



Accessed from <http://www.finra.org>. ©2023 FINRA. All rights reserved.  
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.  
Reprinted with permission from FINRA. Version date July 5, 2023.

> 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](#)

©2023 FINRA. All Rights Reserved.

FINRA IS A REGISTERED TRADEMARK OF THE FINANCIAL INDUSTRY REGULATORY AUTHORITY, INC.



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

## 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

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](#)

[UP](#)

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

#### VERSIONS

Feb 09, 2016 onwards

©2023 FINRA. All Rights Reserved.

FINRA IS A REGISTERED TRADEMARK OF THE FINANCIAL INDUSTRY REGULATORY AUTHORITY, INC.



> [FINRA RULES](#) > [6000. QUOTATION, ORDER, AND TRANSACTION REPORTING FACILITIES](#) > [6600. OTC REPORTING FACILITY](#)

## 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.

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

UP

6700. TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) ▶

## VERSIONS

May 08, 2019 onwards

©2023 FINRA. All Rights Reserved.

FINRA IS A REGISTERED TRADEMARK OF THE FINANCIAL INDUSTRY REGULATORY AUTHORITY, INC.

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

## 6710. Definitions

**This version is valid from Nov 19, 2018 through Nov 05, 2023.**

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

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 6700 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.

◀ 6700. TRADE REPORTING AND COMPLIANCE ENGINE (TRACE)

UP

6720. PARTICIPATION IN TRACE ▶

## VERSIONS

Nov 19, 2018 - Nov 05, 2023

©2023 FINRA. All Rights Reserved.

FINRA IS A REGISTERED TRADEMARK OF THE FINANCIAL INDUSTRY REGULATORY AUTHORITY, INC.



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

## 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.

< [6710. DEFINITIONS](#)

[UP](#)

[6730. TRANSACTION REPORTING](#) >

### VERSIONS

Aug 24, 2015 onwards

©2023 FINRA. All Rights Reserved.

FINRA IS A REGISTERED TRADEMARK OF THE FINANCIAL INDUSTRY REGULATORY AUTHORITY, INC.

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

## 6730. Transaction Reporting

**This version is valid from May 15, 2023 through Nov 05, 2023.**

**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 soon as practicable, but no later than the time period specified 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 7:59:59 a.m. Eastern Time must be reported the same day no later than 60 minutes after the TRACE system opens;

(ii) 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)(4)(A)(iii) of this Rule;

(iii) 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; or

(iv) 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) no later than 60 minutes after the TRACE system opens, designated "as/of" and include the date of execution.

##### **(B) Transactions in U.S. Treasury Securities Executed to Hedge List or Fixed Offering Price or Takedown Transactions**

Transactions in U.S. Treasury Securities executed to hedge a List or Fixed Offering Price Transaction or a Takedown Transaction 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.

**(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.