

single trade of 1,000 shares of volume). In addition, to meet the "substantially similar format" requirement in paragraph (a)(5), the data must include the same data elements for the same timeframes, be accessible in the same manner as FINRA makes data available (e.g., downloadable), and include data for the same time periods (including current and historical data).

.02 For purposes of calculating and posting volume under paragraph (a)(5) of this Rule, a trade is considered to be executed within an ATS if the ATS (i) executes the trade; (ii) is considered the "executing party" to the trade under FINRA rules; or (iii) otherwise matches orders constituting the trade in a manner as contemplated by SEA Rule 3b-16 or SEC Regulation ATS. This would include, but not be limited to: any trade executed as a result of the ATS bringing together the purchaser and seller on or through its systems; any trade executed by the ATS's subscribers where the subscribers used the ATS to negotiate the trade, even if the ATS did not itself execute the trade; or any trade in which the ATS takes either side of a trade for clearing or settlement or in any other way inserts itself into a trade (e.g., exchanging securities or funds on behalf of one or both subscribers taking part in the trade). If an ATS routes an order to another member firm or other execution venue for handling or execution where that initial order matches against interest resident at the other venue, then the ATS would not be considered the executing party and would not include such volume for reporting purposes. A trade continues to be considered executed "within an ATS" for purposes of calculating and posting volume under this Rule, even if the ATS has been granted an exemption to its trade reporting obligations under the Rule.

Amended by SR-FINRA-2016-002 eff. Feb. 9, 2016.

Adopted by SR-FINRA-2011-051 eff. Nov. 4, 2011.

[← 6624. TRADE REPORTING OF SHORT SALES](#)

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[6630. APPLICABILITY OF FINRA RULES TO SECURITIES PREVIOUSLY DESIGNATED AS PORTAL SECURITIES](#) [›](#)

VERSIONS

Feb 09, 2016 onwards



6630. Applicability of FINRA Rules to Securities Previously Designated as PORTAL Securities

(a) The following are specifically applicable to transactions and business activities relating to securities that, prior to October 26, 2009, had been designated by The Nasdaq Stock Market LLC for inclusion in the PORTAL Market ("PORTAL securities"):

- (1) Rules 0130, 0140, 2010, 2020, 2111, 2121, 2232, 2251, 2261, 2262, 2269, 5310, and 8210;
- (2) the Rule 8100 and 8300 Series; and
- (3) Rules 0190, 5210, 5220, and Supplementary Material to Rule 2121.

(b) The following are specifically applicable to transactions and business activities relating to PORTAL securities, with the exceptions specified below:

- (1) Rules 2150 and 4330; and
- (2) Rule 4510 Series.

(c) The following are applicable to members and persons associated with members regardless of whether the member participates in transactions in PORTAL securities:

- (1) Rules 0110, 0120, and 0160.
- (2) Rules 1020, 2210, 3210, 3220, 3270, 3280, 4120, 4360, and 5260.

(d) The following are not applicable to transactions and business activities relating to PORTAL securities

- (1) Rules 2310, 2320, 2341, 2360, 4210, 4320, 4560, 5110, 5130, and 5141.

Amended by SR-FINRA-2019-009 eff. May 8, 2019.
Amended by SR-FINRA-2017-004 eff. April 3, 2017.
Amended by SR-FINRA-2016-026 eff. July 9, 2016.
Amended by SR-FINRA-2015-030 eff. Sept. 21, 2015.
Amended by SR-FINRA-2015-027 eff. Aug. 24, 2015.
Amended by SR-FINRA-2014-023 eff. May 9, 2014.
Amended by SR-FINRA-2014-016 eff. May 1, 2014.
Amended by SR-FINRA-2013-001 eff. Feb. 4, 2013.
Amended by SR-FINRA-2012-027 eff. July 9, 2012.
Amended by SR-FINRA-2011-052 eff. May 31, 2012.
Amended by SR-FINRA-2012-007 eff. Feb. 21, 2012.
Amended by SR-FINRA-2011-065 eff. Jan. 1, 2012.
Amended by SR-FINRA-2011-065 eff. Dec. 5, 2011.
Amended by SR-FINRA-2011-024 eff. June 17, 2011.
Amended by SR-FINRA-2010-060 eff. Feb. 8, 2011.
Amended by SR-FINRA-2010-060 eff. Dec. 15, 2010.
Amended by SR-FINRA-2010-047 eff. Oct. 15, 2010.
Amended by SR-FINRA-2010-003 eff. June 28, 2010.
Amended by SR-FINRA-2010-023 eff. June 14, 2010.
Amended by SR-FINRA-2010-002 eff. Feb. 15, 2010.
Amended by SR-FINRA-2010-002 eff. Feb. 8, 2010.
Amended by SR-FINRA-2009-078 eff. Dec. 14, 2009.
Amended by SR-FINRA-2009-062 eff. Oct. 19, 2009.
Amended by SR-FINRA-2007-024 eff. Sep. 8, 2009.
Amended by SR-FINRA-2009-046 eff. Aug. 17, 2009.
Amended by SR-FINRA-2009-005 eff. Feb. 17, 2009.
Amended by SR-FINRA-2008-057 eff. Dec. 15, 2008.
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.
Renumbered from Rule 5350 and amended by SR-NASD-2005-087 eff. Aug. 1, 2006.
Amended by SR-NASD-99-60 eff. March 23, 2004.
Amended by SR-NASD-99-66 eff. March 6, 2001.

Selected Notices: 08-57, 10-26, 12-13.

VERSIONS

May 08, 2019 onwards



> FINRA RULES > 6000. QUOTATION, ORDER, AND TRANSACTION REPORTING FACILITIES
> 6700. TRADE REPORTING AND COMPLIANCE ENGINE (TRACE)

6710. Definitions

The terms used in this Rule 6700 Series shall have the same meaning as those defined in the FINRA By-Laws and rules unless otherwise specified. For the purposes of this Rule 6700 Series, the following terms have the following meaning:

(a) "TRACE-Eligible Security" means a debt security that is United States ("U.S.") dollar-denominated and is: (1) issued by a U.S. or foreign private issuer, and, if a "restricted security" as defined in Securities Act Rule 144(a)(3), sold pursuant to Securities Act Rule 144A; (2) issued or guaranteed by an Agency as defined in paragraph (k) or a Government-Sponsored Enterprise as defined in paragraph (n); or (3) a U.S. Treasury Security as defined in paragraph (p). "TRACE-Eligible Security" does not include a debt security that is issued by a foreign sovereign or a Money Market Instrument as defined in paragraph (o).

(b) "Trade Reporting and Compliance Engine" or "TRACE" means the automated system developed by FINRA that, among other things, accommodates reporting and dissemination of transaction reports where applicable in TRACE-Eligible Securities.

