

If the Department determines that a request to process documentation related to a SEA Rule 10b-17 Action or a Other Company-Related Action is deficient, FINRA staff shall provide written notice to the Requesting Party. Any notice issued under this paragraph shall state the specific factor(s) that caused the request to be deemed deficient and the Requesting Party may appeal a determination pursuant to paragraph (e) of this Rule.

(5) Notice Issuance

A notice issued under this paragraph shall be issued by facsimile or electronic mail, or pursuant to Rule 9134.

(e) Request for an Appeal to Subcommittee of Uniform Practice Code Committee

A Requesting Party issued a notice under this Rule may appeal a determination made under paragraph (d)(3) of this Rule to a three-member subcommittee comprised of current or former industry members of FINRA's Uniform Practice Code Committee in writing via electronic mail, unless the parties agree to an alternative method of service, within 30 calendar days after service of the notice. Service of the appeal by electronic mail shall be deemed complete upon sending. The written request for an appeal must be accompanied by proof of payment of the non-refundable Action Determination Appeal Fee. A request for an appeal must set forth with specificity any and all defenses to the Department's determination that a request was unacceptable or otherwise deficient. An appeal to the subcommittee shall operate to stay the processing of the company-related action (i.e., the requested company-related action shall not be processed during the period that the Requesting Party requests an appeal or while any such appeal is pending). Once a written appeal has been received, the Requesting Party may submit any additional supporting written documentation via electronic mail, unless the parties agree to an alternative method, up until the time the appeal is considered by the subcommittee. The subcommittee shall convene at least once every 90 days to consider all appeals received under this Rule during the prior 90 days. The subcommittee shall render a determination within three business days following the day the appeal is considered by the subcommittee. The subcommittee's determination shall constitute final action by FINRA. The subcommittee's determination shall not constitute an estoppel as to FINRA nor bind FINRA in any subsequent administrative, civil, or disciplinary proceeding. If the Requesting Party fails to file a written request for an appeal within 30 calendar days after service of the notice by the Department, the Department's determination shall constitute final action by FINRA.

••• Supplementary Material: -----

.01 SEA Rule 10b-17 Fee Accumulations. In accordance with the time-frames specified in SEA Rule 10b-17, OTC issuers must provide FINRA with written notice prior to a dividend or any other distribution in cash or in kind, rights or other subscription offerings, forward stock splits, and reverse stock splits. In addition, pursuant to Rule 6490 OTC issuers must pay any applicable fees. Notwithstanding the timeliness of the SEA Rule 10b-17 Action submission or the failure to pay applicable fees, FINRA will make its best efforts to process documentation related to SEA Rule 10b-17 Actions that are not otherwise deemed incomplete or otherwise deficient by FINRA because of the critical nature of this information to the marketplace. Although FINRA may process documentation related to SEA Rule 10b-17 Actions even if a fee remains unpaid, FINRA accumulates all unpaid SEA Rule 10b-17 Action fees associated with a specific OTC issuer symbol. Regardless of the current ownership status or transaction history of an OTC issuer, FINRA will not process documentation related to Voluntary Symbol Request Changes until all unpaid accumulated late fees have been paid for the associated OTC symbol.

.02 Requests by Third-Parties. Pursuant to SEA Rule 10b-17, OTC issuers must provide FINRA with written notice generally within the time-frames specified in SEA Rule 10b-17. In certain circumstances, FINRA is contacted by a third-party, such as DTCC, foreign exchanges or regulators, members or associated persons, regarding an SEA Rule 10b-17 Action or Other Company Related Action. In such cases, FINRA requests that the third-party contact the issuer in question regarding its obligations under SEA Rule 10b-17 or other rules and regulations, as applicable, and instruct such issuer to contact FINRA directly to provide notice and complete the requisite forms. However, FINRA may in its discretion review and process an SEA Rule 10b-17 Action or Other Company-Related Action based on information from a third-party when it believes such action is necessary for the protection of the market and investors and/or FINRA has been unable to obtain notification from the issuer.

Amended by SR-FINRA-2020-017 eff. June 10, 2020.
 Amended by SR-FINRA-2020-015 eff. May 8, 2020.
 Amended by SR-FINRA-2010-057 eff. Nov. 12, 2010.
 Adopted by SR-FINRA-2009-089 eff. Sep. 27, 2010.

Selected Notice: 10-38.

VERSIONS

May 08, 2020 onwards

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6510. Applicability

These Rules shall be known as the "OTC Bulletin Board Rules" and govern the operation and use of the OTC Bulletin Board® service (OTCBB or "Service") by broker-dealers admitted to membership in FINRA and their associated persons. Unless otherwise indicated, the requirements of the OTC Bulletin Board Rules are in addition to the requirements contained in the other FINRA rules, By-Laws, and Schedules to the By-Laws.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.

Adopted by SR-NASD-93-56 eff. Jan. 5, 1994.

Selected Notice: 08-57.



6520. Operation of the Service

The OTCBB provides an electronic quotation medium for subscribing members to reflect market making interest in OTCBB-eligible securities. Subscribing market makers can utilize the Service to enter, update, and display their proprietary quotations in individual securities on a real-time basis. Such quotation entries may consist of a priced bid and/or offer; an unpriced indication of interest (including "bid wanted" or "offer wanted" indications); or a bid/offer accompanied by a modifier to reflect unsolicited customer interest. A subscribing market maker can also access the proprietary quotations that other firms have entered into the Service along with highest bid and lowest offer (i.e., an inside bid-ask calculation) in any OTCBB-eligible security with at least two market makers displaying two-sided markets.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.

Adopted by SR-NASD-93-56 eff. Jan. 5, 1994.

Selected Notice: 08-57.



6530. OTCBB-Eligible Securities

A member shall be permitted to quote the following categories of securities in the Service:

(a) any domestic equity security that satisfies the requirements of subparagraph (1) and either subparagraph (2) or (3) or (4) below:

(1) the security is not listed on a national securities exchange in the U.S., except that an equity security shall be considered eligible if it:

(A) is listed on one or more regional stock exchanges, and

(B) does not qualify for dissemination of transaction reports via the facilities of the Consolidated Tape; and

(2) the issuer of the security is required to file reports pursuant to Section 13 or 15(d) of the Exchange Act or the security is described in Section 12(g)(2)(B) of the Exchange Act, and, subject to a thirty calendar day grace period, the issuer of the security is current in its reporting obligations, or

(3) the security is described in Section 12(g)(2)(G) of the Exchange Act and, subject to a sixty calendar day grace period, the issuer of the security is current in its reporting obligations, or

(4) the issuer of the security is a bank or savings association (or a holding company for such an entity) that is not required to file reports with the SEC pursuant to Section 13 or 15(d) of the Exchange Act and, subject to a sixty calendar day grace period, the issuer of the security is current with all required filings with its appropriate Federal banking agency or State bank supervisor (as defined in 12 U.S.C. 1813).

