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## 6000. QUOTATION, ORDER, AND TRANSACTION REPORTING FACILITIES

### 6100. QUOTING AND TRADING IN NMS STOCKS

#### 6110. Trading Otherwise than on an Exchange

(a) Members are required to report transactions in NMS stocks, as defined in Rule 600(b)(47) of SEC Regulation NMS, effected otherwise than on or through a national securities exchange to FINRA. For purposes of the [Rule 6100](#) Series, "otherwise than on an exchange" means a trade effected by a FINRA member otherwise than on or through a national securities exchange. The determination of what constitutes a trade "on or through" a particular national securities exchange shall be determined by that exchange in accordance with all applicable statutes, rules and regulations, and with any necessary SEC approval.

##### (b) Trading Information for OTC Transactions in NMS Stocks Executed Outside of Alternative Trading Systems

(1) FINRA will publish on its public web site the Trading Information for each member with the trade reporting obligation under Rules [6282\(b\)](#), [6380A\(b\)](#) and [6380B\(b\)](#) on the following timeframes:

(A) no earlier than two weeks following the end of the Trading Information week, Trading Information regarding NMS stocks in Tier 1 of the NMS Plan to Address Extraordinary Market Volatility;

(B) no earlier than four weeks following the end of the Trading Information week, Trading Information regarding NMS stocks that are subject to FINRA trade reporting requirements and are not in Tier 1 of the NMS Plan to Address Extraordinary Market Volatility; and

(C) no earlier than one month following the end of the Trading Information month, aggregate volume totals across all NMS stocks.

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

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

(B) Trading Information will be aggregated for members that have executed on average fewer than 200 transactions per day across all NMS stocks during the applicable Trading Information period.

(C) Trading Information will be aggregated for members that have executed on average fewer than 200 transactions per day in an NMS stock during the applicable Trading Information period.

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

(A) the number of shares of an NMS stock executed by the member with the trade reporting obligation under Rules [6282\(b\)](#), [6380A\(b\)](#) and [6380B\(b\)](#) and reported to FINRA; and

(B) the number of trades in an NMS stock executed by the member with the trade reporting obligation under Rules [6282\(b\)](#), [6380A\(b\)](#) and [6380B\(b\)](#) and reported to FINRA.

"Trading Information" for purposes of this paragraph (b) shall not include any ATS Trading Information, as that term is defined in paragraph (c)(3).

##### (c) Trading Information for OTC Transactions in NMS Stocks Executed on Alternative Trading Systems

(1) FINRA will publish on its public web site the aggregate weekly ATS Trading Information for each ATS with the trade reporting obligation under Rules [6282\(b\)](#), [6380A\(b\)](#) and [6380B\(b\)](#) on the following timeframes:

(A) no earlier than two weeks following the end of the ATS Trading Information week, aggregate weekly ATS Trading Information regarding NMS stocks in Tier 1 of the NMS Plan to Address Extraordinary Market Volatility; and

(B) no earlier than four weeks following the end of the ATS Trading Information week, aggregate weekly ATS Trading Information regarding NMS stocks that are subject to FINRA trade reporting requirements and are not in Tier 1 of the NMS Plan to Address Extraordinary Market Volatility.

(2) FINRA will publish on its public web site monthly aggregate ATS block trading statistics, with elements to be determined from time to time by FINRA in its discretion as stated in a Regulatory Notice or other equivalent publication, for each ATS with the

trade reporting obligation under Rules [6282\(b\)](#), [6380A\(b\)](#) and [6380B\(b\)](#). For each ATS, such block trading statistics shall be aggregated across all NMS stocks, be for a minimum time period of one month of trading, and be published no earlier than one month following the end of the month for which trading was aggregated.

(3) For purposes of this paragraph (c):

(A) "ATS" has the same meaning as the term "alternative trading system" as that term is defined in Rule 300 of SEC Regulation ATS; and

(B) "ATS Trading Information" includes:

(i) the number of shares of an NMS stock executed on an ATS with the trade reporting obligation under Rules [6282\(b\)](#), [6380A\(b\)](#) and [6380B\(b\)](#) and reported to FINRA; and

(ii) the number of trades in an NMS stock executed on an ATS with the trade reporting obligation under Rules [6282\(b\)](#), [6380A\(b\)](#) and [6380B\(b\)](#) and reported to FINRA.

Amended by SR-FINRA-2016-002 eff. Oct. 3, 2016.  
 Amended by SR-FINRA-2015-020 and SR-FINRA-2016-002 eff. Apr. 2, 2016.  
 Amended by SR-FINRA-2016-002 eff. Feb. 9, 2016.  
 Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
 Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.

**Selected Notices:** [08-57](#), [15-48](#), [16-14](#).

## 6120. Trading Halts

### (a) Authority to Initiate Halts In Trading Otherwise Than on an Exchange in NMS Stocks

FINRA, pursuant to the procedures set forth in paragraph (b):

(1) shall halt trading otherwise than on an exchange in any NMS stock, as defined in Rule 600(b)(47) of SEC Regulation NMS, whenever any market that has the authority to call a regulatory halt in the security imposes a trading halt, or suspends the listing, to:

- (A) permit dissemination of material news;
- (B) obtain information from the issuer relating to material news;
- (C) obtain information relating to the issuer's ability to meet listing qualification requirements; or
- (D) obtain any other information that is necessary to protect investors and the public interest.

(2) shall halt trading otherwise than on an exchange in any NMS stock when:

(A) extraordinary market activity in the security is occurring, such as the execution of a series of transactions for a significant dollar value at prices substantially unrelated to the current market for the security, as measured by the national best bid and offer, and

(B) FINRA determines that such extraordinary market activity is likely to have a material effect on the market for the security; and

(C)(i) FINRA determines that such extraordinary market activity is caused by the misuse or malfunction of an electronic quotation, communication, reporting, or execution system operated by, or linked to, FINRA; or

(ii) After consultation with a national securities exchange trading the security, FINRA determines that such extraordinary market activity is caused by the misuse or malfunction of an electronic quotation, communication, reporting, or execution system operated by, or linked to, such other national securities exchange.

(3) shall close the Alternative Display Facility (ADF) or any Trade Reporting Facility (TRF) to quotation and/or trade reporting activity, as applicable, whenever the ADF or such TRF is unable to transmit real-time trade reporting information to the applicable Securities Information Processor. If the ADF or any TRF closes trading pursuant to this subparagraph (3), members would not be prohibited from trading through other markets for which trading is not halted.

Members shall promptly notify FINRA whenever they have knowledge of any matter related to an NMS stock or the issuer thereof that has not been adequately disclosed to the public or where they have knowledge of a regulatory problem relating to such security.

### (b) Commencement and Termination of a Trading Halt

(1) In the event FINRA determines that a basis exists under this Rule 6120 to initiate a trading halt or close the ADF or any TRF, the commencement of the trading halt or closure will be effective simultaneously with appropriate notice.

(2) Trading shall resume upon appropriate notice that a trading halt or closure is no longer in effect.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
 Amended by SR-NASD-2006-104 eff. March 5, 2007.  
 Amended by SR-NASD-2006-087 eff. Aug. 1, 2006.  
 Adopted by SR-NASD-2005-087 eff. Aug. 1, 2006.

**Selected Notice:** [08-57](#).

## 6121. Trading Halts Due to Extraordinary Market Volatility

Pursuant to the procedures set forth in [Rule 6120\(b\)](#), FINRA shall halt all trading otherwise than on an exchange in any NMS stock, as defined in Rule 600(b)(47) of SEC Regulation NMS, if other major securities markets initiate market-wide trading halts in response to their rules or extraordinary market conditions or if otherwise directed by the Securities and Exchange Commission. Members must halt quoting and trading otherwise than on an exchange in any NMS stock as of the time the market-wide trading halt is publicly disseminated.

### ••• Supplementary Material: -----

#### .01 Resumption of Trading in Securities Subject to the Regulation NMS Plan to Address Extraordinary Market Volatility

The Regulation NMS Plan to Address Extraordinary Market Volatility (Plan) sets forth the circumstances under which the Primary Listing Exchange shall declare a Trading Pause for an NMS Stock. The Plan expressly provides that no trades in an NMS Stock shall occur during a Trading Pause. The Plan also sets forth the circumstances under which trading in an NMS Stock can resume after a Trading Pause.

(a) A member may not resume trading otherwise than on an exchange following a Trading Pause or Regulatory Halt in an NMS Stock that is subject to the Plan unless trading has commenced on the Primary Listing Exchange and either:

(1) the member has received the Price Bands from the Processor; or

(2) if the Processor has not yet disseminated Price Bands, but a Reference Price is available, the member calculates and applies Price Bands based on the same Reference Price that the Processor would use for calculating such Price Bands until such member receives Price Bands from the Processor, consistent with Section V(A)(1) of the Plan.

(b) Notwithstanding paragraph (a) above, a member may resume trading otherwise than on an exchange in such NMS Stock if the Primary Listing Exchange notifies the Processor that it is unable to reopen an NMS Stock due to a systems or technology issue, or if the Primary Listing Exchange reopens trading with a quotation that has a zero bid or zero offer, or both, and:

(1) the member has received the Price Bands from the Processor; and

(2) trading has commenced on at least one other national securities exchange.

(c) For purposes of this Supplementary Material .01, the following terms shall have the meanings as set forth in the Regulation NMS Plan to Address Extraordinary Market Volatility: "NMS Stock," "Price Bands," "Primary Listing Exchange," "Processor," "Regulatory Halt," "Reference Price" and "Trading Pause."

(d) The provisions of this Supplementary Material .01 shall be in effect during a pilot period to coincide with the pilot period for the Plan (including any extensions to the pilot period for the Plan).