(c) "Reportable TRACE Transaction" means any transaction in a TRACE-Eligible Security except: (1) a transaction that is not reported as specified in Rule 6730(e); and (2) a sale from an issuer to an underwriter(s) or initial purchaser(s) as part of an offering, except a sale of an Agency Pass-Through Mortgage-Backed Security as defined in paragraph (v) from a Securitizer as defined in paragraph (s) to any purchaser.

(d) "Time of Execution" for a transaction in a TRACE-Eligible Security means the time when the Parties to a Transaction agree to all of the terms of the transaction that are sufficient to calculate the dollar price of the trade. The Time of Execution for transactions involving TRACE-Eligible Securities that are trading "when issued" on a yield basis shall be when the yield for the transaction has been agreed to by the Parties to a Transaction. For a transaction in a TRACE-Eligible Security in which the actual yield for the transaction is established by determining the yield from one or more designated securities (e.g., a "benchmark security" such as a U.S. Treasury Security maturing in 5 years, or a combination of such "benchmark securities") and adding the agreed upon "yield spread" (e.g., 150 basis points above the benchmark security), the Time of Execution occurs when the yield has been agreed to by the Parties to a Transaction.

(e) "Party to a Transaction" means an introducing broker-dealer, if any, an executing broker-dealer, or a customer. "Customer" includes a broker-dealer that is not a FINRA member.

(f) "TRACE Participant" means any FINRA member that reports transactions to the TRACE system, directly or indirectly.

(g) "Introducing Broker" means the FINRA member that has been identified in the TRACE system as a Party to a Transaction, but does not execute or clear the transaction.

(h) "Investment Grade" means a TRACE-Eligible Security that, if rated by only one nationally recognized statistical rating organization ("NRSRO"), is rated in one of the four highest generic rating categories; or if rated by more than one NRSRO, is rated in one of the four highest generic rating categories by all or a majority of such NRSROs; provided that if the NRSROs assign ratings that are evenly divided between (i) the four highest generic ratings and (ii) ratings lower than the four highest generic ratings, FINRA will classify the TRACE-Eligible Security as Non-Investment Grade for purposes of TRACE. If a TRACE-Eligible Security is unrated, for purposes of TRACE, FINRA may classify the TRACE-Eligible Security as an Investment Grade security. FINRA will classify any Agency Debt Security as defined in paragraph (l) as an Investment Grade security for purposes of the dissemination of transaction volume.

(i) "Non-Investment Grade" means a TRACE-Eligible Security that, if rated by only one NRSRO, is rated lower than one of the four highest generic rating categories; or if rated by more than one NRSRO, is rated lower than one of the four highest generic rating categories by all or a majority of such NRSROs. Except as provided in paragraph (h), if a TRACE-Eligible Security is unrated, FINRA may classify the TRACE-Eligible Security as a Non-Investment Grade security.

(j) "Split-Rated" means an Investment Grade or a Non-Investment Grade security that is assigned ratings by multiple NRSROs that, for an Investment Grade security, are not in the same generic Investment Grade rating category, or, for a Non-Investment Grade security, are not in the same generic Non-Investment Grade rating category. After determining if a security is Investment Grade or Non-Investment Grade, FINRA will disregard any rating, if the security is Investment Grade, that is Non-Investment Grade, or, if the security is Non-Investment Grade, that is Investment Grade. With respect to an Investment Grade security, if multiple NRSROs assign ratings that are not in the same generic Investment Grade rating category, or, with respect to a Non-Investment Grade security, if multiple NRSROs assign ratings that are not in the same generic Non-Investment Grade rating category, FINRA will classify the TRACE-Eligible Security for purposes of TRACE by the generic rating that a majority or, if no majority, a plurality of the NRSROs assigns the security, provided that (i) if the NRSROs assign ratings that are evenly divided between two generic

rating categories, FINRA will classify the TRACE-Eligible Security by the lower of the ratings; or (ii) if each NRSRO assigns a different generic rating, FINRA will classify the TRACE-Eligible Security by the lower or lowest of the ratings.

(k) "Agency" means a U.S. "executive agency" as defined in 5 U.S.C. 105 that is authorized to issue debt directly or through a related entity, such as a government corporation, or to guarantee the repayment of principal and/or interest of a debt security issued by another entity. The term excludes the U.S. Department of the Treasury ("Treasury") in the exercise of its authority to issue U.S. Treasury Securities as defined in paragraph (p).

(l) "Agency Debt Security" means a debt security (i) issued or guaranteed by an Agency as defined in paragraph (k); (ii) issued or guaranteed by a Government-Sponsored Enterprise as defined in paragraph (n); or (iii) issued by a trust or other entity that was established or sponsored by a Government-Sponsored Enterprise for the purpose of issuing debt securities, where such enterprise provides collateral to the trust or other entity or retains a material net economic interest in the reference tranches associated with the securities issued by the trust or other entity. The term excludes a U.S. Treasury Security as defined in paragraph (p) and a Securitized Product as defined in paragraph (m), where an Agency or a Government-Sponsored Enterprise is the Securitizer as defined in paragraph (s) (or similar person), or the guarantor of the Securitized Product.

(m) "Securitized Product" means a security collateralized by any type of financial asset, such as a loan, a lease, a mortgage, or a secured or unsecured receivable, and includes but is not limited to an asset-backed security as defined in Section 3(a)(79)(A) of the Exchange Act, a synthetic asset-backed security, and any residual tranche or interest of any security specified above, which tranche or interest is a debt security for purposes of paragraph (a) and the Rule 6/00 Series.

(n) "Government-Sponsored Enterprise" ("GSE") has the same meaning as defined in 2 U.S.C. 622(8).

(o) "Money Market Instrument" means, other than a U.S. Treasury Security, a debt security that at issuance has a maturity of one calendar year or less, or, if a discount note issued by an Agency, as defined in paragraph (k), or a Government-Sponsored Enterprise, as defined in paragraph (n), a maturity of one calendar year and one day or less.

(p) "U.S. Treasury Security" means a security, other than a savings bond, issued by the U.S. Department of the Treasury to fund the operations of the federal government or to retire such outstanding securities. The term "U.S. Treasury Security" also includes separate principal and interest components of a U.S. Treasury Security that has been separated pursuant to the Separate Trading of Registered Interest and Principal of Securities (STRIPS) program operated by the U.S. Department of Treasury.

