitute the grounds for such complaint, via facsimile, e-mail, personal delivery, courier or overnight mail, to FINRA Market Operations and simultaneously serve by the same means the ADF Trading Center in accordance with Rule 9134(b). Officers of FINRA designated by the Chief Executive Officer of FINRA shall have the authority to review and make a determination regarding direct or indirect access complaints.

(3) Based upon a review of the complaint and such investigation that the officer, in his or her sole discretion, may decide to conduct, the officer shall promptly determine whether there has been a denial of access by the ADF Trading Center. If the officer determines that there has been a denial of access in contravention of Rule 6250 or the federal securities laws, the officer shall direct the ADF Trading Center to provide access to its ADF quotes and may limit participation in the ADF by such party if it does not comply promptly with the directive, including the withdrawal of the ADF Trading Center's quotations from the ADF until access is provided. FINRA shall provide to the parties written notification of the determination by the close of business following the day the determination is rendered. The determination shall be sent to the facsimile number listed in the parties' contact questionnaire submitted to FINRA pursuant to Article IV, Section 3 of the FINRA By-Laws or another contact specifically designated by a party. The determination, and any directive to provide access or action to limit participation in the ADF, shall be effective when issued or as specified, and shall remain in effect during any review or appeal. The determination shall not constitute an estoppel as to FINRA nor bind FINRA in any subsequent administrative, civil, or disciplinary proceeding.

### (b) Procedures for Review of Determinations

(1) Any registered broker-dealer, including an ADF Trading Center, that seeks review of a determination issued pursuant to paragraph (a) hereof, shall submit a written appeal setting forth the grounds for such review. The written appeal shall be submitted via facsimile, e-mail, personal delivery, courier or overnight mail, to FINRA and served by the same means on the opposite party, in accordance with Rule 9134(b), by close of the next business day after receipt of the written determination. Written appeals that are not served upon FINRA and the opposite party by the close of the next business day after receipt of the written determination will not qualify for further administrative consideration, without prejudice as to the rights of a party to submit the dispute to arbitration or another adjudicatory forum.

(2) Once a written appeal has been received in accordance with paragraph (b)(1) above:

(A) the party seeking review shall have up to twenty-four (24) hours, or such longer period as specified by FINRA staff, to submit to FINRA and the opposite party via facsimile, personal delivery, courier or overnight mail, any supporting written information concerning the appeal;

(B) after receipt of the foregoing supporting written information, the party served with the appeal shall have up to twenty-four (24) hours, or such longer period as specified by FINRA staff, to submit any relevant written information to FINRA and the party seeking review via facsimile, personal delivery, courier or overnight mail;

(C) if the party seeking review fails to serve the opposite party any written information required pursuant to this subparagraph, that party's written complaint will not qualify for further administrative consideration, without prejudice as to the rights of a party to submit the dispute to arbitration or another adjudicatory forum.

(3) Each registered broker-dealer and/or person associated with a registered broker-dealer involved in the review shall provide FINRA with any information that it requests to resolve the matter on a timely basis notwithstanding the time parameters set forth in paragraph (b)(2) above. If a registered broker-dealer does not provide such requested information in a timely manner, FINRA may, in its discretion, consider the matter based upon the information provided. Moreover, if the registered broker-dealer and/or person associated with a registered broker-dealer is a member or person associated with a member, failure to provide requested information can constitute a violation of FINRA rules.

(4) All requests for information pursuant to this Rule shall be sent by the specified means to a receiving location that, from time to time, may be designated by FINRA.

### (c) Review by a Subcommittee of the Market Regulation Committee

(1) If a party has applied for review of a determination, and the procedural requirements of paragraph (b) above have been satisfied, the determination shall be reviewed and a decision rendered by a three-member subcommittee comprised of current or former industry members of FINRA's Market Regulation Committee. Upon consideration of the record, and after such hearings as it may in its discretion order, the subcommittee, in accordance with the requirements set forth in Rule 6250, shall affirm or reverse the determination of the FINRA officer pursuant to paragraph (a)(3) above.