#### .02 Market-wide Circuit Breakers in NMS Stocks

(a) In the event of a Level 1, Level 2 or Level 3 Market Decline, as determined by a primary listing market and publicly disseminated, FINRA shall halt trading otherwise than on an exchange in all NMS stocks and shall not permit the resumption of trading for the time periods specified by the primary listing market, except as otherwise provided below.

(b) For purposes of this Rule, a Market Decline means a decline in the value of the S&P 500® Index between 9:30 a.m. and 4:00 p.m. on a trading day as compared to the closing value of the S&P 500® Index for the immediately preceding trading day.

(c) (1) If trading is halted in all NMS stocks for a Level 1 or a Level 2 Market Decline, FINRA will halt trading otherwise than on an exchange in all NMS stocks until trading has resumed on the primary listing market. If, however, the primary listing market does not reopen a security within 15 minutes following the end of the 15-minute halt period, FINRA may permit the resumption of trading otherwise than on an exchange in that security if trading in the security has commenced on at least one other national securities exchange.

(2) If a Level 3 Market Decline occurs at any time during the trading day, FINRA shall halt trading otherwise than on an exchange in all NMS stocks until the primary listing market opens the next trading day.

(d) The provisions of Supplementary Material .02 of this Rule shall be in effect during a pilot period to coincide with the pilot period for the Regulation NMS Plan to Address Extraordinary Market Volatility unless the pilot is either extended or approved permanently.

Amended by SR-FINRA-2017-031 eff. Nov. 20, 2017.  
Amended by SR-FINRA-2016-028 and SR-FINRA-2016-034 eff. Oct. 24, 2016.  
Amended by SR-FINRA-2013-016 eff. April 8, 2013.  
Amended by SR-FINRA-2011-054 and SR-FINRA-2013-011 eff. April 8, 2013.  
Amended by SR-FINRA-2013-010 eff. Feb. 1, 2013.  
Amended by SR-FINRA-2012-037 eff. July 23, 2012.  
Amended by SR-FINRA-2012-006 eff. Jan. 24, 2012.  
Amended by SR-FINRA-2011-068 eff. Nov. 21, 2011.  
Amended by SR-FINRA-2011-023 eff. Aug. 8, 2011.  
Amended by SR-FINRA-2011-038 eff. Aug. 5, 2011.  
Amended by SR-FINRA-2011-015 eff. Mar. 30, 2011.  
Amended by SR-FINRA-2010-064 eff. Dec. 7, 2010.  
Amended by SR-FINRA-2010-033 eff. Sept. 14, 2010.  
Amended by SR-FINRA-2010-025 eff. June 10, 2010.  
Adopted by SR-FINRA-2008-048 eff. Oct. 7, 2008.

**Selected Notices:** [10-30](#), [10-43](#), [13-12](#), [16-26](#).

## 6130. Transactions Related to Initial Public Offerings

(a) No member or person associated with a member shall execute or cause to be executed, directly or indirectly, a transaction otherwise than on an exchange in a security subject to an initial public offering until such security has first opened for trading on the national securities exchange listing the security, as indicated by the dissemination of an opening transaction in the security by the listing exchange.

(b) A security is subject to an "initial public offering" for purposes of paragraph (a) of this Rule if:

(1) the offering of the security is registered under the Securities Act; and

(2) the issuer of the security, immediately prior to filing the registration statement with respect to such offering, was not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act.

Amended by SR-FINRA-2011-024 eff. June 17, 2011.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2006-087 eff. Aug. 1, 2006  
Adopted by SR-NASD-2005-087 eff. Aug. 1, 2006.

**Selected Notice:** [08-57](#).

## 6140. Other Trading Practices

(a) No member shall execute or cause to be executed or participate in an account for which there are executed purchases of any NMS stock as defined in Rule 600(b)(47) of SEC Regulation NMS ("designated security") at successively higher prices, or sales of any such security at successively lower prices, for the purpose of creating or inducing a false, misleading or artificial appearance of activity in such security or for the purpose of unduly or improperly influencing the market price for such security or for the purpose of establishing a price which does not reflect the true state of the market in such security.

(b) No member shall, for the purpose of creating or inducing a false or misleading appearance of activity in a designated security or creating or inducing a false or misleading appearance with respect to the market in such security:

(1) execute any transaction in such security which involves no change in the beneficial ownership thereof; or

(2) enter any order or orders for the purchase of such security with the knowledge that an order or orders of substantially the same size, and at substantially the same price, for the sale of any such security, has been or will be entered by or for the same or different parties; or

(3) enter any order or orders for the sale of any such security with the knowledge that an order or orders of substantially the same size, and at substantially the same price, for the purchase of such security, has been or will be entered by or for the same or different parties.

(c) No member shall execute purchases or sales of any designated security for any account in which such member is directly or indirectly interested, which purchases or sales are excessive in view of the member's financial resources or in view of the market for such security.

(d) No member shall participate or have any interest, directly or indirectly, in the profits of a manipulative operation or knowingly manage or finance a manipulative operation.

(1) Any pool, syndicate or joint account organized or used intentionally for the purpose of unfairly influencing the market price of a designated security shall be deemed to be a manipulative operation.

(2) The solicitation of subscriptions to or the acceptance of discretionary orders from any such pool, syndicate or joint account shall be deemed to be managing a manipulative operation.

(3) The carrying on margin of a position in such securities or the advancing of credit through loans to any such pool, syndicate or joint account shall be deemed to be financing a manipulative operation.

(e) No member shall make any statement or circulate and disseminate any information concerning any designated security which such member knows or has reasonable grounds for believing is false or misleading or would improperly influence the market price of such security.

(f) No member or person associated with a member shall, directly or indirectly, hold any interest or participation in any joint account for buying or selling a designated security, unless such joint account is promptly reported to FINRA. The report should contain the following information for each account:

(1) Name of the account, with names of all participants and their respective interests in profits and losses;

(2) a statement regarding the purpose of the account;

(3) name of the member carrying and clearing the account; and

(4) a copy of any written agreement or instrument relating to the account.

(g) No member shall offer that a transaction or transactions to buy or sell a designated security will influence the closing transaction in that security.

Amended by SR-FINRA-2012-026 and SR-FINRA-2013-004 eff. March 4, 2013.

Amended by SR-FINRA-2012-027 eff. July 9, 2012.

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

Adopted by SR-NASD-2006-104 eff. Feb. 12, 2007.

**Selected Notice:** [08-57](#), [12-50](#).

## 6150. Obligation to Provide Information

(a) A FINRA member operating in or participating in any FINRA system or facility shall provide information orally, in writing, or electronically (if such information is, or is required to be, maintained in electronic form) to the staff of FINRA when FINRA staff makes an oral, written or electronically communicated request for information relating to a specific FINRA rule, SEC rule, or provision of a joint industry plan (e.g., UTP, CTA and CQA) (as promulgated and amended from time to time).

(b) A failure to comply in a timely, truthful and/or complete manner with a request for information made pursuant to this Rule may be deemed conduct inconsistent with just and equitable principles of trade.

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

Adopted by SR-NASD-2006-104 eff. Feb. 12, 2007.

**Selected Notice:** [08-57](#).

## 6160. Multiple MPIDs for Trade Reporting Facility Participants

(a) Any Trade Reporting Facility Participant that is required to obtain, or otherwise wishes to use, more than one Market Participant Symbol ("MPID") for purposes of reporting trades to a Trade Reporting Facility must submit a written request, in the form required by FINRA, to, and obtain approval from, FINRA Market Operations for such additional MPID(s).

(b) A Trade Reporting Facility Participant that posts a quotation on a FINRA system and reports to that FINRA system or another FINRA system a trade resulting from such posted quotation must utilize the same MPID for reporting purposes (e.g., a member that is both a Trade Reporting Facility Participant and a Registered Reporting ADF ECN must use the same MPID when reporting a trade that resulted from its posted quotation on ADF).

(c) Except as set forth in paragraph (d), a Trade Reporting Facility 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 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 a Trade Reporting Facility (or Facilities), except if the member is submitting a clearing-only, non-regulatory report pursuant to [Rule 7230A\(i\)\(4\)](#) or [7230B\(h\)\(4\)](#). 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.

(d) 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).

••• **Supplementary Material:** -----

**.01** FINRA considers the issuance of, and trade reporting with, multiple MPIDs to be a privilege and not a right. A Trade Reporting Facility Participant must identify the purpose(s) and system(s) for which the multiple MPIDs will be used. If FINRA determines that the use of multiple MPIDs is detrimental to the marketplace, or that a Trade Reporting Facility Participant is using one or more additional MPIDs improperly or for other than the purpose(s) identified by the Participant, FINRA staff retains full discretion to limit or withdraw its grant of the additional MPID(s) to such Trade Reporting Facility Participant for purposes of reporting trades to a Trade Reporting Facility.

**.02** Any FINRA Trade Reporting Facility Business Member that chooses to publish aggregate daily trading volume for transactions executed within an ATS "dark pool" (defined for purposes of this Rule as an ATS that does not display quotations or subscribers' orders to any person or entity either internally within the ATS dark pool or externally beyond the ATS dark pool (other than employees of the ATS)) and reported to the Trade Reporting Facility will base such volume solely on transactions reported by the ATS dark pool for purposes of publication. The Business Member will prominently disclose that its web site may not reflect 100% of the volume for any given ATS dark pool and interested parties must consult all Business Members' web sites for purposes of obtaining an ATS dark pool's total volume.

A member's dark pool transaction data will not be included in the published volume unless the member affirmatively opts in to have its data included. A member operating an ATS dark pool must certify in writing to FINRA that (1) the member is affirmatively opting in for purposes of having its dark pool transaction data included in the published data and acknowledges that its data may be presented as an overall percentage volume only or may be broken down by security; (2) the member meets the definition of ATS dark pool above; and (3) the member has obtained a separate MPID that will be used exclusively for reporting all transactions executed within the ATS dark pool as required by paragraph (c) of this Rule.