(q) "List or Fixed Offering Price Transaction" means a primary market sale transaction sold on the first day of trading of a security, including an Asset-Backed Security as defined in paragraph (cc), but excluding any other Securitized Product as defined in paragraph (m): (i) by a sole underwriter, syndicate manager, syndicate member or selling group member at the published or stated list or fixed offering price, or (ii) in the case of a primary market sale transaction effected pursuant to Securities Act Rule 144A, by an initial purchaser, syndicate manager, syndicate member or selling group member at the published or stated fixed offering price.

(r) "Takedown Transaction" means a primary market sale transaction sold on the first day of trading of a security, including an Asset-Backed Security as defined in paragraph (cc), but excluding any other Securitized Product as defined in paragraph (m): (i) by a sole underwriter or syndicate manager to a syndicate or selling group member at a discount from the published or stated list or fixed offering price, or (ii) in the case of a primary market sale transaction effected pursuant to Securities Act Rule 144A, by an initial purchaser or syndicate manager to a syndicate or selling group member at a discount from the published or stated fixed offering price.

(s) "Securitizer" has the same meaning as defined in Section 15G(a)(3) of the Exchange Act.

(t) "TRACE System Hours" means the hours the TRACE system is open, which are 8:00:00 a.m. Eastern Time through 6:29:59 p.m. Eastern Time on a business day, unless otherwise announced by FINRA.

(u) "To Be Announced" ("TBA") means a transaction in an Agency Pass-Through Mortgage-Backed Security as defined in paragraph (v) or an SBA-Backed ABS as defined in paragraph (bb) where the parties agree that the seller will deliver to the buyer a pool or pool(s) of a specified face amount and meeting certain other criteria but the specific pool or pool(s) to be delivered at settlement is not specified at the Time of Execution, and includes TBA transactions "for good delivery" ("GD") and TBA transactions "not for good delivery" ("NGD").

(v) "Agency Pass-Through Mortgage-Backed Security" means a type of Securitized Product issued in conformity with a program of an Agency as defined in paragraph (k) or a Government-Sponsored Enterprise ("GSE") as defined in paragraph (n), for which the timely payment of principal and interest is guaranteed by the Agency or GSE, representing ownership interest in a pool (or pools) of mortgage loans structured to "pass through" the principal and interest payments to the holders of the security on a pro rata basis.

(w) "Factor" means the decimal value representing the proportion of the outstanding principal value or remaining face amount of a pool of assets underlying a security to the original principal value or original face amount of such assets.

(x) "Specified Pool Transaction" means a transaction in an Agency Pass-Through Mortgage-Backed Security as defined in paragraph (v) or an SBA-Backed ABS as defined in paragraph (bb) requiring the delivery at settlement of a pool or pool(s) that is identified by a unique pool identification number at the Time of Execution.

(y) "Stipulation Transaction" means a transaction in an Agency Pass-Through Mortgage-Backed Security as defined in paragraph (v) where, at the Time of Execution, the parties agree that the seller will deliver to the buyer an Agency Pass-Through Mortgage-Backed Security of a specified face amount and coupon from a specified Agency or Government-Sponsored Enterprise program that represents a pool (or pools) of mortgages, at a specified price, and the parties stipulate that the pool or pools to be delivered meet certain conditions.

(z) "Dollar Roll" means a simultaneous sale and purchase of an Agency Pass-Through Mortgage-Backed Security as defined in paragraph (v) for different settlement dates, where the initial seller agrees to take delivery, upon settlement of the re-purchase transaction, of the same or substantially similar securities.

(aa) "Remaining Principal Balance" or "RPB" means, for a Securitized Product backed by a pool of mortgages or other assets that are self-amortizing, the total unpaid principal balance of all such mortgages, or the equivalent remaining value of such self-amortizing assets held in the asset pool, at a specific time, such as the Time of Execution.

(bb) "SBA-Backed ABS" means a Securitized Product issued in conformity with a program of the Small Business Administration ("SBA"), for which the timely payment of principal and interest is guaranteed by the SBA, representing ownership interest in a pool (or pools) of loans or debentures and structured to "pass through" the principal and interest payments made by the borrowers in such loans or debentures to the holders of the security on a pro rata basis.

(cc) "Asset-Backed Security" means a type of Securitized Product where the Asset-Backed Security is collateralized by any type of financial asset, such as a consumer or student loan, a lease, or a secured or unsecured receivable, and excludes: (i) a Securitized Product that is backed by residential or commercial mortgage loans, mortgage-backed securities, or other financial assets derivative of mortgage-backed securities; (ii) an SBA-Backed ABS as defined in paragraph (bb) traded To Be Announced ("TBA") as defined in paragraph (u) or in a Specified Pool Transaction as defined in paragraph (x); and (iii) a collateralized debt obligation ("CDO").

(dd) "Collateralized Mortgage Obligation" ("CMO") means a type of Securitized Product backed by Agency Pass-Through Mortgage-Backed Securities as defined in paragraph (v), mortgage loans, certificates backed by project loans or construction loans, other types of mortgage-backed securities or assets derivative of mortgage-backed securities, structured in multiple classes or tranches with each class or tranche entitled to receive distributions of principal and/or interest according to the requirements adopted for the specific class or tranche, and includes a real estate mortgage investment conduit ("REMIC").

(ee) "Non-member Affiliate" means a non-member entity that controls, is controlled by or is under common control with a member. For the purposes of this definition, "control," along with any derivative thereof, means legal, beneficial, or equitable ownership, directly or indirectly, of 25 percent or more of the capital stock (or other ownership interest, if not a corporation) of any entity ordinarily having voting rights. The term "common control" means the same natural person or entity controls two or more entities.

(ff) "Collateralized Debt Obligation" ("CDO") means a type of Securitized Product backed by fixed-income assets (such as bonds, receivables on loans, or other debt) or derivatives of these fixed-income assets, structured in multiple classes or tranches with each class or tranche entitled to receive distributions of principal and/or interest in accordance with the requirements adopted for the specific class or tranche. A CDO includes, but is not limited to, a collateralized loan obligation ("CLO") and a collateralized bond obligation ("CBO").

(gg) "Auction" means the bidding process by which the U.S. Department of the Treasury sells marketable securities to the public pursuant to Part 356 of Title 31 of the Code of Federal Regulations.

(hh) "Auction Transaction" means a transaction in which a member is awarded a U.S. Treasury Security in an Auction.

(ii) "When-Issued Transaction" means a transaction in a U.S. Treasury Security that is executed before the issuance of the security.

••• **Supplementary Material:** -----

.01 Asset-Backed Security. An Asset-Backed Security as defined in paragraph (cc) shall include, but is not limited to, securities collateralized by the following types of assets and securities: credit card receivables; automobile loans and leases; student loans; aircraft leases; automobile floorplan and wholesale loans; motorcycle loans and leases; recreational vehicle loans; manufactured housing loans; commercial loans; tranches of other Asset-Backed Securities; reinsurance; timeshare obligations; and loans or other financial instruments generating a stream of payments and guaranteed as to principal or interest (or both) by the Small Business Administration (traded other than to be announced ("TBA") as defined in paragraph (u) or in a Specified Pool Transaction as defined in paragraph (x)).