(5) The grace periods set forth in paragraphs (a)(2), (a)(3) and (a)(4) above shall be calculated from the date notice is published on the Daily List that the symbol of a delinquent issuer will be modified.

(b) any foreign equity security or American Depositary Receipt (ADR) that meets all of the following criteria:

(1) the security is registered with the SEC pursuant to Section 12 of the Exchange Act and the issuer of the security is current in its reporting obligations; or the security satisfies the requirements of paragraph (a)(2) or (3) or (4) above; and

(2) the security is not listed on a national securities exchange in the U.S., except that a foreign equity security or ADR shall meet this subparagraph (2) if it is:

(A) listed on one or more regional stock exchanges, and

(B) does not qualify for dissemination of transaction reports via the facilities of the Consolidated Tape.

(c) any equity security that meets the following criteria:

(1) the security is undergoing delisting from either the New York Stock Exchange, Inc. (NYSE), The NASDAQ Stock Market LLC (Nasdaq), or the American Stock Exchange, Inc. (AMEX) for non-compliance with maintenance-of-listing standards; and

(2) the security is subject to a trading suspension imposed by the NYSE, Nasdaq, or AMEX preceding the actual delisting; and

(3) the security satisfies the requirements of paragraph (a)(2) or (3) or (4) above.

(d) any Direct Participation Program as defined in Rule 6420 that is not listed on a national securities exchange in the U.S. and that satisfies the requirements of paragraph (a)(2) or (3) or (4) above.

(e)(1) Notwithstanding the foregoing paragraphs, a member shall not be permitted to quote a security if:

(A) while quoted on the OTCBB, the issuer of the security has failed to file a complete required annual or quarterly report by the due date for such report (including, if applicable, any extensions permitted by SEA Rule 12b-25) three times in the prior two-year period; or

(B) the security has been removed from the OTCBB due to the issuer's failure to satisfy paragraph (a)(2), (3) or (4), above, two times in the prior two-year period.

(2) If an issuer's security becomes ineligible for quotation on the OTCBB pursuant to paragraph (e)(1)(A) above, the security will be removed from quotation on the OTCBB without the benefit of any grace period for the third delinquency, except that FINRA will provide seven

calendar days from the date notification is mailed to the issuer pursuant to paragraph (f)(1) to permit an aggrieved party to request a review of the determination by a Hearing Officer (as defined in Rule 9120(r)) pursuant to paragraph (f) below. Following the removal of an issuer's security pursuant to this paragraph (e), such security shall not be eligible for quotation until the issuer has timely filed in a complete form all required annual and quarterly reports due in a one-year period. For purposes of this paragraph, a report filed within any applicable extensions permitted by SEA Rule 12b-25 will be considered timely filed.

(f) (1) Upon determining that an issuer's security would be ineligible for quotation under this Rule, FINRA will send a notification to the address on the cover of the issuer's last periodic report. This notification will state the date upon which the security will be removed, following any applicable grace period, unless the condition causing the ineligibility has been cured by that date. When a security becomes ineligible for quotation pursuant to paragraph (e) above, however, the issuer may not cure the condition that caused the ineligibility. In all cases, FINRA will provide at least seven calendar days from the date the notification is mailed to the issuer to permit an aggrieved party to request review pursuant to paragraph (f)(2) below, before removal of the security.

(2) Pursuant to the Rule 9700 Series, as modified herein, an aggrieved party may request a review by a Hearing Officer of the determination that an issuer's security is ineligible for quotation under this Rule. FINRA must receive the request for review at least two business days prior to the scheduled removal of the security, together with a \$4,000 hearing fee payable to FINRA to cover the cost of review. A request for review under this paragraph (f)(2) will stay the removal of the issuer's security from the Service until the Hearing Officer issues a decision under Rule 9750. The Hearing Officer will consider only the issues of whether the issuer's security is then eligible for quotation in the Service and/or whether the issuer filed a complete report by the applicable due date taking into account any extensions pursuant to SEA Rule 12b-25. The Hearing Officer shall not have discretion to grant any extensions of time for ineligible securities to become eligible. Notwithstanding any contrary provision in the Rule 9700 Series, hearings will be conducted via telephone and FINRA will provide the aggrieved party at least five business days notice of the hearing unless the aggrieved party waives such notice.

(3) The decision of the Hearing Officer may be called for review by the Review Subcommittee of the National Adjudicatory Council as set forth in Rule 9760. This review will only consider whether the issuer's security, at the time of the initial review under paragraph (f)(2), was eligible for quotation in the Service and/or whether the issuer filed a complete report by the applicable due date taking into account any extensions pursuant to SEA Rule 12b-25. There will be no discretion to grant extensions of time for ineligible securities to become eligible. The removal of the issuer's security from the Service will be stayed until the earlier of written notice that the National Adjudicatory Council's Review Subcommittee will not call the decision for review, the expiration of the time allowed to exercise a call for review under Rule 9760 or a decision is issued by the National Adjudicatory Council as set forth in Rule 9760. Notwithstanding any contrary provision in the Rule 9700 Series, a review under this paragraph (f)(3) will be based on the written record, unless additional hearings are ordered by the Subcommittee as set forth in Rule 9760. If any further hearings are ordered, the hearings may be conducted via telephone and FINRA will provide the aggrieved party at least five business days notice of the hearing unless the aggrieved party waives such notice.

Amended by SR-FINRA-2012-048 eff. Dec. 3, 2012.

Amended by SR-FINRA-2009-061 eff. Nov. 1, 2010.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.

Amended by SR-NASD-2007-052 eff. Aug. 1, 2008.

Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.

Amended by SR-NASD-2005-067 eff. June 21, 2006.

Amended by SR-NASD-2006-029 eff. Feb. 27, 2006.

Amended by SR-NASD-2005-011 eff. Nov. 16, 2005.

Amended by SR-NASD-98-51 eff. Jan. 4, 1999 for newly quoted issues; eff. July 4, 1999 for issues quoted on Jan. 4, 1999.

Amended by SR-NASD-92-07 eff. Apr. 1, 1998.

Amended by SR-NASD-96-08 eff. Jan. 7, 1997.

Adopted by SR-NASD-93-56 eff. Jan. 5, 1994.

Selected Notices to Members: 99-15, 99-43, 99-76, 08-34, 08-57, 10-24.