Amended by SR-FINRA-2015-035 eff. Feb. 1, 2016.  
 Amended by SR-FINRA-2014-042 eff. Feb. 2, 2015.  
 Amended by SR-FINRA-2014-017 eff. Feb. 2, 2015.  
 Amended by SR-FINRA-2013-042 eff. Jan 17, 2014 and Feb. 2, 2015.  
 Amended by SR-FINRA-2013-008 eff. Jan. 25, 2013.  
 Amended by SR-FINRA-2011-074 eff. Jan. 27, 2012.  
 Amended by SR-FINRA-2011-003 eff. Jan. 28, 2011.  
 Amended by SR-FINRA-2010-001 eff. March 5, 2010.  
 Amended by SR-FINRA-2009-094 eff. Jan. 29, 2010.  
 Amended by SR-FINRA-2008-068 eff. Jan. 30, 2009.  
 Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
 Amended by SR-NASD-2008-003 eff. Jan. 25, 2008.  
 Amended by SR-NASD-2007-008 eff. Jan. 26, 2007.  
 Adopted by SR-NASD-2006-108 eff. Nov. 27, 2006.

**Selected Notice:** [08-57](#), [14-07](#), [15-51](#).

## 6170. Multiple MPIDs for Alternative Display Facility Participants

(a) Terms used in this Rule 6170 shall have the same meaning as defined in [Rule 6220](#).

(b) Any ADF participant that is required to obtain, or otherwise wishes to use, more than one Market Participant Identifier ("MPID") for purposes of displaying quotes/orders or reporting trades through the ADF must submit a written request, in the form required by FINRA, to, and obtain approval from, FINRA Market Operations for such additional MPID(s).

(c) An ADF Market Participant that posts a quotation on the ADF and reports a trade to the ADF or a Trade Reporting Facility resulting from such a posted quotation must utilize the same MPID for reporting purposes (e.g., Registered Reporting ADF ECNs must use the same MPID for ADF trade reporting as was used for ADF quotation posting).

(d) Except as set forth in paragraph (e), a member reporting trades to the ADF that operates an alternative trading system ("ATS"), as that term is defined in Rule 300 of SEC Regulation ATS, must obtain a single, separate 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 the ADF, except if the member is submitting a clearing-only, non-regulatory report pursuant to [Rule 7130\(g\)\(4\)](#). 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.

(e) 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).

••• **Supplementary Material:** -----

**.01** FINRA considers the issuance of, the display of, and the trade reporting with multiple MPIDs to be a privilege and not a right. An ADF participant must identify the purpose(s) and system(s) for which the multiple MPIDs will be used. If FINRA determines that the use

of multiple MPIDs is detrimental to the marketplace, or that an ADF participant is using one or more additional MPIDs improperly or for other than the purpose(s) identified by the participant, FINRA staff retains full discretion to limit or withdraw its grant of the additional MPID(s) to such ADF participant for purposes of displaying quotes/orders or reporting trades through the ADF.

**.02** Each of a Registered Reporting ADF ECN's MPIDs will be subject to the requirements of [Rule 6279](#).

**.03** If an ADF Market Participant no longer fulfills the conditions appurtenant to one of its MPIDs (e.g., by being placed into an unexcused withdrawal), it may not use another MPID for any purpose in that security.

Amended by SR-FINRA-2016-031 eff. Sep. 12, 2016.  
 Amended by SR-FINRA-2015-035 eff. Feb. 1, 2016.  
 Amended by SR-FINRA-2014-042 eff. Feb. 2, 2015.  
 Amended by SR-FINRA-2014-017 eff. Feb. 2, 2015.  
 Amended by SR-FINRA-2014-045 eff. Dec. 1, 2014.  
 Amended by SR-FINRA-2013-042 eff. Jan. 17, 2014 and Feb. 2, 2015.  
 Amended by SR-FINRA-2013-008 eff. Jan. 25, 2013.  
 Amended by SR-FINRA-2011-074 eff. Jan. 27, 2012.  
 Amended by SR-FINRA-2011-003 eff. Jan. 28, 2011.  
 Amended by SR-FINRA-2009-094 eff. Jan. 29, 2010.  
 Amended by SR-FINRA-2008-068 eff. Jan. 30, 2009.  
 Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
 Adopted by SR-NASD-2006-096 eff. Aug. 8, 2006.

**Selected Notice:** [08-57](#), [14-07](#), [15-51](#), [16-33](#).

## 6180. Transaction Reporting

### 6181. Timely Transaction Reporting

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

Amended by SR-FINRA-2009-061 eff. Nov. 1, 2010.  
 Amended by SR-FINRA-2009-005 eff. Feb. 17, 2009.  
 Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
 Adopted by SR-NASD-2005-087 eff. Aug. 1, 2006.

**Selected Notice:** [08-57](#), [10-24](#).

### 6182. Trade Reporting of Short Sales

Pursuant to applicable trade reporting rules, members must indicate on trade reports submitted to FINRA whether a transaction is a short sale or a short sale exempt transaction ("short sale reporting requirements"). The short sale reporting requirements apply to transactions in all NMS stocks, as defined in Rule 600(b)(47) of SEC Regulation NMS. Thus, all short sale transactions in these securities reported to FINRA must carry a "short sale" indicator (or a "short sale exempt" indicator if it is a short sale transaction in a "covered security" that may be marked "short exempt" pursuant to SEC Regulation SHO).

Amended by SR-FINRA-2010-058 eff. Feb. 28, 2011.  
 Amended by SR-FINRA-2010-043 eff. Feb. 28, 2011.  
 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](#), [10-48](#).

### 6183. 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 Rules [6282](#), [6380A](#) and [6380B](#), 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 NMS stocks on the following timeframes:
    - (A) no later than two weeks following the end of the ATS Trading Information week, ATS Trading Information regarding NMS stocks in Tier 1 of the NMS Plan to Address Extraordinary Market Volatility; and
    - (B) no later than four weeks following the end of the ATS Trading Information week, ATS Trading Information regarding NMS stocks that are subject to FINRA trade reporting requirements and are not in Tier 1 of the NMS Plan to Address Extraordinary Market Volatility.
- (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 [6282](#), [6380A](#) or [6380B](#).

(c) Definitions

For purposes of this Rule, the term:

- (1) "NMS stock" has the same meaning as that term is defined in Rule 600(b)(47) of SEC Regulation NMS; and
- (2) "ATS Trading Information" means:
  - (A) the number of shares of each NMS stock executed within the ATS or executed by the ATS's member subscribers using the ATS's system; and
  - (B) the number of trades in each NMS stock 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.

## 6184. Transactions in Exchange-Traded Managed Fund Shares ("NextShares")

(a) Members that effect secondary market transactions otherwise than on an exchange in exchange-traded managed fund shares or "NextShares," as defined under Nasdaq Rule 5745, must report such transactions to a FINRA/Nasdaq Trade Reporting Facility or the Alternative Display Facility in accordance with this Rule and the rules applicable to the trade reporting facility used by the reporting member. Such transactions cannot be reported to the FINRA/NYSE Trade Reporting Facility. As used in this Rule 6184, the term "FINRA/Nasdaq Trade Reporting Facility" means the FINRA/Nasdaq Trade Reporting Facility Carteret or the FINRA/Nasdaq Trade Reporting Facility Chicago, as applicable, depending on the facility to which the member elects to report.

(b) Reports of transactions in NextShares executed outside of Regular Market Session hours, in violation of Nasdaq Rule 5745, will be rejected by the FINRA trade reporting facility to which the trade report was submitted. "Regular Market Session" for purposes of this Rule shall have the meaning set forth under Nasdaq Rule 4120(b)(4).

(c) Except as otherwise provided in paragraph (d) of this Rule, members must use the "proxy price" format established by Nasdaq, and not the final trade price, on all reports of transactions in NextShares submitted to FINRA, including all tape and non-tape reports, intraday clearing reports, as/of reports and reports of reversals.

### (d) Submission of Transactions in NextShares for Clearing

(1) Transactions in NextShares can only be designated for submission by FINRA to the National Securities Clearing Corporation ("NSCC") for clearance and settlement through the FINRA/Nasdaq Trade Reporting Facility. The Alternative Display Facility does not accept such transactions for clearing purposes. Members that do not clear through the FINRA/Nasdaq Trade Reporting Facility must have an alternative means of clearing (e.g., via direct Qualified Special Representative ("QSR") submission to NSCC) such transactions.

(2) Where a member submits a transaction in NextShares for submission by the FINRA/Nasdaq Trade Reporting Facility to NSCC, the following requirements apply:

(A) For each transaction, members must submit two clearing reports to the FINRA/Nasdaq Trade Reporting Facility. First, the member must submit a clearing report intraday in the proxy price format in accordance with paragraph (c) of this Rule. Second, following publication of the NextShares Fund's net asset value per share ("NAV"), the member must submit a separate "Clearing Copy" report in accordance with paragraph (d)(2)(B) to reflect the final NAV-based trade price.

### (B) Reporting the Final NAV-Based Trade Price

(i) Members must submit a separate clearing-only report for the transaction (a "Clearing Copy" report) with the final NAV-based trade price before the close of the FINRA/Nasdaq Trade Reporting Facility on the same day as submission of the transaction in the proxy price format.

(ii) Clearing Copy reports should only be submitted to the FINRA/Nasdaq Trade Reporting Facility if the transaction was originally reported in the proxy price format to the FINRA/Nasdaq Trade Reporting Facility.

(iii) Multiple transactions reported in the proxy price format cannot be aggregated and submitted in a single Clearing Copy report.

(iv) Clearing Copy reports must contain (1) the unique indicator specified by FINRA to denote a Clearing Copy report; and (2) the control number of the original transaction report assigned by the FINRA/Nasdaq Trade Reporting Facility.

(v) Following submission of the Clearing Copy report, the member is not required to cancel the initial clearing submission for the transaction in the proxy price format.