Amended by SR-FINRA-2018-032 eff. Nov. 19, 2018.
Amended by SR-FINRA-2018-020 eff. May 17, 2018.
Amended by SR-FINRA-2016-046 eff. July 10, 2017.
Amended by SR-FINRA-2016-027 eff. July 10, 2017.
Amended by SR-FINRA-2016-023 eff. March 20, 2017.
Amended by SR-FINRA-2014-050 eff. Nov. 2, 2015.
Amended by SR-FINRA-2013-046 and SR-FINRA-2015-012 eff. June 1, 2015.
Amended by SR-FINRA-2012-042 eff. July 22, 2013.
Amended by SR-FINRA-2012-020 eff. Nov. 12, 2012.
Amended by SR-FINRA-2012-046 eff. Oct. 11, 2012.
Amended by SR-FINRA-2011-012 eff. May 16, 2011.
Amended by SR-FINRA-2009-065 eff. May 16, 2011.
Amended by SR-FINRA-2011-001 eff. Jan. 4, 2011.
Amended by SR-FINRA-2009-010 eff. March 1, 2010.
Amended by SR-FINRA-2009-004 eff. June 15, 2009.
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.
Amended by SR-FINRA-2007-007 eff. Dec. 13, 2007.
Amended by SR-NASD-2006-110 eff. Jan. 9, 2007.
Amended by SR-NASD-2004-94 eff. Oct. 1, 2004.
Amended by SR-NASD-2003-182 eff. June 17, 2004.
Amended by SR-NASD-2002-174 eff. March 3, 2003.
Amended by SR-NASD-2002-46 eff. July 1, 2002.
Amended by SR-NASD-2001-91 eff. July 1, 2002.
Adopted by SR-NASD-99-65 eff. July 1, 2002.

Selected Notices: 02-76, 04-39, 04-65, 07-18, 07-61, 08-57, 09-24, 09-57, 10-23, 10-55, 11-20, 12-26, 12-48, 12-56, 14-34, 15-14, 16-38, 16-39, 18-35.

VERSIONS

Nov 19, 2018 onwards



6720. Participation in TRACE

The Rule

Notices

(a) Mandatory Member Participation

(1) Member participation in TRACE for trade reporting purposes is mandatory. Such mandatory participation obligates members to submit transaction reports in TRACE-Eligible Securities in conformity with the Rule 6700 Series.

(2) Participation in TRACE shall be conditioned upon the TRACE Participant's initial and continuing compliance with the following requirements:

(A) Execution of, and continuing compliance with, a TRACE Participant application agreement and all applicable rules and operating procedures of FINRA and the SEC; and

(B) Maintenance of the physical security of the equipment located on the premises of the TRACE Participant to prevent unauthorized entry of information into TRACE.

(3) Each TRACE Participant shall be obligated to inform FINRA of non-compliance with, or changes to, any of the participation requirements set forth above.

(b) Participant Obligations in TRACE

Upon execution and receipt by FINRA of the TRACE Participant application agreement, a TRACE Participant may commence input of trade information in TRACE-Eligible Securities. TRACE Participants may access the service via a FINRA-approved facility during TRACE System Hours.

(c) Alternative Trading Systems

(1) Except as set forth in subparagraph (2), a TRACE Participant that operates an alternative trading system ("ATS"), as that term is defined in Rule 300 of SEC Regulation ATS, must obtain a single, separate Market Participant Identifier ("MPID") for each such ATS designated for exclusive use for reporting each ATS's transactions. The member must use such separate MPID to report all transactions executed within the ATS to TRACE. The member shall not use such separate MPID to report any transaction that is not executed within the ATS. Any member that operates multiple ATSs must obtain a separate MPID for each ATS. Members must have policies and procedures in place to ensure that trades reported with a separate MPID obtained under this paragraph are restricted to trades executed within the ATS.

(2) An ATS is permitted to use two separate MPIDs only if one MPID is used exclusively for reporting transactions to TRACE and the other MPID is used exclusively for reporting transactions to the equity trade reporting facilities (the Alternative Display Facility, the OTC Reporting Facility, the FINRA/Nasdaq TRF, or the FINRA/NYSE TRF).

Amended by SR-FINRA-2015-027 eff. Aug. 24, 2015.

Amended by SR-FINRA-2013-042, SR-FINRA-2014-017 and SR-FINRA-2014-042 eff. Feb. 2, 2015.

Amended by SR-FINRA-2009-065 eff. May 16, 2011.

Amended by SR-FINRA-2011-001 eff. Jan. 4, 2011.

Amended by SR-FINRA-2009-010 eff. March 1, 2010.

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

Amended by SR-NASD-2002-46 eff. July 1, 2002.

Adopted by SR-NASD-99-65 eff. July 1, 2002.

Selected Notices: 08-57, 09-57, 10-23, 10-55, 14-07.

VERSIONS

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> FINRA RULES > 6000. QUOTATION, ORDER, AND TRANSACTION REPORTING FACILITIES
> 6700. TRADE REPORTING AND COMPLIANCE ENGINE (TRACE)

6730. Transaction Reporting

This version is valid from Apr 01, 2019 through Aug 02, 2020.

Amendments have been announced but are not yet effective. To view other versions open the versions tab on the right.

(a) When and How Transactions are Reported

Each member that is a Party to a Transaction in a TRACE-Eligible Security must report the transaction. A member must report a transaction in a TRACE-Eligible Security as soon as practicable, but no later than within 15 minutes of the Time of Execution, except as otherwise specifically provided below. Transactions not reported within the specified timeframe will be designated as "late." A member must transmit the report to TRACE during TRACE System Hours.

(1) Reporting Requirements

Except as otherwise specifically provided in paragraph (a)(2) through paragraph (a)(4), transactions in TRACE-Eligible Securities must be reported as provided in this paragraph (a)(1).

(A) Transactions Executed At or After 12:00:00 A.M. Through 7:59:59 A.M. Eastern Time

Transactions executed on a business day at or after 12:00:00 a.m. Eastern Time through 7:59:59 a.m. Eastern Time must be reported the same day no later than 15 minutes after the TRACE system opens.

(B) Transactions Executed During TRACE System Hours

Transactions executed on a business day at or after 8:00:00 a.m. Eastern Time through 6:29:59 p.m. Eastern Time (standard TRACE System Hours) must be reported within 15 minutes of the Time of Execution, except as provided in paragraph (a)(1)(C) below.