(2) The subcommittee shall provide written notification of its determination to the parties by the close of business following the day the determination is rendered. The subcommittee's determination shall not prejudice the rights of a party to submit the dispute to arbitration or another adjudicatory forum. The subcommittee's determination, including affirmation of any directive or action rendered in accordance with paragraph (a)(3), shall be effective when issued or as specified, constitute final FINRA action, and remain in effect during any review or appeal. The subcommittee's determination shall not constitute an estoppel as to FINRA nor bind FINRA in any subsequent administrative, civil, or disciplinary proceeding.

Amended by SR-FINRA-2013-053 eff. Feb. 3, 2014.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2006-091 eff. March 5, 2007.  
Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
Adopted by SR-NASD-2004-159 eff. May 26, 2005.

**Selected Notices:** 05-30, 08-57.

## VERSIONS

Feb 03, 2014 onwards

## 6271. Registration as an ADF Market Maker or ADF ECN

### The Rule

### Notices

(a) A member seeking registration as an ADF Market Participant shall:

(1) file an application with FINRA in which the member:

(A) specifies whether the member is seeking registration in Nasdaq and/or CQS securities;

(B) certifies the member's good standing with FINRA;

(C) demonstrates compliance with the net capital and other financial responsibility provisions of the Exchange Act;

(D) agrees that failing to submit quotes and report trades in NMS stocks to the ADF during the two-year term will result in the forfeiture of some or all of the ADF Deposit Amount pursuant to the ADF Deposit Terms;

(E) agrees that failing to submit 75% of the ADF Market Participant's quoting and trading volume to the ADF will result in the forfeiture of some or all of the ADF Deposit Amount pursuant to the ADF Deposit Terms;

(F) provides FINRA with reasonable monthly projections of the volume of data that the member anticipates submitting to the ADF;

(G) agrees to submit the ADF Deposit Amount in five equal installments into an escrow account at a bank mutually acceptable to the member and FINRA on a timetable as agreed to by the member and FINRA; and

(H) agrees to the ADF Deposit Terms; and

(2) execute the Certification Record, as defined in Rule 6220; and

(3) execute a Participant Agreement with FINRA at least six months (or such other shorter time period as may be designated by FINRA) prior to quoting or reporting trades on the ADF.

(b) A member's registration as an ADF Market Participant shall not become effective until:

(1) the member has received a notice of approval from FINRA in the designated security types specified in the member's application pursuant to paragraph (a)(1)(A);

(2) the member has executed the Certification Record pursuant to paragraph (a)(2); and

(3) FINRA and the member have executed:

(A) the application pursuant to paragraph (a)(1); and

(B) the Participant Agreement pursuant to paragraph (a)(3).

(c) ADF Deposit Amount and ADF Deposit Terms

For purposes of this Rule:

(1) the "ADF Deposit Amount" shall be \$250,000; provided, however, that the ADF Deposit Amount shall be \$500,000 if the member:

(A) requests that FINRA accelerate the ADF migration onto FINRA's Multi Product Platform; or

(B) begins quoting on or reporting trades to the ADF within 90 calendar days after an ADF Market Participant that requested acceleration of the ADF migration begins quoting on or reporting trades to the ADF.

(2) the "ADF Deposit Terms" shall include the following, subject to any de minimis additions or qualifications in such terms to which FINRA and the member agree:



(A) One-fifth of the ADF Deposit Amount shall be released to FINRA if, in any calendar month beginning with the fourth calendar month following certification of the ADF Market Participant to quote on or report trades to the ADF, the ADF Market Participant fails to submit 75% of the member's quoting and trading activity to the ADF as agreed to by the member and FINRA pursuant to paragraph (a)(1)(E) above.