(C) Clearing reports for the purpose of transferring a position related to a previously executed trade, such as step-outs, must reflect the final NAV-based trade price, if submitted after publication of the NAV. Such reports shall not be "Clearing Copy" reports, as described in paragraph (d)(2)(B).

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

### .01 Proxy Price Format

As provided under Nasdaq Rule 5745, NextShares will trade at market-based premiums or discounts to the fund's next-determined NAV. Because the NAV is not determined until after the market closes, the final NAV-based trade price will not be known at the time of trade execution. Accordingly, pursuant to paragraph (c) of this Rule, when reporting transactions in NextShares to FINRA, members are required to use the "proxy price" format established by Nasdaq to reflect the trade price. In proxy price format, a NextShares Fund's

next-determined NAV is represented as 100.00 and a premium or discount of a stated amount to the next-determined NAV is represented by the same increment or decrement from 100.00. For example, NAV-\$0.01 will be reported as 99.99 and NAV+\$0.01 will be reported as 100.01. The securities information processor will publicly disseminate trades in the proxy price format. Thus, all transactions reported to FINRA for publication purposes must reflect the trade price in the proxy price format, in accordance with paragraph (c) of this Rule, even if the final NAV-based trade price is known at the time of submission (e.g., trades reported on an as/of basis).

Transactions that are designated for submission by the FINRA/Nasdaq Trade Reporting Facility to NSCC must be reported for clearing purposes both intraday in the proxy price format (even if the final NAV-based trade price is known at the time of submission, e.g., trades reported on an as/of basis) and at the final NAV-based trade price. However, transactions will not be submitted by the FINRA/Nasdaq Trade Reporting Facility to NSCC in the proxy price format. Rather, the FINRA/Nasdaq Trade Reporting Facility will calculate the contract price of the trade based on the fund's last published Intraday Indicative Value ("IIV"), as defined under Nasdaq Rule 5745, and submit the transaction in real-time to NSCC for purposes of intraday risk management. Transactions will not clear and settle at the price reported in the proxy price format or the IIV-based price, but instead at the final NAV-based trade price submitted by the reporting member in accordance with paragraph (d)(2)(B) of this Rule.

## **.02 End of Day Processing**

Members that clear transactions in NextShares directly at NSCC, e.g., via direct QSR submission, must ensure that they submit to NSCC all pricing information, including the IIV-based price on intraday submissions and the final NAV-based trade price after market close, in accordance with NSCC requirements; such information will not be provided to NSCC by FINRA.

Following publication of the NAV, the FINRA/Nasdaq Trade Reporting Facility will make available to market participants a daily file with the final NAV-based trade price for each transaction in NextShares reported during the trading day to the FINRA/Nasdaq Trade Reporting Facility for public dissemination purposes.

Amended by SR-FINRA-2018-013 eff. Sept. 10, 2018.  
Amended by SR-FINRA-2016-012 eff. April 4, 2016.  
Adopted by SR-FINRA-2015-043, eff. Feb. 26, 2016.

## **6190. Compliance with Regulation NMS Plan to Address Extraordinary Market Volatility**

(a) A member that is a trading center in an NMS Stock shall establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the requirements of the Regulation NMS Plan to Address Extraordinary Market Volatility (Plan) and specifically to prevent:

- (1) the execution of trades at prices that are below the Lower Price Band or above the Upper Price Band for an NMS Stock, except as permitted under the Plan;
- (2) the display of offers below the Lower Price Band and bids above the Upper Price Band for an NMS Stock; and
- (3) the execution of trades in an NMS Stock during a Trading Pause; however, bids and offers may be displayed during a Trading Pause, as permitted under the Plan.

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

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

**.01** For purposes of this Rule, the following terms shall have the meanings as set forth in the Regulation NMS Plan to Address Extraordinary Market Volatility: "Lower Price Band," "NMS Stock," "trading center," "Trading Pause" and "Upper Price Band."

Adopted by SR-FINRA-2013-016 eff. April 8, 2013.

**Selected Notice:** [13-12](#).

## **6191. Compliance with Regulation NMS Plan to Implement a Tick Size Pilot Program**

### **(a) Compliance with Quoting and Trading Restrictions**

#### **(1) Member Compliance**

Members shall establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the applicable quoting and trading requirements of the Plan.

#### **(2) FINRA Compliance**

FINRA systems will not display quotations in violation of the Plan and this Rule.

#### **(3) Pilot Securities That Drop Below \$1.00 during the Pilot Period**

If the price of a Pilot Security drops below \$1.00 during regular trading hours on any trading day, such Pilot Security will continue to be subject to the Plan and the requirements enumerated in subparagraphs (4) through (6) below and will continue to trade in accordance with such Rules. However, if the Closing Price of a Pilot Security on any given trading day is below \$1.00, such Pilot Security will be moved out of its Pilot Test Group into the Control Group, and may then be quoted and traded at any price increment that is currently permitted for the remainder of the Pilot Period. Notwithstanding anything contained herein to the contrary, at all times during the Pilot Period, Pilot Securities (whether in the Control Group or any Pilot Test Group) will continue to be subject to the requirements contained in Paragraph (b).

#### **(4) Pilot Securities in Test Group One**

No member may display, rank, or accept from any person any displayable or nondisplayable bids or offers, orders, or indications of interest in any Pilot Security in Test Group One in increments other than \$0.05. However, orders priced to execute at the midpoint of the national best bid and national best offer ("NBBO") or best protected bid and best protected offer ("PBBO") and orders entered in a Participant-operated retail liquidity program may be ranked and accepted in increments of less than \$0.05. Pilot Securities in Test Group One may continue to trade at any price increment that is currently permitted by applicable Participant, SEC and FINRA rules.

#### **(5) Pilot Securities in Test Group Two**

(A) No member may display, rank, or accept from any person any displayable or non-displayable bids or offers, orders, or indications of interest in any Pilot Security in Test Group Two in increments other than \$0.05. However, orders priced to execute at the midpoint of the NBBO or PBBO and orders entered in a Participant-operated retail liquidity program may be ranked and accepted in increments of less than \$0.05.

(B) Absent any of the exceptions listed in subparagraph (5)(C) below, no member may execute orders in any Pilot Security in Test Group Two in price increments other than \$0.05. The \$0.05 trading increment will apply to all trades, including Brokered Cross Trades.

(C) Pilot Securities in Test Group Two may trade in increments less than \$0.05 under the following circumstances:

- (i) Trading may occur at the midpoint between the NBBO or the PBBO;
- (ii) Retail Investor Orders may be provided with price improvement that is at least \$0.005 better than the PBBO;
- (iii) Negotiated Trades may trade in increments less than \$0.05; and
- (iv) Executions of a customer order to comply with FINRA [Rule 5320](#) following the execution of a proprietary trade by the member at an increment other than \$0.05, where such proprietary trade was permissible pursuant to an exception under the Plan.

#### **(6) Pilot Securities in Test Group Three**

(A) No member may display, rank, or accept from any person any displayable or non-displayable bids or offers, orders, or indications of interest in any Pilot Security in Test Group Three in increments other than \$0.05. However, orders priced to execute at the midpoint of the NBBO or PBBO and orders entered in a Participant-operated retail liquidity program may be ranked and accepted in increments of less than \$0.05.

(B) Absent any of the exceptions listed in subparagraph (6)(C) below, no member may execute orders in any Pilot Security in Test Group Three in price increments other than \$0.05. The \$0.05 trading increment will apply to all trades, including Brokered Cross Trades.

(C) Pilot Securities in Test Group Three may trade in increments less than \$0.05 under the following circumstances:

- (i) Trading may occur at the midpoint between the NBBO or PBBO;
- (ii) Retail Investor Orders may be provided with price improvement that is at least \$0.005 better than the PBBO;
- (iii) Negotiated Trades may trade in increments less than \$0.05; and
- (iv) Executions of a customer order to comply with FINRA [Rule 5320](#) following the execution of a proprietary trade by the member at an increment other than \$0.05, where such proprietary trade was permissible pursuant to an exception under the Plan.

(D) Pilot Securities in Test Group Three will be subject to the following Trade-at Prohibition:

- (i) Absent any of the exceptions listed in subparagraph (D)(ii) below, no member that operates a Trading Center may execute a sell order for a Pilot Security in Test Group Three at the price of a Protected Bid or execute a buy order for a Pilot Security in Test Group Three at the price of a Protected Offer during regular trading hours ("Trade-at Prohibition"). Under the Trade-at Prohibition, a member that operates a Trading Center that is displaying a quotation, via either a processor or an SRO quotation feed, that is at a price equal to the traded-at Protected Bid or Protected Offer is permitted to execute orders at that level, but only up to the amount of its displayed size. A member that operates a Trading Center that was not displaying a quotation at a price equal to the traded-at Protected Quotation, via

either a processor or an SRO quotation feed, is prohibited from price-matching protected quotations unless an exception applies;

(ii) A member that operates a Trading Center may execute a sell order for a Pilot Security in Test Group Three at the price of a Protected Bid or execute a buy order for a Pilot Security in Test Group Three at the price of a Protected Offer under the following circumstances:

- a. The order is executed within the same independent aggregation unit of the member that operates the Trading Center that displayed the quotation via either a processor or an SRO Quotation Feed, to the extent such member uses independent aggregation units, at a price equal to the traded-at Protected Quotation that was displayed before the order was received, but only up to the full displayed size of that independent aggregation unit's previously displayed quote. A Trading Center that is displaying a quotation as agent or riskless principal may only execute as agent or riskless principal and a Trading Center displaying a quotation as principal (excluding riskless principal) may execute as principal, agent or riskless principal. "Independent aggregation unit" has the same meaning as provided under Rule 200(f) of SEC Regulation SHO;
- b. The order is of Block Size at the time of origin and may not be:
  1. An aggregation of non-block orders; or
  2. Broken into orders smaller than Block Size prior to submitting the order to a Trading Center for execution.
- c. The order is a Retail Investor Order executed with at least \$0.005 price improvement;
- d. The order is executed when the Trading Center displaying the Protected Quotation that was traded at was experiencing a failure, material delay, or malfunction of its systems or equipment;
- e. The order is executed as part of a transaction that was not a "regular way" contract;
- f. The order is executed as part of a single-priced opening, reopening, or closing transaction by the Trading Center;
- g. The order is executed when a Protected Bid was priced higher than a Protected Offer in the Pilot Security;
- h. The order is identified as a Trade-at Intermarket Sweep Order;
- i. The order is executed by a Trading Center that simultaneously routed Trade-at Intermarket Sweep Orders or Intermarket Sweep Orders to execute against the full displayed size of a Protected Quotation that was traded at;
- j. The order is executed as part of a Negotiated Trade;
- k. The order is executed when the Trading Center displaying the Protected Quotation that was traded at had displayed, within one second prior to execution of the transaction that constituted the Trade-at, a Best Protected Bid or Best Protected Offer, as applicable, for the Pilot Security with a price that was inferior to the price of the Trade-at transaction;
- l. The order is executed by a Trading Center which, at the time of order receipt, the Trading Center had guaranteed an execution at no worse than a specified price (a "stopped order"), where:
  1. The stopped order was for the account of a customer;
  2. The customer agreed to the specified price on an order-by-order basis; and
  3. The price of the Trade-at transaction was, for a stopped buy order, equal to or less than the National Best Bid in the Pilot Security at the time of execution or, for a stopped sell order, equal to or greater than the National Best Offer in the Pilot Security at the time of execution, as long as such order is priced at an acceptable increment; or
- m. The order is for a fractional share of a Pilot Security, provided that such fractional share order was not the result of breaking an order for one or more whole shares of a Pilot Security into orders for fractional shares or was not otherwise effected to evade the requirements of the Trade-at Prohibition or any other provisions of the Plan; or
- n. The order is to correct a bona fide error, which is recorded by the Trading Center in its error account. A bona fide error is defined as:
  1. The inaccurate conveyance or execution of any term of an order including, but not limited to, price, number of shares or other unit of trading; identification of the security; identification of the account for which securities are purchased or sold; lost or otherwise misplaced order tickets; short sales that were instead sold long or vice versa; or the execution of an order on the wrong side of a market;

2. The unauthorized or unintended purchase, sale, or allocation of securities, or the failure to follow specific client instructions;
3. The incorrect entry of data into relevant systems, including reliance on incorrect cash positions, withdrawals, or securities positions reflected in an account; or
4. A delay, outage, or failure of a communication system used to transmit market data prices or to facilitate the delivery or execution of an order.

## **(7) Operation of Certain Exceptions to Tick Size Pilot Program**

### **(A) Retail Investor Order Exception.**

(i) "Retail Investor Order" means an order that originates from a natural person, provided that, prior to submission, no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. A Retail Investor Order may be an odd lot, round lot, or partial round lot.

(ii) Any member that operates a Trading Center may execute against a Retail Investor Order otherwise than on an exchange to satisfy the Retail Investor Order exceptions to the Tick Size Pilot Program.

(iii) Any member for which FINRA is the Designated Examining Authority ("DEA") that operates a Trading Center and executes Retail Investor Orders must submit a signed attestation to FINRA that substantially all orders to be executed as Retail Investor Orders will qualify as such under this Rule.

(B) A member relying on an exception to the Trade-At Prohibition for a transaction otherwise than on a national securities exchange must include all applicable modifiers in trade reports pursuant to Rules [6282](#), [6380A](#) and [6380B](#).

### **(C) Trade-at Requirement**

"Trade-at Intermarket Sweep Order" means a limit order for a Pilot Security that meets the following requirements:

- (i) When routed to a Trading Center, the limit order is identified as a Trade-at Intermarket Sweep Order; and
- (ii) Simultaneously with the routing of the limit order identified as a Trade-at Intermarket Sweep Order, one or more additional limit orders, as necessary, are routed to execute against the full displayed size of any protected bid, in the case of a limit order to sell, or the full displayed size of any protected offer, in the case of a limit order to buy, for the Pilot Security with a price that is better than or equal to the limit price of the limit order identified as a Trade-at Intermarket Sweep Order. These additional routed orders also must be marked as Trade-at Intermarket Sweep Orders or Intermarket Sweep Orders.

## **(b) Compliance with Data Collection Requirements**

### **(1) Policies and Procedures Requirement**

A member that operates a Trading Center shall establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the data collection and transmission requirements of Items I and II of Appendix B to the Plan, and a member that is a Market Maker shall establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the data collection and transmission requirements of Item IV of Appendix B to the Plan and Item I of Appendix C of the Plan.

### **(2) Trading Center Data Requirements**

#### **(A) Trading Center Data Collection and Submission Requirements**

(i) A member that operates a Trading Center subject to the Tick Size Pilot Program and for which FINRA is the Designated Examining Authority ("DEA") shall collect and transmit to FINRA the data described in Items I and II of Appendix B to the Plan with respect to:

- a. Each Pre-Pilot Data Collection Security for the period beginning six months prior to the Pilot Period through thirty-one days prior to the first day of the Pilot Period; and
- b. Each Pilot Security for the period beginning thirty days prior to the first day of the Pilot Period through six months after the end of the Pilot Period.

(ii) Each member subject to paragraph (b)(2)(A) above shall comply with their collection and transmission obligations under Items I and II of Appendix B to the Plan and this Rule through their submission of the following OATS information when an order in a Pilot Security or Pre-Pilot Data Collection Security is received or originated:

- a. Whether the member is a Trading Center in either the Pilot Security or the Pre-Pilot Data Collection Security;
- b. If the member is an ADF Market Participant under [Rule 6220](#), the display size of the order; and

c. Whether the order is routable.

(iii) When an order in a Pilot Security or Pre-Pilot Data Collection Security is executed, each member subject to paragraph (b)(2)(A) above shall comply with its collection and transmission obligations under Items I and II of Appendix B to the Plan and this Rule by identifying whether the member is relying upon the Retail Investor Order exception with respect to the execution of the order.

(iv) Members shall submit such OATS data by 8:00 a.m. EST the calendar day following the OATS-reportable event in accordance with [Rule 7440](#) and this Rule.

(B) FINRA shall transmit the data required by Items I and II of Appendix B to the Plan, and collected pursuant to paragraph (b)(2)(A) above, to the SEC in a pipe delimited format on a disaggregated basis by Trading Center within 30 calendar days following month end. FINRA also shall make such data publicly available on the FINRA website within 120 calendar days following month end at no charge and shall not identify the Trading Center that generated the data.

### **(3) Daily Market Maker Participation Statistics Requirement**

(A) A member that is a Market Maker for which FINRA is the DEA shall collect and transmit to FINRA data relating to Item IV of Appendix B to the Plan, with respect to activity conducted on any Trading Center in furtherance of its status as a Market Maker, including a Trading Center that executes trades otherwise than on a national securities exchange, for transactions that have settled or reached settlement date. Market Makers shall transmit such data in a pipe delimited format by 12:00 p.m. EST on T+4:

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

(ii) For transactions in each Pilot Security for the period beginning thirty days prior to the first day of the Pilot Period through six months after the end of the Pilot Period.

(B) FINRA shall transmit the data relating to Market Maker activity required by Item IV of Appendix B to the Plan, and collected pursuant to paragraph (b)(3)(A) above, to the Participant operating the Trading Center on which such activity occurred in a pipe delimited format on a disaggregated basis by Market Maker during the Pre-Pilot Period and within 15 calendar days following month end during the Pilot Period.

(C) FINRA shall transmit the data relating to Market Maker activity conducted otherwise than on a national securities exchange required by Item IV of Appendix B to the Plan, and collected pursuant to paragraph (b)(3)(A) above, to the SEC in a pipe delimited format on a disaggregated basis by Trading Center within 30 calendar days following month end. FINRA also shall make such data publicly available on the FINRA website within 120 calendar days following month end at no charge and shall not identify the Trading Center that generated the data.

### **(4) Market Maker Profitability**

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

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

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

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

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

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

(A) Ticker Symbol;

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

(C) Time of execution;

(D) Price;

(E) Size;

(F) Buy / sell;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**.11** For purposes of Appendix B.IV, the count of the number of Market Makers used in the calculation of share (trade) participation shall be added to each category. For purposes of Appendix B.IV(b) and (c), share participation and trade participation shall be calculated by using a total count instead of a share-weighted average or a trade-weighted average. For purposes of Appendix B, B.IV(d) (cross-quote

share (trade) participation), (e) (inside-the-quote share (trade) participation), (f) (at-the-quote share (trade) participation), and (g) (outside-the-quote share (trade) participation), shall be calculated by reference to the National Best Bid or National Best Offer in effect immediately prior to the trade.

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

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

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

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

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

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

## 6200. ALTERNATIVE DISPLAY FACILITY

### 6210. General

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

Amended by SR-FINRA-2013-053 eff. Feb. 3, 2014.  
 Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
 Amended by SR-NASD-2006-091 eff. March 5, 2007.  
 Amended by SR-NASD-2007-005 eff. Jan. 27, 2007.  
 Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
 Amended by SR-NASD-2004-160 eff. Oct. 26, 2004.  
 Amended by SR-NASD-2004-012 eff. Jan. 26, 2004.



Amended by SR-NASD-2003-67 eff. April 7, 2003.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notice:** [08-57](#).

## 6220. Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(14) "Stop Stock Price" means the specified price at which a member and another party agree a Stop Stock Transaction shall be executed, and which price is based upon the prices at which the security is trading at the time the order is received by the member, taking into consideration that the specified price may deviate from the current market prices to factor in the size of the order and the number of shares available at those prices.