(C) Transactions Executed Less Than 15 Minutes Before TRACE System Closes

Transactions executed on a business day less than 15 minutes before 6:30:00 p.m. Eastern Time must be reported no later than 15 minutes after the TRACE system opens the next business day (T + 1), and if reported on T + 1, designated "as/of" and include the date of execution.

(D) Transactions Executed After TRACE System Hours or on Non-Business Days

Transactions executed on a business day at or after 6:30:00 p.m. Eastern Time through 11:59:59 p.m. Eastern Time or on a Saturday, a Sunday, a federal or religious holiday or other day on which the TRACE system is not open at any time during that day (determined using Eastern Time) must be reported the next business day (T + 1), no later than 15 minutes after the TRACE system opens, designated "as/of" and include the date of execution.

(2) Reporting Requirements — List or Fixed Offering Price Transactions and Takedown Transactions

(A) A List or Fixed Offering Price Transaction or a Takedown Transaction that is executed on a business day at or after 12:00:00 a.m. Eastern Time through 11:59:59 p.m. Eastern Time must be reported no later than the next business day (T + 1) during TRACE System Hours and if reported on T + 1, designated "as/of" and include the date of execution.

(B) List or Fixed Offering Price Transactions or Takedown Transactions executed on a Saturday, a Sunday, a federal or religious holiday or other day on which the TRACE system is not open at any time during that day (determined using Eastern Time) must be reported the next business day (T + 1) at any time during TRACE System Hours, designated "as/of" and include the date of execution.

(3) Reporting Requirements — Securitized Products Transactions

Transactions in Securitized Products must be reported as provided in this paragraph (a)(3).

(A) Collateralized Debt Obligations and Commercial Mortgage-Backed Securities

Except as provided in paragraphs (a)(3)(B), (a)(3)(C), (a)(3)(D), (a)(3)(E), (a)(3)(F) and (a)(3)(G), transactions in collateralized debt obligations ("CDOs") and commercial mortgage-backed securities ("CMBSs") executed on:

(i) a business day at or after 12:00:00 a.m. Eastern Time through 5:00:00 p.m. Eastern Time must be reported the same day during TRACE System Hours;

(ii) a business day after 5:00:00 p.m. Eastern Time but before the TRACE system closes must be reported no later than the next business day (T + 1) during TRACE System Hours, and, if reported on T + 1, designated "as/of" and include the date of execution; or

(iii) a business day at or after 6:30:00 p.m. Eastern Time through 11:59:59 p.m. Eastern Time, or a Saturday, a Sunday, a federal or religious holiday or other day on which the TRACE system is not open at any time during that day (determined using Eastern Time) must be reported the next business day (T + 1) during TRACE System Hours, designated "as/of" and include the date of execution.

(B) Asset-Backed Securities

Except for transactions in Asset-Backed Securities that meet the definition of List or Fixed Offering Price Transaction or a Takedown Transaction, which shall be reported as provided in paragraph (a)(2), transactions in Securitized Products that are Asset-Backed Securities shall be reported as provided in paragraph (a)(1)(A) through paragraph (a)(1)(D).

(C) Collateralized Mortgage Obligation Transactions Before Issuance

Transactions in Securitized Products that are Collateralized Mortgage Obligations ("CMOs") that are executed before the issuance of the security must be reported no later than the first settlement date of the security.

If the transaction is reported other than on the date of execution, the transaction report must be designated "as/of" and include the date of execution.

(D) Agency Pass-Through Mortgage-Backed Securities Traded To Be Announced For Good Delivery

Transactions in Securitized Products that are Agency Pass-Through Mortgage-Backed Securities traded TBA for good delivery ("GD") ("MBS TBA transactions GD") must be reported as provided in paragraph (a)(1)(A) through paragraph (a)(1)(D).

(E) Agency Pass-Through Mortgage-Backed Securities Traded To Be Announced Not For Good Delivery

Transactions in Securitized Products that are Agency Pass-Through Mortgage-Backed Securities traded TBA not for good delivery ("NGD") ("MBS TBA transactions NGD") must be reported as provided in this paragraph (a)(3)(E).

(i) Transactions executed on a business day at or after 12:00:00 a.m. Eastern Time through 7:59:59 a.m. Eastern Time must be reported the same day no later than 60 minutes after the TRACE system opens.

(ii) Transactions executed on a business day at or after 8:00:00 a.m. Eastern Time through 6:29:59 p.m. Eastern Time (standard TRACE System Hours) must be reported within 60 minutes of the Time of Execution, except as provided in paragraph (a)(3)(E)(iii) below.

(iii) Transactions executed on a business day less than 60 minutes before 6:30:00 p.m. Eastern Time must be reported no later than 60 minutes after the TRACE system opens the next business day (T + 1), and if reported on T + 1, designated "as/of" and include the date of execution.

(iv) Transactions executed on a business day at or after 6:30:00 p.m. Eastern Time through 11:59:59 p.m. Eastern Time or on a Saturday, a Sunday, a federal or religious holiday or other day on which the TRACE system is not open at any time during that day (determined using Eastern Time) must be reported the next business day (T + 1), no later than 60 minutes after the TRACE system opens, designated "as/of" and include the date of execution.

(F) Agency Pass-Through Mortgage-Backed Securities Traded in Specified Pool Transactions

Agency Pass-Through Mortgage-Backed Securities traded in Specified Pool Transactions ("MBS Specified Pool transactions") must be reported as provided in paragraph (a)(3)(E)(i) through paragraph (a)(3)(E)(iv).

(G) SBA-Backed ABS

SBA-Backed ABS traded TBA or in Specified Pool Transactions must be reported as provided in paragraph (a)(3)(E)(i) through paragraph (a)(3)(E)(iv).

(H) Collateralized Mortgage Obligation Transactions On or After Issuance

Transactions in CMOs executed at or after issuance must be reported as provided in this paragraph (a)(3)(H).

(i) Transactions executed on a business day at or after 12:00:00 a.m. Eastern Time through 7:59:59 a.m. Eastern Time must be reported the same day no later than 60 minutes after the TRACE system opens.

(ii) Transactions executed on a business day at or after 8:00:00 a.m. Eastern Time through 6:29:59 p.m. Eastern Time (standard TRACE System Hours) must be reported within 60 minutes of the Time of Execution, except as provided in paragraph (a)(3)(H)(iii) below.

(iii) Transactions executed on a business day less than 60 minutes before 6:30:00 p.m. Eastern Time must be reported no later than 60 minutes after the TRACE system opens the next business day (T + 1), and if reported on T + 1, designated "as/of" and include the date of execution.