VERSIONS

Dec 03, 2012 onwards

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6540. Requirements Applicable to Market Makers

(a) Market-maker participation in the OTCBB is voluntary and open to any FINRA member firm that satisfies the financial/operational requirements applicable to member firms engaged in over-the-counter market making; subscribes to the service designated by FINRA that permits OTCBB quotations; and demonstrates compliance with (or qualifies for an exception or exemption from) SEA Rule 15c2-11 at the time of initiating (or resuming) the quotation of any OTCBB-eligible security in the Service. Rule 6432 sets forth the procedure for demonstrating compliance with SEA Rule 15c2-11.

(b) An alternative trading system (ATS), as defined in Rule 300(a) of SEC Regulation ATS, or electronic communications network (ECN), as defined in Rule 600(b)(23) of SEC Regulation NMS, shall be eligible to participate in the Service, provided however, that such ATS or ECN is a FINRA member and otherwise meets the requirements for participation set forth in the OTC Bulletin Board Rules. Where used in the OTC Bulletin Board Rules, the term "market maker" shall be construed to include a participating ATS or ECN.

(c) OTCBB-eligible securities that meet the frequency-of-quotation requirement for the so called "piggyback" exception in SEA Rule 15c2-11(f)(3)(i) are identified in the Service as "active" securities. A member can commence market making in any active security by registering as a market maker through the service designated by FINRA that permits OTCBB quotations. In all other instances, a member must follow the procedure contained in this Rule to become qualified as a market maker in a particular OTCBB-eligible security.

(1) Permissible Quotation Entries

(A) A member firm that has qualified as a market maker in a particular OTCBB-eligible security may enter into the Service a priced bid and/or offer, an unpriced indication of interest (including "bid wanted" and "offer wanted" indications) or a bid or offer accompanied by a modifier to reflect unsolicited customer interest. Every quotation entry must include the appropriate telephone number for the firm's trading desk.

(B) A priced bid and/or offer entered into the Service for a domestic equity security must be firm up to the minimum quotation size specified in Rule 6433. This firmness requirement applies only during normal business hours, i.e., 9:30 a.m. to 4:00 p.m. Eastern Time.

(C) A priced bid and/or offer entered into the Service for a Direct Participation Program security shall be non-firm.¹ Moreover, a market maker is only permitted to update quotation entries in such securities twice daily, i.e., once between 8:30 a.m. and 9:30 a.m. Eastern Time, and once between noon and 12:30 p.m. Eastern Time.²

(2) Impermissible Quotation Entries

(A) No member or person associated with a member shall enter into the Service a priced bid and/or offer, an unpriced indication of interest (including "bid wanted" or "offer wanted" indications), or a bid or offer accompanied by a modifier to reflect unsolicited customer interest in any security that does not satisfy the requirements of Rule 6530.

(B) No member or person associated with a member shall enter into the Service a priced bid and/or offer, an unpriced indication of interest (including "bid wanted" or "offer wanted" indications), or a bid or offer accompanied by a modifier to reflect unsolicited customer interest in any security of an issuer that does not make filings with the SEC through the Electronic Data Gathering, Analysis, and Retrieval ("EDGAR") system (or in paper format, if specifically permitted by SEC rules) unless the member:

(i) notifies FINRA of the issuer of the security's schedule for the filing of all periodic reports or financial reports required pursuant to the Exchange Act or regulatory authority, respectively, and the identity of the regulatory authority with which such reports are filed, or ensures that such notice is provided; and

(ii) provides to FINRA the issuer's periodic reports required pursuant to the Exchange Act, or the issuer's financial reports required by regulatory authority, prior to the expiration of the grace period described in Rule 6530(a)(3), or ensures that the required periodic reports are provided to FINRA within that time period.

(3) Voluntary Termination of Registration

A market maker can voluntarily terminate its registration in an OTCBB-eligible security by withdrawing its quotations in that security from the Service. The firm may re-register to quote the security by satisfying the requirements specified above.

(4) More Than One Trading Location

In cases where a market maker has more than one trading location, a fifth-character, geographic indicator shall be appended to the market maker's identifier for that security. Indicators are established by FINRA and published from time to time in the Nasdaq/CQS symbol directory.

(5) Clearance and Settlement

(A) A market maker shall clear and settle transactions in OTCBB-quoted securities through the facilities of a registered clearing agency that uses a continuous net settlement system. This requirement applies only to transactions in OTCBB securities that are clearing eligible.

(B) The foregoing 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.

(C) Notwithstanding subparagraph (A) hereof, transactions in OTCBB-quoted securities may be settled "ex-clearing" provided that both parties to the transactions agree.

(d) Compliance with Market Maker Requirements

Failure of a member or a person associated with a member to comply with this Rule may be considered conduct inconsistent with high standards of commercial honor and just and equitable principles of trade, in violation of Rule 2010.

¹ The non-firm or indicative nature of a priced entry is specifically identified on the montage of market maker quotations for this subset of OTCBB-eligible securities.

² Examples of entries that would be considered an update include a market maker inserting a new, non-firm priced quotation, substituting an unpriced indication for a non-firm priced entry, or an initial registration without a price.

Amended by SR-FINRA-2009-054 eff. Feb. 11, 2011.
Amended by SR-FINRA-2010-047 eff. Oct. 15, 2010.
Amended by SR-FINRA-2009-030 eff. Sep. 21, 2009.
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-2003-75 eff. July 9, 2003.
Amended by SR-NASD-2001-44 eff. May 10, 2002.
Amended by SR-NASD-98-51 eff. Jan. 4, 1999.
Amended by SR-NASD-92-7 eff. April 1, 1998.
Amended by SR-NASD-97-38 eff. Oct. 29, 1997.
Amended by SR-NASD-97-18 eff. Mar. 14, 1997.
Amended by SR-NASD-97-15 eff. Mar. 4, 1997.
Amended by SR-NASD-96-08 eff. Jan. 7, 1997.
Adopted by SR-NASD-93-56 eff. Jan. 5, 1994.

Selected Notices: 98-7, 99-15, 99-43, 99-76, 08-57, 08-74, 09-51, 10-42.

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Feb 11, 2011 onwards



6550. Transaction Reporting

Member firms that effect transactions in OTCBB-eligible securities shall report them pursuant to the requirements of the Rule 6620 Series.

Amended by SR-FINRA-2009-061 eff. Nov. 1, 2010.
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.
Amended by SR-NASD-97-68 eff. Oct. 3, 1997.
Amended by SR-NASD-96-08 eff. Jan. 7, 1997.
Amended by SR-NASD-94-28 eff. Oct. 11, 1994.
Amended by SR-NASD-94-08 eff. Apr. 1, 1994.
Amended by SR-NASD-93-74 eff. Mar. 14, 1994.
Adopted by SR-NASD-93-56 eff. Jan. 5, 1994.
Amended by SR-NASD-93-25 eff. Dec. 1, 1993.
Rules adopted on a continuous temporary basis by SR-NASD-88-19 eff. May 1, 1990.