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

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

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

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

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

**Selected Notices:** [08-57](#), [08-74](#), [16-33](#).

## 6230. Use of Alternative Display Facility Data Systems

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

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

**Selected Notice:** [08-57](#).

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

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

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

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

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

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

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

(d) Exceptions.

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

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

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

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

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

**Selected Notice:** [08-57](#).

## 6250. Quote and Order Access Requirements

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

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

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

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

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

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

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

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

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

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

(A) Unique Order Identifier

(B) Order Entry Firm

(C) Order Side

(D) Order Quantity

(E) Symbol

(F) Order Price

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

(H) Order Date

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

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

(K) ADF Trading Center

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

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

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

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

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

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

(D) Quantity

(E) Price

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The information described in paragraphs (1) and (2) shall be reported to FINRA in "next day" file submission, with such information reported to FINRA no later than 8:00 a.m. Eastern Time on the day following receipt of the order; provided, however, that an ADF Trading Center must report any information described in paragraphs (1) and (2) to FINRA immediately upon request. Any information related to time must be reported in the finest increment (e.g., milliseconds) that is captured in the ADF Trading Center's system.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) An ADF Trading Center may appeal a determination made under paragraph (f)(3) to a three-member subcommittee comprised of current or former industry members of FINRA's Market Regulation Committee in writing, via facsimile or otherwise, by the close of business on the day a determination is rendered pursuant to paragraph (f)(3). An appeal to the subcommittee shall operate as a stay of the determination made pursuant to paragraph (f)(3). Once a written appeal has been received, the ADF Trading Center may submit any additional supporting written documentation, via facsimile or otherwise, up until the time the appeal is considered by the subcommittee. The subcommittee shall render a determination by the close of business following the day a notice of appeal is received. The subcommittee's determination shall be final and binding.

#### **(h) Inactive Quoting**

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

Amended by SR-FINRA-2015-050 eff. Dec. 24, 2015.  
Amended by SR-FINRA-2015-034 eff. Dec. 20, 2015.

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

**Selected Notices:** [04-68](#), [08-57](#), [16-04](#).

## 6260. Review of Direct or Indirect Access Complaints

### (a) Authority to Receive Complaints

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

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

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

### (b) Procedures for Review of Determinations

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

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

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

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

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

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

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

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

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

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

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

**Selected Notices:** [05-30](#), [08-57](#).

**6270. Quoting and Trading in ADF-Eligible Securities****6271. Registration as an ADF Market Maker or ADF ECN**

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

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

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

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

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

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

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

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

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

(H) agrees to the ADF Deposit Terms; and

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

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

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

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

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

(3) FINRA and the member have executed:

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

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

(c) ADF Deposit Amount and ADF Deposit Terms

For purposes of this Rule:



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

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

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

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

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

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

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

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

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

**Selected Notices:** [08-57](#), [14-04](#).

## 6272. Character of Quotations

### (a) Quotation Requirements and Obligations

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

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

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

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

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

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

**(A) Bid Quotations.**

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

**(B) Offer Quotations.**

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

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

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

**(4) Definitions.**

For purposes of this Rule:

(A) the "Defined Limit" shall be:

- (i) 9.5% for Designated Stocks (except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, the Defined Limit for Designated Stocks shall be 21.5%);
- (ii) 29.5% for Other NMS Stocks with a price equal to or greater than \$1; and
- (iii) 31.5% for Other NMS Stocks with a price less than \$1.

(B) the "Designated Percentage" shall be:

- (i) 8% for Designated Stocks (except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, the Designated Percentage for Designated Stocks shall be 20%);
- (ii) 28% for Other NMS Stocks with a price equal to or greater than \$1; and
- (iii) 30% for Other NMS Stocks with a price less than \$1.

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

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

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

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

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

**(c) Firm Quotations**

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

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

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

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

**Selected Notices:** [08-57](#), [14-04](#).

## 6273. Normal Business Hours

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

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

**Selected Notice:** [08-57](#).

## 6274. Clearance and Settlement

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

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

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

Selected Notice: [08-57](#).

## 6275. Withdrawal of Quotations

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

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

- (1) the request for withdrawal is received by FINRA one business day in advance, and is approved by FINRA; and
- (2) the request includes a list of the securities for which withdrawal is requested.

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

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

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

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

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

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

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

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

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

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

**Selected Notices:** [08-57](#), [08-74](#).

## 6276. Voluntary Termination of Registration

A Registered Reporting ADF Market Maker may voluntarily terminate its registration in a security by (1) withdrawing its quotations from the Alternative Display Facility and not re-entering its quotations for five (5) minutes, or (2) failing to re-enter quotations within thirty (30) minutes of the end of a trading halt. A Registered Reporting ADF Market Maker that voluntarily terminates its registration in a security may not re-register as a market maker in that security for twenty (20) business days, absent an excused withdrawal specified in [Rule 6275](#). Withdrawal from participation as a Registered Reporting ADF Market Maker in the Alternative Display Facility shall constitute termination of registration as a market maker in that security for purposes of this Rule; provided, however, that a Registered Reporting ADF Market Maker that fails to maintain a clearing arrangement with a registered clearing agency or with a member of such an agency and thereby terminates its registration as a market maker in Nasdaq securities may register as a market maker at any time after a clearing arrangement has been reestablished.

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

**Selected Notice:** [08-57](#).

## 6277. Suspension and Termination of Quotations by FINRA Action

FINRA may suspend, condition, limit, prohibit or terminate an ADF Trading Center's authority to enter quotations in one or more ADF-eligible securities for violations of applicable requirements or prohibitions.

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

**Selected Notice:** [08-57](#).

## 6278. Termination of Alternative Display Facility Data System Service

FINRA may, upon notice, terminate ADF Data System service in the event that an ADF Trading Center fails to qualify under specified standards of eligibility or fails to pay promptly for services rendered by FINRA.

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

**Selected Notice:** [08-57](#).

## 6279. Alternative Trading Systems

(a) FINRA may provide a means to permit alternative trading systems ("ATSs"), as such term is defined in Regulation ATS, and electronic communications networks ("ECNs"), as such term is defined in Rule 600(b)(23) of SEC Regulation NMS, to comply with the display requirements of Rule 301(b)(3) of SEC Regulation ATS and the terms of the ECN display alternative provided for in Rule 602(b)(5)(ii)(A) and (B) of SEC Regulation NMS ("ECN display alternatives"). FINRA will not facilitate compliance with access requirements, which are the responsibility of ADF Trading Centers under [Rule 6250](#).

(b) An ATS or ECN that seeks to use FINRA-provided means to comply with Rule 301(b)(3) of SEC Regulation ATS and/or the ECN display alternatives, or to provide orders to the ADF voluntarily shall:

(1) demonstrate to FINRA that it is in compliance with Regulation ATS or that it qualifies as an ECN meeting the definition in the SEC Regulation NMS;

(2) be registered as a FINRA member;

(3) agree to provide for FINRA's dissemination in the quotation data made available to quotation vendors the prices and sizes of FINRA Registered Market Maker orders (and orders from other subscribers of the ATS or ECN, if the ATS or ECN so chooses or is required by Rule 301(b)(3) of SEC Regulation ATS to display a subscriber's order in the ADF), at the highest buy price and the lowest sell price for each ADF-eligible security entered in and disseminated by the ATS or ECN; and prior to entering such prices and sizes, register with FINRA Market Operations as a Registered Reporting ADF ECN; and

(4) comply with [Rule 6250](#).

(c) When a FINRA member attempts to access electronically an ATS or ECN-displayed order by sending an order that is larger than the ATS' or ECN's ADF-displayed size and the ATS or ECN is displaying the order on a reserved size basis, the FINRA member that operates the ATS or ECN shall execute such delivered order:

(1) up to the size of the delivered order, if the ATS or ECN order (including the reserved size and displayed portions) is the same size or larger than the delivered order; or

(2) up to the size of the ATS or ECN order (including the reserved size and displayed portions), if the delivered order is the same size or larger than the ATS or ECN order (including the reserved size and displayed portions).

No Registered Reporting ADF ECN operating through the ADF pursuant to this Rule is permitted to provide a reserved-size function unless the size of the order displayed through the ADF is 100 shares or greater. For purposes of this Rule, the term "reserved size" shall mean that a customer entering an order into an ATS or ECN has authorized the ATS or ECN to display publicly part of the full size of the customer's order with the remainder held in reserve on an undisplayed basis to be displayed in whole or in part as the displayed part is executed.

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

**Selected Notice:** [08-57](#).

## 6280. Transaction Reporting

### 6281. Reporting Transactions in ADF-Eligible Securities

This [Rule 6280](#) Series governs the reporting by members of transactions in ADF-eligible securities through the ADF. Transactions executed otherwise than on an exchange must be reported to the ADF, in accordance with [Rule 6282](#) and the [Rule 7100](#) Series, as well as all other applicable FINRA rules, unless they are reported to another reporting facility designated by the SEC as being authorized to accept trade reports for trades executed otherwise than on an exchange.

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

**Selected Notice:** [08-57](#).

### 6282. Transactions Reported by Members to the ADF

#### (a) When and How Transactions are Reported

##### (1) Transaction Reporting During Normal Market Hours

Members shall, as soon as practicable but no later than 10 seconds after execution, transmit to the ADF, or if the ADF is unavailable due to system or transmission failure, by telephone, facsimile or e-mail to FINRA Market Operations, last sale reports of transactions in ADF-eligible securities executed between 9:30 a.m. and 4:00 p.m. Eastern Time otherwise than on an exchange. Transactions not reported within 10 seconds after execution shall be designated as late.

##### (2) Transaction Reporting Outside Normal Market Hours

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

(B) Last sale reports of transactions in ADF-eligible securities executed between 4:00 p.m. and 6:30 p.m. Eastern Time shall be reported as soon as practicable but no later than 10 seconds after execution and be designated with the unique trade report modifier, as specified by FINRA, to denote their execution outside normal market hours.