(iv) Transactions executed on a business day at or after 6:30:00 p.m. Eastern Time through 11:59:59 p.m. Eastern Time or on a Saturday, a Sunday, a federal or religious holiday or other day on which the TRACE system is not open at any time during that day (determined using Eastern Time) must be reported the next business day (T + 1), no later than 60 minutes after the TRACE system opens, designated "as/of" and include the date of execution.

(4) Reporting Requirements — U.S. Treasury Securities

Transactions in U.S. Treasury Securities must be reported as provided in this paragraph (a)(4).

(A) General Reporting Requirements

Transactions in U.S. Treasury Securities executed on:

(i) a business day at or after 12:00:00 a.m. Eastern Time through 5:00:00 p.m. Eastern Time must be reported the same day during TRACE System Hours;

(ii) a business day after 5:00:00 p.m. Eastern Time but before the TRACE system closes must be reported no later than the next business day (T + 1) during TRACE System Hours, and, if reported on T + 1, designated "as/of" and include the date of execution; or

(iii) a business day at or after 6:30:00 p.m. Eastern Time through 11:59:59 p.m. Eastern Time, or a Saturday, a Sunday, a federal or religious holiday or other day on which the TRACE system is not open at any time during that day (determined using Eastern Time) must be reported the next business day (T + 1) during TRACE System Hours, designated "as/of" and include the date of execution.

(5) Members have an ongoing obligation to report transaction information promptly, accurately, and completely. The member may employ an agent for the purpose of submitting transaction information. However, the primary responsibility for the timely, accurate, and complete reporting of transaction information remains the non-delegable duty of the member obligated to report the transaction.

(6) A member may be required to report as soon as practicable to the Market Regulation Department on a paper form, the transaction information required under Rule 6730 if electronic submission into TRACE is not possible. Transactions that can be reported into TRACE, including transactions executed on a Saturday, a Sunday, a federal or religious holiday or other day on which the TRACE system is not open at any time during that day (determined using Eastern Time), and transactions that can be submitted on the trade date or a subsequent date on an "as/of" basis shall not be reported on a paper form.

(7) If a member that is a Party to a Transaction makes a good faith determination that a transaction involves a TRACE-Eligible Security, the member must report the transaction as provided in this Rule, and if the TRACE-Eligible Security is not entered in the TRACE system, the member must promptly notify and provide FINRA Operations the information required under Rule 6760(b) prior to reporting the transaction.

(b) Which Party Reports Transaction

Trade data input obligations are as follows:

(1) In transactions between two members, both members shall submit a trade report to TRACE;

(2) In transactions involving a member and a non-member, including a customer, the member shall submit a trade report to TRACE.

(c) Transaction Information To Be Reported

Each TRACE trade report shall contain the following information:

(1) CUSIP number or if a CUSIP number is not available at the Time of Execution, a similar numeric identifier (e.g., a mortgage pool number) or a FINRA symbol;

(2) The size (volume) of the transaction as required by paragraph (d)(2) below;

(3) Price of the transaction (or the elements necessary to calculate price, which are contract amount and accrued interest) or, for When-Issued Transactions in U.S. Treasury Securities executed before the Auction for the security, the yield as required by paragraph (d)(1) of this Rule;

(4) A symbol indicating whether the transaction is a buy or a sell;

(5) Date of Trade Execution ("as/of" trades only);

(6) Contra-party's identifier (MPID, customer, or a non-member affiliate, as applicable);

(7) Capacity — Principal or Agent (with riskless principal reported as principal);

(8) Time of Execution;

(9) Reporting side executing broker as "give-up" (if any);

(10) Contra side Introducing Broker in case of "give-up" trade;

(11) The commission (total dollar amount), if applicable;

(12) Date of settlement;

(13) If the member is reporting a transaction that occurred on an ATS pursuant to Rule 6732, the ATS's separate MPID obtained in compliance with Rule 6720(c); and

(14) Such trade modifiers as required by either the TRACE rules or the TRACE users guide.

(d) Procedures for Reporting Price, Capacity, Volume

(1) Price

(A) Except as noted in subparagraph (B), for principal transactions, report the price, which must include the mark-up or mark-down. (However, if a price field is not available, report the contract amount and, if applicable, the accrued interest.) For agency transactions, report the price, which must exclude the commission. (However, if a price field is not available, report the contract amount and, if applicable, the accrued interest.) Report the total dollar amount of the commission if one is assessed on the transaction. Notwithstanding the foregoing, a member is not required to include a commission, mark-up or mark-down where one is not assessed on a trade-by-trade basis at the time of the transaction or where the amount is not known at the time the trade report is due. A member must use the "No Remuneration" indicator described in paragraph (d)(4)(F) where a trade report does not reflect either a commission, mark-up or mark-down, except for an inter-dealer transaction, a "List or Fixed Offering Price Transaction," as defined in Rule 6710(q), or a "Takedown Transaction," as defined in Rule 6710(r).

(B) For When-Issued Transactions in U.S. Treasury Securities executed before the Auction for the security and conducted on a principal basis, report the yield, which must include the mark-up or mark-down, of the security in lieu of price. For When-Issued Transactions in U.S. Treasury Securities executed before the Auction for the security and conducted on an agency basis, report the yield, which must exclude the commission, of the security in lieu of price. Report the total dollar amount of the commission.

(2) Size (Volume)

(A) General

For a transaction in a TRACE-Eligible Security, except a Securitized Product, report the total par value or principal value of the security traded.

(B) Securitized Products

(i) For a transaction in a Securitized Product traded TBA ("TBA transaction"), report the original face value of such security.

(ii) For a transaction, other than a TBA transaction, in a Securitized Product that is subject to amortization, report the original face value of such security and, if a member uses a Factor to execute the transaction that is not the most current Factor publicly available at the Time of Execution, report the Factor used, except as provided in subparagraph (iv) below regarding certain transactions executed in an agency capacity.

(iii) For a transaction in a Securitized Product that does not amortize, report the total par value, principal value or original face value of such security, except as provided in subparagraph (iv) below regarding certain transactions executed in an agency capacity.

(iv) For a transaction, other than a TBA transaction, in a Securitized Product that is executed in an agency capacity and subject to a commission charge, report the original face value of such security and the Factor used to execute the transaction.

(3) Crosses

For in-house cross transactions, a member must report two transactions, which are the member's purchase transaction and the member's sale transaction.

(4) Modifiers; Indicators

Members shall append the applicable trade report modifiers or indicators as specified by FINRA to all transaction reports.