Selected Notices: 94-8, 94-29, 94-73, 97-80, 08-57, 10-24.

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Nov 01, 2010 onwards



6610. General

The Rule

Notices

(a) Members are required to report transactions (other than transactions executed on or through an exchange) in OTC Equity Securities, including secondary market transactions in non-exchange-listed Direct Participation Program securities, and Restricted Equity Securities to the OTC Reporting Facility in compliance with the Rule 6600 and 7300 Series, as well as all other applicable rules and regulations.

(b) Trading Information for OTC Transactions in OTC Equity Securities Executed Outside of Alternative Trading Systems

(1) FINRA will publish on its public web site the Trading Information for each member with the trade reporting obligation under Rule 6622(b) on the following timeframes:

(A) no earlier than four weeks following the end of the Trading Information week, aggregate weekly Trading Information for OTC Equity Securities; and

(B) no earlier than one month following the end of the Trading Information month, aggregate volume totals across all OTC Equity Securities.

(2) Published Trading Information will be presented on FINRA's web site as follows:

(A) Trading Information will be aggregated for all Market Participant Identifiers (MPIDs) used by a single member (excluding, if applicable, any MPIDs used by the member for reporting trades executed in its alternative trading system).

(B) Trading Information by security will be aggregated for members that have executed on average fewer than 200 transactions per day in the security during the applicable Trading Information period.

(3) For purposes of this paragraph (b), "Trading Information" includes:

(A) the number of shares of an OTC Equity Security executed by the member with the trade reporting obligation under Rule 6622(b) and reported to FINRA;

(B) the number of trades in an OTC Equity Security executed by the member with the trade reporting obligation under Rule 6622(b) and reported to FINRA.

"Trading Information" for purposes of this paragraph (b) shall not include any ATS Trading Information, as that term is defined in paragraph (c) (2).

(c) Trading Information for OTC Transactions in OTC Equity Securities Executed on Alternative Trading Systems

(1) FINRA will publish on its public web site the aggregate weekly ATS Trading Information for each alternative trading system with the trade reporting obligation under Rules 6622(b) no earlier than four weeks following the end of the ATS Trading Information week.

(2) For purposes of this paragraph (c), "ATS Trading Information" includes:

(A) the number of shares of an OTC Equity Security executed on an alternative trading system with the trade reporting obligation under Rule 6622(b) and reported to FINRA; and

(B) the number of trades in an OTC Equity Security executed on an alternative trading system with the trade reporting obligation under Rule 6622(b) and reported to FINRA.

Amended by SR-FINRA-2019-019 eff. Dec. 2, 2019.
Amended by SR-FINRA-2016-002 eff. Oct. 3, 2016.
Amended by SR-FINRA-2015-020 and SR-FINRA-2016-002 eff. Apr. 2, 2016.
Amended by SR-FINRA-2016-002 eff. Feb. 9, 2016.
Amended by SR-FINRA-2010-051 eff. Nov. 1, 2010.
Amended by SR-FINRA-2009-061 eff. Nov. 1, 2010.
Amended by SR-FINRA-2010-003 eff. June 28, 2010.
Adopted by SR-FINRA-2008-021 eff. Dec. 15, 2008.

Selected Notices: 08-57, 10-26, 10-24, 15-48, 16-14, 19-29.

[◀ 6600. OTC REPORTING FACILITY](#)

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[6620. REPORTING TRANSACTIONS IN OTC EQUITY SECURITIES AND RESTRICTED EQUITY SECURITIES ▶](#)

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> FINRA RULES > 6000. QUOTATION, ORDER, AND TRANSACTION REPORTING FACILITIES > 6600. OTC REPORTING FACILITY
> 6620. REPORTING TRANSACTIONS IN OTC EQUITY SECURITIES AND RESTRICTED EQUITY SECURITIES

6621. Definitions

Terms used in this Rule 6620 Series shall have the same meanings as defined in Rule 6420.

Adopted by SR-FINRA-2008-021.

Selected Notice: 08-57.

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6622. TRANSACTION REPORTING >

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6622. Transaction Reporting

The Rule

Notices

(a) When and How Transactions are Reported

(1) OTC Reporting Facility Participants shall, as soon as practicable but no later than 10 seconds after execution, transmit to the OTC Reporting Facility, or if the OTC Reporting Facility is unavailable due to system or transmission failure, by telephone to the Operations Department, last sale reports of transactions in OTC Equity Securities executed during normal market hours. Transactions not reported within 10 seconds after execution shall be designated as late.

(2) Transaction Reporting Outside Normal Market Hours

(A) Last sale reports of transactions in OTC Equity Securities executed between 8:00 a.m. and 9:30 a.m. Eastern Time shall be reported as soon as practicable but no later than 10 seconds after execution and be designated with the unique trade report modifier, as specified by FINRA, to denote their execution outside normal market hours.

(B) Last sale reports of transactions in OTC Equity Securities executed between 4:00 p.m. and 8:00 p.m. Eastern Time shall be reported as soon as practicable but no later than 10 seconds after execution and be designated with the unique trade report modifier, as specified by FINRA, to denote their execution outside normal market hours.

(C) Last sale reports of transactions in OTC Equity Securities executed between midnight and 8:00 a.m. Eastern Time shall be reported by 8:15 a.m. Eastern Time on trade date and be designated with the unique trade report modifier, as specified by FINRA, to denote their execution outside normal market hours.

(D) Last sale reports of transactions in OTC Equity Securities executed (i) between 8:00 p.m. and midnight Eastern Time or (ii) on any non-business day (i.e., weekend or holiday) shall be reported the following business day by 8:15 a.m. Eastern Time, be designated "as/of" trades to denote their execution on a prior day and be designated with the unique trade report modifier, as specified by FINRA, to denote their execution outside normal market hours.

(3) Transaction Reporting for Restricted Equity Securities

(A) Last sale reports of transactions in Restricted Equity Securities effected under Securities Act Rule 144A and executed between midnight and 8:00 p.m. Eastern Time shall be reported on the same business day as the transaction.

(B) Last sale reports of transactions in Restricted Equity Securities effected under Securities Act Rule 144A executed (i) between 8:00 p.m. and midnight Eastern Time or (ii) on any non-business day (i.e., weekend or holiday) shall be reported the following business day by 8:00 p.m. Eastern Time and be designated "as/of" trades to denote their execution on a prior day.