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

(D) Last sale reports of transactions in ADF-eligible securities executed (i) between 6:30 p.m. and midnight Eastern Time or (ii) on any non-business day (i.e., weekend or holiday) shall be reported the following business day by 8:15 a.m. Eastern Time, be designated "as/of" trades to denote their execution on a prior day and be designated with the unique trade report modifier, as specified by FINRA, to denote their execution outside normal market hours.

### (3) All Trade Tickets Must be Time-Stamped

Members shall time-stamp all trade tickets at the time of execution for transactions in ADF-eligible securities. Execution time shall be reported to FINRA on all last sale reports and shall be expressed in hours, minutes and seconds based on Eastern Time in military format, unless another provision of FINRA rules requires that a different time be included on the report.

### (4) Other Modifiers Required to be Reported

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

(A) if the trade is executed during normal market hours and it is reported later than 10 seconds after execution;

(B) if the trade is a Seller's Option Trade, denoting the number of days for delivery;

(C) if the trade is a Cash Trade;

(D) if the trade is a Next Day Trade;

(E) if the trade occurs at a price based on an average weighting or another special pricing formula;

(F) if the trade is a Stop Stock Transaction (as defined in [Rule 6220](#)) (Note: the transaction report shall include both the time of execution of the trade and the time at which the member and the other party agreed to the Stop Stock Price; if the Stop Stock Transaction is executed and reported within 10 seconds of the time the member and the other party agree to the Stop Stock Price, the designated modifier shall not be appended and only the time of execution of the trade shall be reported);

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

(H) to identify pre-opening and after-hours trades (executed between 8:00 a.m. and 9:30 a.m. Eastern Time or between 4:00 p.m. and 6:30 p.m. Eastern Time) reported more than 10 seconds after execution;

(I) if the trade would be a trade-through of a protected quotation, but for the trade being qualified for an exception or exemption from Rule 611 of SEC Regulation NMS (Note: to ensure consistency in the usage of Rule 611 of SEC Regulation NMS related modifiers by registered broker-dealers, this modifier will be used in conformity with the specifications approved by the Operating Committee of the relevant National Market System Plans to identify trades executed pursuant to an exception or exemption from Rule 611 of SEC Regulation NMS);

(J) if the trade would be a trade-through of a protected quotation, but for the trade being qualified for an exception or exemption from Rule 611 of SEC Regulation NMS, members must, in addition to the modifier required in subparagraph (I) above, append an appropriate unique modifier, specified by FINRA, that identifies the specific applicable exception or exemption from Rule 611 of SEC Regulation NMS that a member is relying upon (Note: to ensure consistency in the usage of Rule 611 of SEC Regulation NMS related modifiers by registered broker-dealers, these modifiers will be used in conformity with the specifications approved by the Operating Committee of the relevant National Market System Plans to identify trades executed pursuant to an exception or exemption from Rule 611 of SEC Regulation NMS); and

(K) any other modifier as specified by FINRA or the SEC.

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

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

(6) To identify pre-opening and after-hours trades reported late, the ADF will convert to the late modifier, as applicable, on any pre-opening or after-hours report submitted to the ADF more than 10 seconds after execution.

### (7) Form T Reporting Obligations

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

(8) Transactions not reported within 10 seconds after execution, or such other time period prescribed by rule, shall be designated as late. Any transaction that is required to be reported on trade date, but is not reported on trade date, must be reported on an "as/of" basis on a subsequent date (T+N) and shall be designated as late. Any transaction that is required to be reported on an "as/of" basis the following business day (T+1), but is not reported T+1, must be reported on a subsequent date

(T+N) and shall be designated as late. A pattern or practice of late reporting without reasonable justification or exceptional circumstances may be considered conduct inconsistent with high standards of commercial honor and just and equitable principles of trade in violation of [Rule 2010](#).

#### **(b) Which Party Reports Transaction**

- (1) In transactions between two members, the executing party shall report the trade.
- (2) In transactions between a member and a customer or non-member, the member shall report the trade.

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

#### **(c) Information To Be Reported**

Each last sale report shall contain the following information:

- (1) Stock symbol of the designated security;
- (2) Number of shares or bonds;
- (3) Price of the transaction as required by paragraph (d) below;
- (4) A symbol indicating whether the transaction is a buy, sell or cross, and if applicable, sell short or sell short exempt;
- (5) The time of execution expressed in hours, minutes and seconds based on Eastern Time in military format, unless another provision of FINRA rules requires that a different time be included in the report; and
- (6) For any transaction in an order for which a member has recording and reporting obligations under Rules [7440](#) and [7450](#), the trade report must include an order identifier, meeting such parameters as may be prescribed by FINRA, assigned to the order that uniquely identifies the order for the date it was received (see [Rule 7440\(b\)\(1\)](#)).

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

Members that report transactions pursuant to paragraph (b) above shall transmit last sale reports in the following manner:

##### **(1) Reporting Agency Transactions**

For agency transactions, report the number of shares (or bonds) and the price excluding the commission charged.

##### **Example:**

SELL as agent 100 shares at 40 less a commission of \$12.50;  
REPORT 100 shares at 40.

##### **(2) Reporting Dual Agency Transactions**

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

##### **Example:**

SELL as agent 100 shares at 40 less a commission of \$12.50;  
BUY as agent 100 shares at 40 plus a commission of \$12.50;  
REPORT 100 shares at 40.

##### **(3) Reporting Principal and Riskless Principal Transactions**

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

##### **Example:**



BUY as principal 100 shares from another member at 40 (no mark-down included);

REPORT 100 shares at 40.

**Example:**

BUY as principal 100 shares from a customer at 39.85 which includes a .15 mark-down from prevailing market at 40;

REPORT 100 shares at 40.

**Example:**

SELL as principal 100 shares to a customer at 40.15, which includes a .15 mark-up from the prevailing market of 40;

REPORT 100 shares at 40.

**Example:**

BUY as principal 10,000 shares from a customer at 39.75, which includes a .25 mark-down or service charge from the prevailing market of 40;

REPORT 10,000 shares at 40.

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

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

(ii) Where the initial leg of the transaction has been reported to FINRA, regardless of whether a member has a reporting obligation pursuant to paragraph (b) above, the firm must submit, for the offsetting, "riskless" portion of the transaction, either:

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

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

**Example:**

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

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

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

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

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

In a riskless principal transaction in which a member purchases or sells the security on an exchange to satisfy a customer's order, the trade will be reported by the exchange. A member may, however, submit to the ADF a clearing only report or a non-tape, non-clearing report for the "riskless" leg of a riskless principal transaction where the initial leg has been reported on or through an exchange. Any such report submitted to the ADF shall comply with all applicable requirements for trade reports set forth in this [Rule 6282](#).

**Example:**

BUY as principal 100 shares on an exchange at 40 to fill an existing order;

DO NOT REPORT this leg (will be reported by exchange).

SELL as principal 100 shares to a customer at 40 plus a mark-up of \$12.50.

A member MAY submit to the ADF either a non-tape, non-clearing report or a clearing-only report for this leg marked with a "riskless principal" capacity indicator.

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

Any member that has a reporting obligation pursuant to paragraph (b) above and is acting in a riskless principal or agency capacity on behalf of one or more other members shall submit to FINRA one or more non-tape (either non-tape, clearing-only or non-tape, non-clearing) report(s) identifying such other member(s) as a party to the transaction, if such other member(s) is not identified on the initial trade report submitted to FINRA or a report submitted to FINRA pursuant to Rule 6282(d)(3)(B) for the offsetting leg of a riskless principal transaction. Nothing in this Rule 6282(d)(4) shall negate or modify the riskless principal transaction reporting requirements set forth in Rule 6282(d)(3)(B).

##### **Example #1:**

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

Member A has the reporting obligation under Rule 6282(b)

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

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

##### **Example #2A:**

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

Member A has the reporting obligation under Rule 6282(b)

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

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

##### **Example #2B:**

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

Member A has the reporting obligation under Rule 6282(b)

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

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

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

##### **Example #3:**

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

DO NOT TAPE REPORT this leg (will be reported by exchange)

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

#### **(e) Prohibition on Aggregation of Transactions**

Individual executions of orders in a security at the same price may not be aggregated, for transaction reporting purposes, into a single transaction report.

#### **(f) Reporting Requirements For Certain Transactions and Transfers of Securities**

(1) The following shall not be reported to the ADF:

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

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

(C) transactions reported on or through an exchange;

(D) the acquisition of securities by a member as principal in anticipation of making an immediate exchange distribution or exchange offering on an exchange;

(E) purchases of securities off the floor of an exchange pursuant to a tender offer;

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

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

(2) The following shall not be reported to the ADF for publication purposes, but shall be reported for regulatory transaction fee assessment purposes under [Rule 7130\(f\)](#):

(A) transactions where the buyer and seller have agreed to trade at a price substantially unrelated to the current market for the security, e.g., to enable the seller to make a gift;

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

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

### **(g) Reporting Cancelled and Reversed Trades**

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

With the exception of trades cancelled in accordance with the [Rule 11890](#) Series, members shall report the cancellation or reversal of any trade through the ADF that was previously submitted to FINRA through the ADF. The member responsible under Rule 6282 for submitting the original trade report shall submit the cancellation or reversal report in accordance with the procedures set forth in paragraphs (g)(2) and (3).

#### **(2) Deadlines for Reporting Cancelled and Reversed Trades**

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

(B) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled after 4:00 p.m., but before 6:30 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall use its best efforts to report the cancellation not later than 6:30 p.m. on the date of execution, and otherwise it shall report the cancellation on the following business day by 6:30 p.m.

(C) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled at or after 6:30 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation on the following business day by 6:30 p.m.

(D) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled prior to 6:30 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation by 6:30 p.m.