(B) For every \$1.00 received by FINRA from the National Market System Securities Information Processor data plans associated with ADF trade report activity that is attributable, in FINRA's sole discretion, to the member's trading activity on the ADF, the member shall receive \$0.50 out of the escrow account established pursuant to paragraph (a)(1)(G) above. Any such amount due to the member shall be paid to the member on a quarterly basis after FINRA has received its quarterly disbursement from the data plans; provided that the member shall only be entitled to receive up to four-fifths of the ADF Deposit Amount pursuant to this provision until the end of the two-year term agreed to pursuant to paragraph (a)(1)(D) above. At the end of the two-year term agreed to pursuant to paragraph (a)(1)(D) above, the member will be entitled to that portion of the remaining one-fifth of the ADF Deposit Amount on the same basis as the original four-fifths.

(C) If a member is sold, goes out of business, otherwise does not meet its obligations, or fails to complete the process for becoming an ADF Market Participant, the member will forfeit the ADF Deposit Amount, or any lesser amount remaining in the escrow account established pursuant to paragraph (a)(1)(G) above, and all funds will be released from such escrow account to FINRA; provided, that the member will not forfeit the ADF Deposit Amount if the member is sold to an entity that would meet the qualifications as an ADF Market Participant and agrees to be bound by the ADF Deposit Terms. If an amount less than the ADF Deposit Amount has been placed into the escrow account established pursuant to paragraph (a)(1)(G) above, the member shall pay FINRA any difference between that amount and the ADF Deposit Amount, if necessary.

(D) If FINRA fails to make the ADF available for a member within nine months of the date of the member's first deposit into the escrow account established pursuant to paragraph (a)(1)(G) above, one-fifth of the ADF Deposit Amount will be released from such escrow account to the member. An additional one-fifth of the ADF Deposit Amount, or any lesser amount remaining in such escrow account, will be released to the member every month thereafter if FINRA fails to make the ADF available for the member until all funds have been released from such escrow account.

Amended by SR-FINRA-2013-031. eff. Feb. 3, 2014.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2006-091 eff. March 5, 2007.  
Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notices:** 08-57, 14-04.

## VERSIONS

Feb 03, 2014 onwards



## 6272. Character of Quotations

The Rule

Notices

### (a) Quotation Requirements and Obligations

A member registered as a Registered Reporting ADF Market Maker shall engage in a course of dealings for its own account to assist in the maintenance, insofar as reasonably practicable, of fair and orderly markets in accordance with this Rule.

#### (1) Two-Sided Quote Obligation.

For each ADF-eligible security for which a member is a Registered Reporting ADF Market Maker, the member shall be willing to buy and sell such security for its own account on a continuous basis during regular market hours and shall enter and maintain a two-sided trading interest ("Two-Sided Obligation"), subject to the procedures for excused withdrawal set forth in Rule 6275.

Interest eligible to be considered as part of the Registered Reporting ADF Market Maker's Two-Sided Obligation shall have a displayed quotation size of at least one normal unit of trading (or a larger multiple thereof); provided, however, that a Registered Reporting ADF Market Maker may augment its Two-Sided Obligation size to display limit orders priced at the same price as the Two-Sided Obligation. Unless otherwise designated, a "normal unit of trading" shall be 100 shares. After an execution against its Two-Sided Obligation, a Registered Reporting ADF Market Maker must ensure that additional trading interest exists to satisfy its Two-Sided Obligation either by immediately entering new interest to comply with this obligation to maintain continuous two-sided quotations or by identifying existing interest on the ADF that will satisfy this obligation.

#### (2) Pricing Obligations for Registered Reporting ADF Market Makers.

For ADF-eligible securities, a Registered Reporting ADF Market Maker shall adhere to the pricing obligations established by this Rule during the trading day; provided, however, that such pricing obligations (i) shall not commence during any trading day until after the first regular way transaction on the primary listing market in the security, as reported by the responsible single plan processor, and (ii) shall be suspended during a trading halt, suspension, or pause, and shall not recommence until after the first regular way transaction in the primary listing market in the security following such halt, suspension, or pause, as reported by the responsible single plan processor, except as permitted under the Regulation NMS Plan to Address Extraordinary Market Volatility.