(A) Special Price Modifier

If a transaction is not executed at a price that reflects the current market price, select the modifier, "special price." When the reporting method chosen provides a "special price memo" field, state why the transaction was executed at other than the current market price in the "special price memo" field (e.g., when a debt security is traded conventionally and in the current market does not have a due bill and/or a warrant attached, but in the transaction to be reported is traded with a due bill and/or warrant attached, the price of the transaction is a "special price"). Do not select the modifier, "special price," where the transaction price is determined using a weighted average price.

(B) Weighted Average Price Modifier

If the price of the transaction is determined using a weighted average price method, select the modifier, ".w."

(C) List or Fixed Offering Price Transaction or Takedown Transaction Indicator

If reporting a primary market transaction that is a List or Fixed Offering Price Transaction or a Takedown Transaction, select the appropriate indicator.

(D) Securitized Product Indicators

Select the indicator:

- (i) ".O," if the transaction is a Specified Pool Transaction;
- (ii) ".N," if the transaction is a Stipulation Transaction;
- (iii) ".D," if the transaction is a Dollar Roll; or
- (iv) ".L," if the transaction is a Dollar Roll and a Stipulation Transaction.

(E) Non-member Affiliate—Principal Transaction Indicator

If reporting a transaction with a "non-member affiliate," as defined in Rule 6710, in which both the member and non-member affiliate act in a principal capacity, and that occurs within the same day, at the same price and in the same security as a transaction by the member with another contra-party, select the non-member affiliate—principal transaction indicator. If a member does not reasonably expect to engage in a subsequent same day, same price transaction in the same security with another contra-party, the member is not required to append the principal transaction indicator or subsequently correct a prior trade report with its non-member affiliate solely for the purpose of appending the non-member affiliate—principal transaction indicator. If, however, a member appends the non-member affiliate—principal transaction indicator to a trade report reflecting a transaction with a non-member affiliate and, ultimately, does not engage in a same day, same price transaction in the same security with another contra-party, the member must correct the prior trade report to exclude the non-member affiliate—principal transaction indicator.

(F) No Remuneration Indicator

Where a trade report does not reflect either a commission, mark-up or mark-down, select the "No Remuneration" indicator, subject to the exceptions provided in paragraph (d)(1) above.

(G) U.S. Treasury Security Indicators and Modifiers

(i) If reporting a When-Issued Transaction, select the appropriate indicator.

(ii) Select the modifier:

a. ".B," if the transaction is part of a series of transactions where at least one of the transactions involves a futures contract;

b. ".S," if the transaction is part of a series of transactions and may not be priced based on the current market.

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

The following shall not be reported:

(1) Transfers of TRACE-Eligible 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 exchange-traded fund).

(2) Transactions in TRACE-Eligible Securities that are listed on a national securities exchange, when such transactions are executed on and reported to the exchange and the transaction information is disseminated publicly.

(3) Transactions where the buyer and the seller have agreed to trade at a price substantially unrelated to the current market for the TRACE-Eligible Security (e.g., to allow the seller to make a gift).

(4) Provided that a data sharing agreement between FINRA and NYSE related to transactions covered by this Rule remains in effect, transactions in TRACE-Eligible Securities that are executed on a facility of NYSE in accordance with NYSE Rules 1400, 1401 and 86 and disseminated publicly by NYSE.

(5) Transactions resulting from the exercise or settlement of an option or a similar instrument, or the termination or settlement of a credit default swap, other type of swap, or a similar instrument.

(6) 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.

(7) Bona fide repurchase and reverse repurchase transactions involving TRACE-Eligible Securities.

(8) Auction Transactions.

(f) Compliance With Reporting Obligations

A pattern or practice of late reporting without 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.

••• Supplementary Material: -----

.01 Scope of Factor Reporting Requirement. For transactions, other than TBA transactions, in Securitized Products executed in an agency capacity and subject to a commission charge, members must report the Factor for every such transaction, including a transaction where the Factor is 1.0.

.02 For purposes of compliance with paragraphs (c)(6) and (d)(4)(E), a member must identify those entities that would meet the definition of "non-member affiliate" at least annually. However, where the member has undergone an organizational or operational restructuring that may impact its non-member affiliate relationships, it must promptly review and update, as necessary, its identification of non-member affiliates for purposes of this rule.

.03 Trade Reporting Time Frame

(a) Each member with a trade reporting obligation pursuant to paragraph (a) above for a TRACE-Eligible Security that is subject to dissemination must adopt policies and procedures reasonably designed to comply with the requirement that transactions in TRACE-Eligible Securities be reported "as soon as practicable" by implementing systems that commence the trade reporting process at the Time of Execution without delay. 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 end of the reporting time period.

(b) FINRA recognizes that members may manually report transactions in TRACE-Eligible Securities and, as a result, the trade reporting process may not be completed as quickly as where an automated trade reporting system is used. In these cases, FINRA will take into consideration the manual nature of the member's trade reporting process in determining whether the member's policies and procedures are reasonably designed to report the trade "as soon as practicable" after execution.

.04 Time of Execution for Transactions in U.S. Treasury Securities. When reporting transactions in U.S. Treasury Securities executed electronically, members must report the time of execution pursuant to paragraph (c)(8) to the finest increment of time captured in the member's system (e.g., millisecond, microsecond), but at a minimum, in increments of seconds.

.05 STRIPS Program (Separate Trading of Registered Interest and Principal of Securities). Members are not required to report transactions undertaken as part of the process of separating and reconstituting securities pursuant to the STRIPS Program operated by the U.S. Department of Treasury under which eligible U.S. Treasury Securities are authorized to be separated into principal and interest components and transferred separately.

.06 Temporary Exception for Aggregate Transaction Reporting of U.S. Treasury Securities Executed in ATS Trading Sessions

(a) A member alternative trading system ("ATS") and members engaging in trades on such ATS are permitted to report transactions in U.S. Treasury Securities executed within discrete ATS trading sessions (sometimes referred to as "work-up sessions") in an aggregated manner. Pursuant to this temporary exception, members may submit a transaction report reflecting the aggregate amount of a U.S. Treasury Security purchased (sold) to another party during a single trading session at the average price of such transactions, with the Time of Execution communicated by the ATS to each Party to a Transaction, irrespective of the number of trades in the trading session.

(b) A member ATS availing itself of this exception must provide individual transaction information for each trade in a U.S. Treasury Security occurring in a trading session to FINRA upon request.

(c) This Supplementary Material .06 shall be in effect until April 12, 2019.

.07 ATS Identification of Non-FINRA Member Counterparties for Transactions in U.S. Treasury Securities

(a) Each "covered ATS," as defined below, must provide to FINRA a list of all of its non-FINRA member subscribers, as that term is defined in Rule 300 of SEC Regulation ATS, and must obtain from FINRA an MPID for each such subscriber. Each covered ATS must comply with paragraph (c) (6) of this Rule by identifying each non-FINRA member subscriber in the contra-party field using the MPID assigned by FINRA for the subscriber. A covered ATS may not identify a contra-party using the "customer" or "non-member affiliate" identifiers.