(4) Transactions not reported within 10 seconds after execution, or such other time period prescribed by rule, shall be designated as late. Any transaction that is required to be reported on trade date, but is not reported on trade date, must be reported on an "as/of" basis on a subsequent date (T+N) and shall be designated as late. Any transaction that is required to be reported on an "as/of" basis the following business day (T+1), but is not reported T+1, must be reported on a subsequent date (T+N) and shall be designated as late. A pattern or practice of late reporting without reasonable justification or exceptional circumstances may be considered conduct inconsistent with high standards of commercial honor and just and equitable principles of trade in violation of Rule 2010.

(5) Members also shall append the applicable trade report modifiers as specified by FINRA to all last sale reports, including reports of "as/of" trades:

- (A) if the trade is executed during normal market hours and it is reported later than 10 seconds after execution;
- (B) if the trade is a Seller's Option Trade, denoting the number of days for delivery;
- (C) if the trade is a Cash Trade;
- (D) if the trade is a Next Day Trade;
- (E) if the trade occurs at a price based on an average weighting or another special pricing formula;

(F) if the trade is a Stop Stock Transaction (as defined in Rule 6420) (Note: the transaction report shall include both the time of execution of the trade and the time at which the member and the other party agreed to the Stop Stock Price; if the Stop Stock Transaction is executed and reported within 10 seconds of the time the member and the other party agree to the Stop Stock Price, the designated modifier shall not be appended and only the time of execution of the trade shall be reported);

(G) if the transaction report reflects a price different from the current market when the execution price is based on a prior reference point in time (Note: the transaction report shall include both the time of execution of the trade and the prior reference time; if the trade is executed and reported within 10 seconds from the prior reference point in time, the designated modifier shall not be appended and only the time of execution of the trade shall be reported); and

(H) to identify pre-opening and after-hours trades (executed between 8:00 a.m. and 9:30 a.m. Eastern Time or between 4:00 p.m. and 8:00 p.m. Eastern Time) reported more than 10 seconds after execution.

To the extent that any of the modifiers required by this Rule conflict, FINRA shall provide guidance regarding the priorities among modifiers and members shall report in accordance with such guidance, as applicable.

(6) The OTC Reporting Facility will append the appropriate modifier to indicate that a trade was executed outside normal market hours or that a report was submitted late to the OTC Reporting Facility, where such report contains the time of execution, but does not contain the appropriate modifier.

(7) To identify pre-opening and after-hours trades in OTC Equity Securities reported late, the OTC Reporting Facility will convert to the late modifier, as applicable, on any pre-opening or after-hours report submitted to the OTC Reporting Facility more than 10 seconds after execution.

(8) All members shall report as soon as practicable to the Market Regulation Department on Form T, last sale reports of transactions in OTC Equity Securities or Restricted Equity Securities for which electronic submission to the OTC Reporting Facility is not possible (e.g., the ticker symbol for the security is no longer available or a market participant identifier is no longer active). Transactions that can be reported to the OTC Reporting Facility, whether on trade date or on a subsequent date on an "as/of" basis (T+N), shall not be reported on Form T.

(b) Which Party Reports Transaction

(1) In transactions between two members, the executing party shall report the transaction.

(2) In transactions between a member and a non-member or customer, the member shall report the transaction.

For purposes of this paragraph (b), "executing party" shall mean the member that receives an order for handling or execution or is presented an order against its quote, does not subsequently re-route the order, and executes the transaction. In a transaction between two members where both members may satisfy the definition of executing party (e.g., manually negotiated transactions via the telephone), the member representing the sell-side shall report the transaction, unless the parties agree otherwise and the member representing the sell-side contemporaneously documents such agreement.

(c) Information To Be Reported

Each last sale report shall contain the following information:

(1) Symbol of the OTC Equity Security or Restricted Equity Security;

(2) Number of shares;

(3) Price of the transaction as required by paragraph (d) below;

(4) A symbol indicating whether the transaction is a buy, sell or cross, and if applicable, sell short; and

(5) The time of execution expressed in hours, minutes, and seconds based on Eastern Time, unless another provision of FINRA rules requires that a different time must be included on the report.

(d) Procedures for Reporting Price, Volume, Capacity and Identification of Other Members

Members that are required to report pursuant to paragraph (b) above shall transmit last sale reports for all purchases and sales in OTC Equity Securities and Restricted Equity Securities in the following manner:

(1) Reporting Agency Transactions

For agency transactions, report the number of shares and the price excluding the commission charged.

(2) Reporting Dual Agency Transactions

For dual agency transactions, report the number of shares only once, and report the price excluding the commission charged.

(3) Reporting Principal and Riskless Principal Transactions

(A) For principal transactions, except as provided in subparagraph (B) hereof, report each purchase and sale transaction separately and report the number of shares and the price. For principal transactions that are executed at a price that includes a mark-up, mark-down or service charge, the price reported shall exclude the mark-up, mark-down or service charge. Such reported price shall be reasonably related to the prevailing market, taking into consideration all relevant circumstances including, but not limited to, market conditions with respect to the OTC Equity Security, the number of shares involved in the transaction, the published bids and offers with size displayed in any inter-dealer quotation system at the time of the execution (including the reporting firm's own quotation), the cost of execution and the expenses involved in clearing the transaction.

(B) Exception: A "riskless" principal transaction in which a member, after having received an order to buy a security, purchases the security as principal at the same price to satisfy the order to buy or, after having received an order to sell, sells the security as principal at the same price to satisfy the order to sell, shall be reported as one transaction in the same manner as an agency transaction, excluding the mark-up or mark-down, commission-equivalent, or other fee. Alternatively, a member may report a riskless principal transaction by submitting the following report(s) to the OTC Reporting Facility:

(i) The member with the obligation to report the transaction pursuant to paragraph (b) above must submit a last sale report for the initial leg of the transaction.

(ii) Regardless of whether a member has a reporting obligation pursuant to paragraph (b) above, the firm must submit, for the offsetting, "riskless" portion of the transaction, either:

a. a clearing-only report with a capacity indicator of "riskless principal," if a clearing report is necessary to clear the transaction; or

b. a non-tape, non-clearing report with a capacity indicator of "riskless principal," if a clearing report is not necessary to clear the transaction.

Example:

SELL as a principal 100 shares to another member at 40 to fill an existing order;

BUY as principal 100 shares from a customer at 40 minus a mark-down of \$12.50;

REPORT 100 shares at 40 by submitting to the OTC Reporting Facility either a single trade report marked with a "riskless principal" capacity indicator or by submitting the following reports:

(1) where required by this Rule, a tape report marked with a "principal" capacity indicator; and

(2) either a non-tape, non-clearing report or a clearing-only report marked with a "riskless principal" capacity indicator.