#### (A) Bid Quotations.

At the time of entry of bid interest satisfying the Two-Sided Obligation, the price of the bid interest shall be not more than the Designated Percentage away from the then current National Best Bid, or if no National Best Bid, not more than the Designated Percentage away from the last reported sale from the responsible single plan processor. In the event that the National Best Bid (or if no National Best Bid, the last reported sale) increases to a level that would cause the bid interest of the Two-Sided Obligation to be more than the Defined Limit away from the National Best Bid (or if no National Best Bid, the last reported sale), or if the bid is executed or cancelled, the Registered Reporting ADF Market Maker shall enter new bid interest at a price not more than the Designated Percentage away from the then current National Best Bid (or if no National Best Bid, the last reported sale), or identify to FINRA current resting interest that satisfies the Two-Sided Obligation.

#### (B) Offer Quotations.

At the time of entry of offer interest satisfying the Two-Sided Obligation, the price of the offer interest shall be not more than the Designated Percentage away from the then current National Best Offer, or if no National Best Offer, not more than the Designated Percentage away from the last reported sale from the responsible single plan processor. In the event that the National Best Offer (or if no National Best Offer, the last reported sale) increases to a level that would cause the offer interest of the Two-Sided Obligation to be more than the Defined Limit away from the National Best Offer (or if no National Best Offer, the last reported sale), or if the bid is executed or cancelled, the Registered Reporting ADF Market Maker shall enter new offer interest at a price not more than the Designated Percentage away from the then current National Best Offer (or if no National Best Offer, the last reported sale), or identify to FINRA current resting interest that satisfies the Two-Sided Obligation.

#### (3) Quotations Closer to the National Best Bid or Offer.

Nothing in this Rule shall preclude a Registered Reporting ADF Market Maker from quoting at price levels that are closer to the National Best Bid and Offer than the levels required by this Rule.

**(4) Definitions.**

For purposes of this Rule:

(A) the "Defined Limit" shall be:

(i) 9.5% for Designated Stocks (except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, the Defined Limit for Designated Stocks shall be 21.5%);

(ii) 29.5% for Other NMS Stocks with a price equal to or greater than \$1; and

(iii) 31.5% for Other NMS Stocks with a price less than \$1.

(B) the "Designated Percentage" shall be:

(i) 8% for Designated Stocks (except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, the Designated Percentage for Designated Stocks shall be 20%);

(ii) 28% for Other NMS Stocks with a price equal to or greater than \$1; and

(iii) 30% for Other NMS Stocks with a price less than \$1.

(C) the term "Designated Stock" shall mean an ADF-eligible security that is included in the S&P 500® Index, Russell 1000® Index, or a pilot list of Exchange Traded Products;

(D) the term "Other NMS Stock" shall mean any ADF-eligible security that is not a Designated Stock; and

(E) the determination of the price of a stock shall be based on the closing price on the previous trading day, or, if no closing price exists, the last sale reported to the Consolidated Tape on the previous trading day.

**(b) Minimum Price Variation for Quotations**

The minimum quotation increment for quotations of \$1.00 or above in all ADF-eligible securities shall be \$0.01. The minimum quotation increment for quotations below \$1.00 in all ADF-eligible securities shall be \$0.0001. Quotations failing to meet this standard shall be rejected.

**(c) Firm Quotations**

(1) Consistent with Rule 602(b)(2) of SEC Regulation NMS, an ADF Trading Center that receives an offer to buy or sell from another broker-dealer shall execute a transaction for at least a normal unit of trading at its displayed quotations as disseminated through the ADF at the time of receipt of any such offer. If an ADF Trading Center displays a quotation for a size greater than a normal unit of trading, it shall, upon receipt of an offer to buy or sell from another broker-dealer, execute a transaction at least at the size displayed.