(b) For purposes of this Supplementary Material .07, a "covered ATS" is an alternative trading system ("ATS"), as that term is defined in Rule 300 of SEC Regulation ATS, that executed transactions in U.S. Treasury Securities against non-FINRA member subscribers of \$10 billion or more in monthly par value, computed by aggregating buy and sell transactions, for any two months in the preceding calendar quarter.

(c) An ATS must commence complying with the requirements of this Supplementary Material .07 within 60 calendar days of the end of the calendar quarter in which it becomes a covered ATS.

(d) Once an ATS is deemed a covered ATS, it must continue to comply with the requirements of this Supplementary Material .07 irrespective of whether its volume of executed transactions in U.S. Treasury Securities against non-FINRA member subscribers falls below \$10 billion or more in monthly par value in any two months in a calendar quarter.

Amended by SR-FINRA-2018-023 eff. April 1, 2019.
Amended by SR-FINRA-2018-014 eff. July 10, 2018.
Amended by SR-FINRA-2017-018 eff. Feb. 5, 2018.
Amended by SR-FINRA-2017-032 eff. Oct. 20, 2017.
Amended by SR-FINRA-2017-024 eff. July 10, 2017.
Amended by SR-FINRA-2017-023 eff. July 10, 2017.
Amended by SR-FINRA-2016-027 eff. July 10, 2017.
Amended by SR-FINRA-2016-046 eff. July 10, 2017.
Amended by SR-FINRA-2016-023 eff. March 20, 2017.
Amended by SR-FINRA-2015-055 eff. July 18, 2016.
Amended by SR-FINRA-2015-026 and SR-FINRA-2016-003 eff. July 18, 2016.
Amended by SR-FINRA-2015-025 eff. Nov. 30, 2015.
Amended by SR-FINRA-2014-050 eff. Nov. 2, 2015.
Amended by SR-FINRA-2015-037 eff. Oct. 23, 2015.
Amended by SR-FINRA-2013-046 eff. June 1, 2015.
Amended by SR-FINRA-2013-038 eff. Oct. 25, 2013.
Amended by SR-FINRA-2012-052 eff. July 22, 2013.
Amended by SR-FINRA-2012-042 eff. July 22, 2013.
Amended by SR-FINRA-2012-020 eff. Nov. 12, 2012.
Amended by SR-FINRA-2012-047 eff. Oct. 12, 2012.
Amended by SR-FINRA-2012-034 eff. Aug. 10, 2012.
Amended by SR-FINRA-2011-053 eff. Feb. 6, 2012.
Amended by SR-FINRA-2011-072 eff. Jan. 27, 2012.
Amended by SR-FINRA-2011-025 eff. July 8, 2011.
Amended by SR-FINRA-2011-012 eff. May 16, 2011.
Amended by SR-FINRA-2009-065 eff. May 16, 2011.
Amended by SR-FINRA-2011-002 eff. Jan. 5, 2011.
Amended by SR-FINRA-2011-001 eff. Jan. 4, 2011.
Amended by SR-FINRA-2009-010 eff. March 1, 2010.
Amended by SR-FINRA-2009-002 eff. Jan 12, 2009.
Amended by SR-FINRA-2008-060 eff. Jan. 12, 2009.
Amended by SR-FINRA-2008-065 eff. Jan. 8, 2009.
Amended by SR-FINRA-2008-057 eff. Dec. 15, 2008.
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.
Amended by SR-FINRA-2007-007 eff. Dec. 13, 2007.
Amended by SR-NASD-2006-110 eff. Jan. 9, 2007.
Amended by SR-NASD-2004-57 Stage 2 eff. July 1, 2005.
Amended by SR-NASD-2004-57 Stage 1 eff. Oct. 1, 2004.
Amended by SR-NASD-2003-182 eff. June 17, 2004.
Amended by SR-NASD-2003-78 eff. Oct. 1, 2003.
Amended by SR-NASD-2002-46 eff. July 1, 2002.
Amended by SR-NASD-2001-04 eff. July 1, 2002.
Adopted by SR-NASD-99-65 eff. July 1, 2002.

Selected Notices: 02-76, 03-36, 04-39, 04-51, 07-18, 07-61, 08-57, 09-57, 10-23, 10-55, 11-20, 11-53, 12-26, 12-48, 12-56, 13-15, 14-34, 15-14, 15-41, 15-47, 16-15, 16-38, 16-39, 18-34.

VERSIONS

Apr 01, 2019 - Aug 02, 2020

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6731. 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 Rule 6730, 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 TRACE-Eligible Securities 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 each member subscriber that satisfies the definition of "Party to a Transaction" under Rule 6710.

(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.

(b) Where FINRA has granted an exemption under this Rule, trades shall be reported to FINRA in accordance with Rule 6730 by each member subscriber that satisfies the definition of "Party to a Transaction" under Rule 6710(e).

Adopted by SR-FINRA-2012-016 eff. Feb. 28, 2012.



6732. Exemption from Trade Reporting Obligation for Certain Transactions on an Alternative Trading System

The Rule

Notices

(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 Rule 6730, if such exemption is consistent with the protection of investors and the public interest. The staff will grant an exemption to permit an ATS and members engaging in trades on such ATS to report trades as described below, where all of the following criteria are satisfied:

(1) The trade is between FINRA members;

(2) The trade does not pass through any ATS account, and the ATS does not exchange TRACE-Eligible Securities or funds on behalf of the 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 agrees to provide to FINRA on a monthly basis, or such other basis as prescribed by FINRA, data relating to each exempted trade occurring on the ATS's system pursuant to this Rule 6732, 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;

(4) The ATS remits to FINRA a transaction reporting fee based on the fee schedule set forth in Rule 7730(b)(1) for each exempted sell transaction occurring on the ATS; and

(5) The ATS has entered into a written agreement with each member that is a "Party to a Transaction" with respect to any trade for which the ATS is exempted under this Rule specifying that such trade must be reported by such party pursuant to Rule 6730(c)(13), identifying the trade as having occurred on the ATS using the ATS's separate MPID obtained in compliance with Rule 6720(c).

(b) Where the above criteria are satisfied, an exempted trade occurring on the ATS must be reported by a member (other than the ATS) that meets the definition of "Party to a Transaction" identifying a contra-party other than the ATS with respect to each side of the trade.

Adopted by SR-FINRA-2015-055 eff. July 18, 2016.

Selected Notice: 16-15