(4) Identification of Other Members for Agency and Riskless Principal Transactions

Any member that has a reporting obligation pursuant to paragraph (b) above and is acting in a riskless principal or agency capacity on behalf of one or more other members shall submit to FINRA one or more non-tape (either non-tape, clearing-only or non-tape, non-clearing) report(s) identifying such other member(s) as a party to the transaction, if such other member(s) is not identified on the initial trade report submitted to FINRA or a report submitted to FINRA pursuant to Rule 6622(d)(3)(B) for the offsetting leg of a riskless principal transaction. Nothing in this Rule 6622(d)(4) shall negate or modify the riskless principal transaction reporting requirements set forth in Rule 6622(d)(3)(B).

Example #1:

Member A, as agent or riskless principal on behalf of Member B, BUYS 100 shares from Member C at 40 (no mark-down included)

Member A has the reporting obligation under Rule 6622(b)

TAPE REPORT 100 shares at 40 By Member A between Member A and Member C

NON-TAPE REPORT 100 shares at 40 By Member A identifying Member B

Example #2A:

Member A MATCHES, as agent, the orders of Member B and Member C for 100 shares at 40

Member A has the reporting obligation under Rule 6622(b)

TAPE REPORT 100 shares at 40 By Member A between Member A and Member B (or Member C)

NON-TAPE REPORT 100 shares at 40 By Member A identifying Member C (or Member B)

Example #2B:

Member A MATCHES, as agent, the orders of Member B and Member C for 100 shares at 40

Member A has the reporting obligation under Rule 6622(b)

TAPE REPORT a CROSS of 100 shares at 40 By Member A

NON-TAPE REPORT 100 shares at 40 By Member A identifying Member B *and*

NON-TAPE REPORT 100 shares at 40 By Member A identifying Member C

Example #3:

Member A, as agent or riskless principal on behalf of Member B, BUYS 100 shares on a foreign exchange at 40

DO NOT TAPE REPORT this leg if reported to foreign exchange

NO NON-TAPE REPORT required; however, Member A *may* submit a NON-TAPE REPORT as between Member A and Member B

(e) Reporting Requirements For Certain Transactions and Transfers of Securities

(1) The following shall not be reported to the OTC Reporting Facility:

(A) transactions that are part of a primary distribution by an issuer or a registered secondary distribution (other than "shelf distributions") or of an unregistered secondary distribution; for purposes of this subparagraph, the term "distribution" has the meaning set forth under Rule 100 of SEC Regulation M;

(B) transactions made in reliance on Section 4(2) of the Securities Act;

(C) transactions reported on or through an exchange;

(D) transfers of securities made pursuant to an asset purchase agreement (APA) that is subject to the jurisdiction and approval of a court of competent jurisdiction in insolvency matters, provided that the purchase price under the APA is not based on, and cannot be adjusted to reflect, the current market prices of the securities on or following the effective date of the APA; and

(E) the transfer of equity securities for the sole purpose of creating or redeeming an instrument that evidences ownership of or otherwise tracks the underlying securities transferred (e.g., an American Depositary Receipt or exchange-traded fund).

(2) The following shall not be reported to the OTC Reporting Facility for publication purposes, but shall be reported for regulatory transaction fee assessment purposes under Rule 7330(g):

(A) Transactions where the buyer and seller have agreed to trade at a price substantially unrelated to the current market for the security;

(B) Purchases or sales of securities effected upon the exercise of an option pursuant to the terms thereof or the exercise of any other right to acquire securities at a pre-established consideration unrelated to the current market; and

(C) Transfers of proprietary securities positions where the transfer (1) is effected in connection with a merger or direct or indirect acquisition and (2) is not in furtherance of a trading or investment strategy. Members must provide FINRA at least three business days advance written notice of their intent to use this exception, including the basis for their determination that the transfer meets the terms of the exception.

(f) Reporting Cancelled and Reversed Trades

(1) Obligation and Party Responsible for Reporting Cancelled and Reversed Trades

With the exception of trades cancelled in accordance with the Rule 11890 Series, members shall report to the OTC Reporting Facility the cancellation or reversal of any trade previously submitted to the OTC Reporting Facility. The member responsible under Rule 6622 for submitting the original trade report shall submit the cancellation or reversal report in accordance with the procedures set forth in paragraphs (f)(2), (3) and (4).

(2) Deadlines for Reporting Cancelled and Reversed Trades in OTC Equity Securities

(A) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled at or before 4:00 p.m. on the date of execution, the member responsible under paragraph (f)(1) shall report the cancellation as soon as practicable but no later than 10 seconds after the time the trade is cancelled.

(B) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled after 4:00 p.m., but before 8:00 p.m. on the date of execution, the member responsible under paragraph (f)(1) shall use its best efforts to report the cancellation not later than 8:00 p.m. on the date of execution, and otherwise it shall report the cancellation on the following business day by 8:00 p.m.

(C) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled at or after 8:00 p.m. on the date of execution, the member responsible under paragraph (f)(1) shall report the cancellation on the following business day by 8:00 p.m.

(D) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled prior to 8:00 p.m. on the date of execution, the member responsible for reporting under paragraph (f)(1) shall report the cancellation by 8:00 p.m.

(E) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled at or after 8:00 p.m. on the date of execution, the member responsible under paragraph (f)(1) shall report the cancellation on the following business day by 8:00 p.m.

(F) For any trade cancelled or reversed on any date after the date of execution, the member responsible under paragraph (f)(1) shall report the cancellation (or reversal) (i) by 8:00 p.m. on the date of cancellation (or reversal) if the trade is cancelled (or reversed) before 8:00 p.m., or (ii) by 8:00 p.m. on the following business day if the trade is cancelled (or reversed) at or after 8:00 p.m.

(G) For purposes of determining the deadline by which a trade cancellation (or reversal) must be reported to the OTC Reporting Facility pursuant to paragraph (f) of this Rule, the term "cancelled" (or "reversed," as applicable) shall mean the time at which (i) the member with the reporting responsibility informs its contra party, or is informed by its contra party, that a trade is being cancelled (or reversed), (ii) the member with the reporting responsibility and its contra party agree to cancel (or reverse) a trade if neither party can unilaterally cancel (or reverse) the trade, or (iii) the member with the reporting responsibility takes an action to cancel (or reverse) the trade on its books and records, whichever event occurs first.

(3) Deadlines for Reporting Cancelled and Reversed Trades in Restricted Equity Securities

(A) For trades previously submitted to the OTC Reporting Facility and cancelled before 8:00 p.m. Eastern Time on the date of execution, the member responsible under paragraph (f)(1) shall report the cancellation by 8:00 p.m.