(2) If an ADF Trading Center, upon receipt of an offer to buy or sell from another broker-dealer in any amount that is at least one normal unit of trading greater than its published quotation size as disseminated through the ADF at the time of receipt of any such offer, executes a transaction in an amount of shares less than the size of the offer, then such ADF Trading Center shall, immediately after such execution, display a revised quotation at a price that is inferior to its previous published quotation. The failure of an ADF Trading Center to execute the offer in an amount greater than its published quotation size shall not constitute a violation of paragraph (c)(1) of this Rule.

(d) Quotations and quotation sizes in ADF-eligible securities may be entered into the ADF only by a Registered Reporting ADF Market Maker or Registered Reporting ADF ECN or other entity approved by FINRA to function in such a capacity. The ADF's protected quotation will be identified by FINRA based upon price, size and time priority.

Amended by SR-FINRA-2014-016 eff. May 1, 2014.  
Amended by SR-FINRA-2013-053 eff. Feb. 3, 2014.  
Amended by SR-FINRA-2013-031 eff. Feb. 3, 2014.  
Amended by SR-FINRA-2011-023 eff. Aug. 8, 2011.  
Amended by SR-FINRA-2010-049 eff. Dec. 6, 2010.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2008-003 eff. Jan. 25, 2008.  
Amended by SR-NASD-2007-001 eff. March 5, 2007.  
Amended by SR-NASD-2006-091 eff. March 5, 2007.  
Amended by SR-NASD-2007-008 eff. Jan 26, 2007.  
Amended by SR-NASD-2006-096 eff. Aug. 8, 2006.  
Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
Amended by SR-NASD-2003-175 eff. Mar. 12, 2004.  
Amended by SR-NASD-2003-181 eff. Dec. 4, 2003.  
Amended by SR-NASD-2003-67 eff. April 7, 2003.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notices:** 08-57, 14-04.

## VERSIONS

May 01, 2014 onwards



## 6273. Normal Business Hours

An ADF Trading Center shall be open for business as of 9:30 a.m. Eastern Time and shall close no earlier than 4:00 p.m. Eastern Time. An ADF Trading Center may be open for business on a voluntary basis for any period of time between 8:00 a.m. Eastern Time and 9:30 a.m. Eastern Time or between 4:00 p.m. Eastern Time and 6:30 p.m. Eastern Time. An ADF Trading Center whose quotes are open before 9:30 a.m. Eastern Time or after 4:00 p.m. Eastern Time shall be obligated to comply, while its quotes are open, with all FINRA rules that are not by their express terms, or by an official interpretation of FINRA, inapplicable to any part of the 8:00 a.m. to 9:30 a.m. Eastern Time or the 4:00 p.m. to 6:30 p.m. Eastern Time periods.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2007-001 eff. March 5, 2007.  
Amended by SR-NASD-2006-091 eff. March 5, 2007.  
Amended by SR-NASD-2005-087 eff. Aug 1, 2006.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notice:** 08-57.



## 6274. Clearance and Settlement

(a) A member shall clear and settle transactions effected on the ADF in ADF-eligible securities that are eligible for net settlement through the facilities of a registered clearing agency that uses a continuous net settlement system. This requirement may be satisfied by direct participation, use of direct clearing services, or by entry into a correspondent clearing arrangement with another member that clears trades through such an agency.

(b) Notwithstanding paragraph (a), transactions in ADF-eligible securities may be settled "ex-clearing" provided that both parties to the transaction agree.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2006-091 eff. March 5, 2007.  
Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notice:** 08-57.



## 6275. Withdrawal of Quotations

### The Rule

### Notices

(a) An ADF Trading Center that wishes to withdraw quotations in a security, other than instances when an ADF Trading Center is unable to submit automated quotations to the ADF, shall contact ADF Operations to obtain excused withdrawal status prior to withdrawing its quotations. If an ADF Trading Center cannot submit automated quotations or is unable to immediately and automatically respond to orders, as required by Rule 6250(e), the ADF Trading Center must immediately withdraw its quotations and promptly contact ADF Operations. An excused withdrawal of quotations may be granted by ADF Operations upon satisfying one of the conditions specified in this Rule.