(B) For trades cancelled at or after 8:00 p.m. Eastern Time on the date of execution, the member responsible under paragraph (f)(1) shall report the cancellation on the following business day by 8:00 p.m.

(C) For any trade cancelled or reversed on any date after the date of execution, the member responsible under paragraph (f)(1) shall report the cancellation or reversal

(i) by 8:00 p.m. on the date of cancellation if the trade is cancelled before 8:00 p.m., or

(ii) by 8:00 p.m. on the following business day if the trade is cancelled at or after 8:00 p.m.

(4) When submitting a report of a reversal to the OTC Reporting Facility, members must identify the original report of the previously submitted trade by including the original report date and the control number assigned by the OTC Reporting Facility to the original trade report.

(g) Transactions in Foreign Equity Securities

(1) For purposes of this paragraph, the term "foreign equity security" means any OTC Equity Security that is issued by a corporation or other entity incorporated or organized under the laws of any foreign country.

(2) Transactions in foreign equity securities shall be reported to the OTC Reporting Facility unless:

(A) the transaction is executed on and reported to a foreign securities exchange; or

(B) the transaction is executed over the counter in a foreign country and is reported to the regulator of securities markets for that country.

(h) A member may agree to allow another member to report and lock-in trades on its behalf, if both parties have completed an agreement to that effect (a "give up agreement") as specified by FINRA and submitted it to the OTC Reporting Facility. However, the member with the reporting obligation remains responsible for the transaction submitted on its behalf. Further, both the member with the reporting obligation and the member submitting the trade to the OTC Reporting Facility are responsible for ensuring that the information submitted is in compliance with all applicable rules and regulations.

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

.01 For purposes of reporting secondary market transactions in non-exchange-listed DPP securities pursuant to this Rule 6622, the following definitions shall apply. "Date of execution" means the date when the parties to a transaction in a DPP have agreed to all of the essential terms of the transaction, including the price and number of the units to be traded. "Time of execution" means the time when the parties to a transaction in a DPP have agreed to all of the essential terms of the transaction, including the price and number of the units to be traded.

.02 Members that would otherwise have the trade reporting obligation under paragraph (b) of this Rule must provide to FINRA notice that they are relying on the exception from trade reporting under paragraph (e)(1)(A) of this Rule for transactions that are part of an unregistered secondary distribution. For each transaction that is part of the unregistered secondary distribution and not trade reported, the member must provide the following information to FINRA: security name and symbol, execution date, execution time, number of shares, trade price and parties to the trade. Such notice and information must be provided no later than three (3) business days following trade date and in such form as specified by FINRA. If the trade executions will occur over multiple days, then initial notice and available information must be provided no later than three (3) business days following the first trade date and final notice and information must be provided no later than three (3) business days following the last trade date. The member must retain records sufficient to document the basis for relying on this trade reporting exception, including but not limited to, the basis for determining that the definition of "distribution" under Rule 100 of SEC Regulation M has been satisfied, as well as evidence of compliance with applicable notification requirements under Rule 5190.

.03 Trade Reporting Time Frame

(a) With respect to the requirement under paragraphs (a) and (f) of this Rule that members report trades and trade cancellations "as soon as practicable," a member with the trade reporting obligation under paragraph (b) of this Rule must adopt policies and procedures reasonably designed to comply with this requirement and must implement systems that commence the trade reporting process without delay upon execution (or cancellation, as applicable). Where a member has such reasonably designed policies, procedures and systems in place, the member generally will not be viewed as violating the "as soon as practicable" requirement because of delays in trade reporting that are due to extrinsic factors that are not reasonably predictable and where the member does not purposely intend to delay the reporting of the trade. In no event may a member purposely withhold trade reports, e.g., by programming its systems to delay reporting until the last permissible second.

(b) FINRA recognizes that a very small universe of trades are reported manually, and as a result, even where a member does not purposely withhold trade reports, the trade reporting process may not be completed within 10 seconds following execution. In these cases, for purposes of determining whether "reasonable justification" exists to excuse what otherwise may be deemed to be a pattern or practice of late trade reporting under this Rule and Rule 6623, FINRA will take into consideration such factors as the complexity and manual nature of the execution and reporting of the trade, where the trade details must be manually entered into the trade reporting system following execution.

.04 All time fields required by this Rule must be reported in hours, minutes, seconds and milliseconds, if the member's system captures time in milliseconds.

Cross Reference-

6623, Transaction Reporting

Amended by SR-FINRA-2013-050 and SR-FINRA-2014-039 eff. Nov. 17, 2014.

Amended by SR-FINRA-2013-013 eff. Nov 4, 2013.

Amended by SR-FINRA-2011-027 eff. Nov. 1, 2011.

Amended by SR-FINRA-2011-061 eff. Oct. 14, 2011.

Amended by SR-FINRA-2011-024 eff. June 17, 2011.

Amended by SR-FINRA-2010-058 eff. Feb. 28, 2011.

Amended by SR-FINRA-2010-043 eff. Feb. 28, 2011.

Amended by SR-FINRA-2010-051 eff. Nov. 1, 2010.

Amended by SR-FINRA-2009-061 eff. Nov. 1, 2010.

Amended by SR-FINRA-2010-003 eff. June 28, 2010.

Amended by SR-FINRA-2010-017 eff. June 1, 2010.

Amended by SR-FINRA-2009-082 eff. April 12, 2010.

Amended by SR-FINRA-2010-002 eff. Feb. 15, 2010.

Amended by SR-FINRA-2009-031 eff. Jan. 11, 2010.

Amended by SR-FINRA-2008-011 eff. Aug. 3, 2009.

Amended by SR-FINRA-2009-024 eff. May 4, 2009.

Amended by SR-FINRA-2008-060 eff. Jan. 12, 2009.

Amended by SR-FINRA-2008-057 eff. Dec. 15, 2008.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.

Amended by SR-NASD-2007-030 eff. Apr. 20, 2007.

Amended by SR-NASD-2006-120 eff. Dec. 4, 2006.

Amended by SR-NASD-2006-055 eff. Dec. 1, 2006.

Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.

Amended by SR-NASD-2005-062 eff. June 9, 2005.

Amended by SR-NASD-2005-027 eff. Feb. 14, 2005.

Amended by SR-NASD-2004-151 eff. Oct. 12, 2004.

Amended by SR-NASD-2004-021 eff. Sept. 20, 2004.

Amended by SR-NASD-2004-076 eff. May 5, 2004.

Amended by SR-NASD-2004-034 eff. Feb. 25, 2004.

Amended by SR-NASD-2003-154 eff. Nov. 3, 2003.

Amended by SR-NASD-2003-98 eff. Sept. 4, 2003.

Amended by SR-NASD-2003-14 eff. January 31, 2003.

Amended by SR-NASD-2001-36 eff. July 6, 2001.

Amended by SR-NASD-2000-52 eff. Aug. 30, 2000.

Amended by SR-NASD-99-57 eff. Oct. 25, 1999.

Amended by SR-NASD-98-59 eff. Sept. 30, 1999.

Amended by SR-NASD-98-08 eff. Sept. 30, 1999.

Amended by SR-NASD-98-47 eff. July 9, 1998.

Amended by SR-NASD-94-35 eff. Dec. 12, 1994.

Amended by SR-NASD-94-53 eff. Oct. 24, 1994.

Amended by SR-NASD-92-48 eff. Dec. 20, 1993.

Amended by SR-NASD-93-40 eff. Oct. 7, 1993.

Selected Notices: 93-62, 93-83, 99-65, 99-66, 07-25, 08-57, 09-08, 09-21, 09-52, 10-07, 10-24, 10-26, 10-29, 10-48, 11-40, 13-19, 14-21.

VERSIONS

Nov 17, 2014 onwards



6623. Timely Transaction Reporting

The Rule

Notices

FINRA emphasizes the obligations of members to report securities transactions within the required time period. All reportable transactions not reported within the required time period shall be marked late, and FINRA routinely monitors members' compliance with the reporting requirements. If FINRA finds a pattern or practice of unexcused late reporting, that is, repeated reports of executions submitted after the required time period without reasonable justification or exceptional circumstances, the member may be found to be in violation of Rule 2010. Exceptional circumstances will be determined on a case-by-case basis and may include instances of system failure by a member or service bureau, or unusual market conditions, such as extreme volatility in a security, or in the market as a whole. Timely reporting of all transactions is necessary and appropriate for the fair and orderly operation of the marketplace, and FINRA will view noncompliance as a rule violation.

Amended by SR-FINRA-2009-061 eff. Nov. 1, 2010.
Amended by SR-FINRA-2010-003 eff. June 28, 2010.
Amended by SR-FINRA-2008-057 eff. Dec. 15, 2008.
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.
Adopted by SR-NASD-2005-087 eff. Aug. 1, 2006.

Selected Notices: 08-57, 10-24, 10-26.

◀ 6622. TRANSACTION REPORTING

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6624. TRADE REPORTING OF SHORT SALES ▶

VERSIONS

Nov 01, 2010 onwards



> FINRA RULES > 6000. QUOTATION, ORDER, AND TRANSACTION REPORTING FACILITIES > 6600. OTC REPORTING FACILITY
> 6620. REPORTING TRANSACTIONS IN OTC EQUITY SECURITIES AND RESTRICTED EQUITY SECURITIES

6624. Trade Reporting of Short Sales

The Rule

Notices

Pursuant to applicable trade reporting rules, members must indicate on trade reports submitted to FINRA whether a transaction is a short sale transaction ("short sale reporting requirements"). The short sale reporting requirements apply to transactions in all OTC Equity Securities, as defined in Rule 6420. Thus, all short sale transactions in these securities reported to FINRA must carry a "short sale" indicator.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.

Amended by SR-NASD-2007-047 eff. July 6, 2007.

Amended by SR-NASD-2006-087 eff. Aug. 1, 2006.

Adopted by SR-NASD-2005-087 eff. Aug. 1, 2006.

Selected Notices: 07-31, 08-57.

◀ 6623. TIMELY TRANSACTION REPORTING

UP

6625. EXEMPTION FROM TRADE REPORTING OBLIGATION FOR CERTAIN
ALTERNATIVE TRADING SYSTEMS ▶

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6625. Exemption from Trade Reporting Obligation for Certain Alternative Trading Systems

(a) Pursuant to the Rule 9600 Series, the staff for good cause shown after taking into consideration all relevant factors, may exempt, upon application and subject to specified terms and conditions, a member alternative trading system ("ATS") from the trade reporting obligation under paragraph (b) of Rule 6622, if such exemption is consistent with the protection of investors and the public interest. The staff will grant an exemption only if all of the following criteria are satisfied:

(1) Trades are between ATS subscribers that are both FINRA members.

(2) The ATS demonstrates that:

(A) The member subscribers are fully disclosed to one another at all times on the ATS;

(B) The system does not permit automatic execution, and a member subscriber must take affirmative steps beyond the submission of an order to agree to a trade with another member subscriber;

(C) The trade does not pass through any ATS account, and the ATS does not in any way hold itself out to be a party to the trade; and

(D) The ATS does not exchange shares or funds on behalf of the member subscribers, take either side of the trade for clearing or settlement purposes, including, but not limited to, at DTC or otherwise, or in any other way insert itself into the trade.

(3) The ATS and the member subscribers acknowledge and agree in writing that the ATS shall not be deemed a party to the trade for purposes of trade reporting and that trades shall be reported by the member subscriber that, as between the two member subscribers, would satisfy the definition of "executing party" under FINRA trade reporting rules.

(4) The ATS agrees to provide to FINRA on a monthly basis, or such other basis as prescribed by FINRA, data relating to the volume of trades by security executed by the ATS's member subscribers using the ATS's system, and the ATS acknowledges that failure to report such data to FINRA, in addition to constituting a violation of FINRA rules, will result in revocation of any exemption granted pursuant to this Rule.

(5) The ATS provides FINRA with a link to a public website that contains, at no charge and in a substantially similar format to ATS Trading Information published by FINRA pursuant to Rule 6110, its ATS Trading Information for OTC Equity Securities no later than four weeks following the end of the ATS Trading Information week.

(b) Where FINRA has granted an exemption under this Rule, trades shall be reported to FINRA by the member subscriber that, as between the two member subscribers, satisfies the definition of "executing party" under paragraph (b) of Rule 6622.

(c) Definitions

For purposes of this Rule, the term:

(1) "OTC Equity Security" has the same meaning as that term is defined in Rule 6420; and

(2) "ATS Trading Information" means:

(A) the number of shares of each OTC Equity Security executed within the ATS or executed by the ATS's member subscribers using the ATS's system; and

(B) the number of trades in an OTC Equity Security executed within the ATS or executed by the ATS's member subscribers using the ATS's system.

••• Supplementary Material: -----

.01 When calculating and posting the volume of securities traded and the number of trades pursuant to paragraph (a)(5), an ATS shall include only those trades executed by the ATS's member subscribers using the ATS's system. If two orders are crossed by the ATS, the volume shall include only the number of shares crossed as a single trade (e.g., crossing a buy order of 1,000 shares with a sell order of 1,000 shares would be calculated as a