(b) Excused withdrawal status based on circumstances beyond the ADF Trading Center's control may be granted for up to five (5) business days, unless extended by ADF Operations. Excused withdrawal status based on demonstrated legal or regulatory requirements, supported by appropriate documentation and accompanied by a representation that the condition necessitating the withdrawal of quotations is not permanent in nature, may, upon notification, be granted for not more than sixty (60) days (unless such request is required to be made pursuant to paragraph (d) below). Excused withdrawal status based on religious holidays may be granted only if notice is received by FINRA one business day in advance and is approved by FINRA. Excused withdrawal status based on vacation may be granted only if:

(1) the request for withdrawal is received by FINRA one business day in advance, and is approved by FINRA; and

(2) the request includes a list of the securities for which withdrawal is requested.

(c) Excused withdrawal status may be granted to a Registered Reporting ADF Market Maker that has withdrawn from an issue prior to the public announcement of a merger or acquisition and wishes to re-register in the issue pursuant to the same-day registration procedures contained in Rule 6271, above, provided the Registered Reporting ADF Market Maker has remained registered in one of the affected issues. The withdrawal of quotations because of pending news, a sudden influx of orders or price changes, or to effect transactions with competitors shall not constitute acceptable reasons for granting excused withdrawal status.

(d) Excused withdrawal status may be granted by ADF Operations to an ADF Trading Center that experiences a documented problem or failure impacting the operation or utilization of any automated system operated by or on behalf of the ADF Trading Center (chronic system failures within the control of the member will not constitute a problem or failure impacting a firm's automated system).

(e) Excused withdrawal status may be granted by ADF Operations to an ADF Trading Center that fails to maintain a clearing arrangement with a registered clearing agency or with a member of such an agency, thereby terminating its registration as an ADF Trading Center; provided however, that if FINRA finds that the ADF Trading Center's failure to maintain a clearing arrangement is voluntary, the withdrawal of quotations will be considered voluntary and unexcused pursuant to Rule 6276.

(f) Excused withdrawal status may be granted by ADF Operations to a Registered Reporting ADF Market Maker that is a distribution participant, affiliated purchaser, selling security holder or issuer of a distribution of a security that is a covered security subject to a restricted period under Rule 101 or 102 of SEC Regulation M on the following conditions:

(1) Such Registered Reporting ADF Market Maker shall, unless another member has assumed responsibility in writing for compliance with this Rule, provide a written request to FINRA, in such form as specified by FINRA, to withdraw the Registered Reporting ADF Market Maker's quotations, no later than the business day prior to the first complete trading session of the one-day or five-day restricted period under Rule 101 or 102 of SEC Regulation M, unless later notification is necessary under the specific circumstances.

(2) Such Registered Reporting ADF Market Maker shall submit a written request to FINRA, in such form as specified by FINRA, to rescind the Registered Reporting ADF Market Maker's excused withdrawal status, which request shall include the date and time of the pricing of the offering and the offering price, no later than the close of business the next business day following the pricing of the distribution.

(g) A three-member subcommittee comprised of current or former industry members of FINRA's Market Regulation Committee shall have jurisdiction over proceedings brought by market makers seeking review of a denial of an excused withdrawal pursuant to this Rule, or the conditions imposed on their reentry.

.01 If FINRA finds that an ADF Market Maker's failure to maintain a clearing arrangement pursuant to Rule 7120 is voluntary, the withdrawal of quotations will be considered voluntary and unexcused under this Rule.

Amended by SR-FINRA-2013-053 eff. Feb. 3, 2014.  
Amended by SR-FINRA-2008-057 eff. Dec. 15, 2008.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2006-091 eff. March 5, 2007.  
Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
Amended by SR-NASD-2003-145 eff. Jan. 6, 2004.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notices:** 08-57, 08-74.

[← 6274. CLEARANCE AND SETTLEMENT](#)

[UP](#)

[6276. VOLUNTARY TERMINATION OF REGISTRATION →](#)

## VERSIONS

Feb 03, 2014 onwards