(E) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled at or after 6:30 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation on the following business day by 6:30 p.m.

(F) For any trade cancelled or reversed on any date after the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation (or reversal) (i) by 6:30 p.m. on the date of cancellation (or reversal) if the trade is cancelled (or reversed) before 6:30 p.m., or (ii) by 6:30 p.m. on the following business day if the trade is cancelled (or reversed) at or after 6:30 p.m.

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

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

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

••• **Supplementary Material:** -----

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

**.02 Trade Reporting Time Frame**

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

(b) FINRA recognizes that a very small universe of trades are reported manually, and as a result, even where a member does not purposely withhold trade reports, the trade reporting process may not be completed within 10 seconds following execution. In these cases, for purposes of determining whether "reasonable justification" exists to excuse what otherwise may be deemed to be a pattern or practice of late trade reporting under this Rule and [Rule 6181](#), FINRA will take into consideration such factors as the complexity and manual nature of the execution and reporting of the trade, where the trade details must be manually entered into the trade reporting system following execution.

**.03** Trade reports of block transactions using the Intermarket Sweep Order (ISO) exception (outbound) under Rule 611 of SEC Regulation NMS must include the time that all material terms of the transaction are known (including, but not limited to, the final number of shares executed after reflecting any fills of routed ISOs) and, if different from the time of execution, members must also include the time that ISOs are sent to trading centers with protected quotations that are priced superior to the block transaction price.

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

Amended by SR-FINRA-2015-027 eff. Aug. 24, 2015.  
 Amended by SR-FINRA-2013-050 and SR-FINRA-2015-008 eff. July 13, 2015.  
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 Amended by SR-FINRA-2009-082 eff. April 12, 2010.  
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 Amended by SR-FINRA-2008-011 eff. Aug. 3, 2009.  
 Amended by SR-FINRA-2009-024 eff. May 4, 2009.  
 Amended by SR-FINRA-2008-060 eff. Jan. 12, 2009.  
 Amended by SR-FINRA-2008-057 eff. Dec. 15, 2008.  
 Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
 Amended by SR-FINRA-2007-017 eff. March 3, 2008.  
 Amended by SR-NASD-2007-040 eff. Nov. 5, 2007.  
 Amended by SR-NASD-2007-047 eff. July 6, 2007.  
 Amended by SR-NASD-2007-001 eff. March 5, 2007.

Amended by SR-NASD-2006-091 eff. March 5, 2007.  
Amended by SR-NASD-2006-098 eff. Dec. 1, 2006.  
Amended by SR-NASD-2006-055 eff. Dec. 1, 2006.  
Amended by SR-NASD-2005-87 eff. Aug. 1, 2006.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notices:** [07-31](#), [07-33](#), [07-38](#), [07-63](#), [08-57](#), [09-08](#), [09-21](#), [09-52](#), [10-07](#), [10-24](#), [10-48](#), [11-40](#), [13-19](#), [14-21](#).

## 6300. TRADE REPORTING FACILITIES

### 6300A. FINRA/NASDAQ TRADE REPORTING FACILITIES

There are two FINRA/Nasdaq Trade Reporting Facilities: FINRA/Nasdaq Trade Reporting Facility Carteret and FINRA/Nasdaq Trade Reporting Facility Chicago. As used in the Rule 6300A Series, the term "FINRA/Nasdaq Trade Reporting Facility" means either the FINRA/Nasdaq Trade Reporting Facility Carteret or FINRA/Nasdaq Trade Reporting Facility Chicago, as applicable, depending on the facility to which the Participant elects to report. The two FINRA/Nasdaq Trade Reporting Facilities are separate and distinct facilities, and as such, for example, the correction, cancellation or reversal of a trade can only be reported to the FINRA/Nasdaq Trade Reporting Facility to which the trade was originally reported.

The forms of agreements required under the Rule 6300A Series, including the agreement to allow a Participant to report and lock-in trades on a member's behalf required under [Rule 6380A](#)(h), shall be identical for both FINRA/Nasdaq Trade Reporting Facilities and a single agreement can be used for purposes of both FINRA/Nasdaq Trade Reporting Facilities. Members that elect to participate in both FINRA/Nasdaq Trade Reporting Facilities must amend any existing agreements under the Rule 6300A Series to reflect their application to both Facilities.

Any determinations made by FINRA to suspend, condition, limit or terminate a Participant's ability to use one of the FINRA/Nasdaq Trade Reporting Facilities shall also apply to the other FINRA/Nasdaq Trade Reporting Facility with respect to that Participant.

Amended by SR-FINRA-2018-013 eff. Sept. 10, 2018.

#### 6310A. General

Members may use the FINRA/Nasdaq Trade Reporting Facility to report transactions executed otherwise than on an exchange in all NMS stocks as defined in Rule 600(b)(47) of SEC Regulation NMS ("designated securities"). Members that use the FINRA/Nasdaq Trade Reporting Facility must comply with the [Rule 6300A](#) and [7200A](#) Series, as well as all other applicable rules. The [Rule 6300A](#) and [7200A](#) Series shall apply only to members using the FINRA/Nasdaq Trade Reporting Facility.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2006-104 eff. March 5, 2007.  
Amended by SR-NASD-2006-087 eff. Aug. 1, 2006.  
Adopted by SR-NASD-2005-087 eff. Aug. 1, 2006.

**Selected Notice:** [08-57](#).

#### 6320A. Definitions

(a) For purposes of the [Rule 6300A](#) Series, unless the context requires otherwise:

- (1) "Exchange Act" or "SEA" means the Securities Exchange Act of 1934.
- (2) "Designated securities" means all NMS stocks as defined in Rule 600(b)(47) of SEC Regulation NMS.
- (3) "Member" means a broker or dealer admitted to FINRA membership.

(4) "Market Maker" means an "exchange market maker" or "OTC market maker," as those terms are defined in Rule 600(b) of SEC Regulation NMS, that is registered in a particular designated security as such with an exchange or a registered securities association or a facility thereof. A member is considered a Market Maker only in those designated securities for which it is registered as such.

- (5) "Nasdaq" means the NASDAQ Stock Market, LLC and its facilities.
- (6) "Normal market hours" means 9:30 a.m. Eastern Time to 4:00 p.m. Eastern Time.

(7) "Normal unit of trading" means 100 shares of a security unless, with respect to a particular security, FINRA determines that a normal unit of trading shall constitute other than 100 shares.

(8) "Otherwise than on an exchange" means a trade effected by a FINRA member otherwise than on or through the facilities of a national securities exchange. The determination of what constitutes a trade "on or through" a particular national securities

exchange shall be determined by that exchange in accordance with all applicable statutes, rules and regulations, and with any necessary SEC approval.

(9) "Round lot holder" means a holder of a normal unit of trading.

(10) "Stop Stock Price" means the specified price at which a member and another party agree a Stop Stock Transaction shall be executed, and which price is based upon the prices at which the security is trading at the time the order is received by the member, taking into consideration that the specified price may deviate from the current market prices to factor in the size of the order and the number of shares available at those prices.

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

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

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

(12) "Trade Reporting Facility Participant" or "Participant" means any member in good standing that uses the FINRA/Nasdaq Trade Reporting Facility.

(13) Terms used in this [Rule 6300A](#) Series shall have the meaning as defined in FINRA By-Laws and rules, and Rule 600 of SEC Regulation NMS and the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation, and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis, unless otherwise defined herein.

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

Amended by SR-NASD-2006-104 eff. March 5, 2007.

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

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

**Selected Notice:** [08-57](#).

### **6330A. Use of FINRA/Nasdaq Trade Reporting Facility on a Test Basis**

FINRA may at any time authorize the use of the FINRA/Nasdaq Trade Reporting Facility on a test basis for whatever studies it considers necessary and appropriate.

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

Amended by SR-NASD-2006-104 eff. March 5, 2007.

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

**Selected Notice:** [08-57](#).

### **6340A. Reports**

A Trade Reporting Facility Participant shall make such reports to FINRA as may be prescribed from time to time by FINRA.

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

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

**Selected Notice:** [08-57](#).

### **6350A. Clearance and Settlement**

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

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

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

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

**Selected Notice:** [08-57](#).

### **6360A. Suspension and Termination by FINRA Action**

FINRA may, pursuant to the procedures set forth in the [Rule 9000](#) Series, suspend, condition, limit, prohibit or terminate a Trade Reporting Facility Participant's ability to use FINRA/Nasdaq Trade Reporting Facility services in one or more designated securities for violations of applicable requirements or prohibitions. For avoidance of doubt, any determination by FINRA to suspend, limit, prohibit, or terminate a Participant's ability to use services of one of the two FINRA/Nasdaq Trade Reporting Facilities will apply equally to the other FINRA/Nasdaq Trade Reporting Facility with respect to that Participant.

Amended by SR-FINRA-2018-013 eff. Sept. 10, 2018.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2006-104 eff. March 5, 2007.  
Adopted by SR-NASD-2005-087 eff. Aug. 1, 2006.

**Selected Notice:** [08-57](#).

## 6370A. Termination of FINRA/Nasdaq Trade Reporting Facility Service

FINRA may, upon notice, terminate FINRA/Nasdaq Trade Reporting Facility service in the event that a Trade Reporting Facility Participant fails to qualify under specified standards of eligibility or fails to pay promptly for services rendered. For avoidance of doubt, any determination by FINRA to terminate the services of one of the two FINRA/Nasdaq Trade Reporting Facilities with respect to a Participant will also terminate the services of the other FINRA/Nasdaq Trade Reporting Facility with respect to that Participant.

Amended by SR-FINRA-2018-013 eff. Sept. 10, 2018.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2006-104 eff. March 5, 2007.  
Adopted by SR-NASD-2005-087 eff. Aug. 1, 2006.

**Selected Notice:** [08-57](#).

## 6380A. Transaction Reporting

### (a) When and How Transactions are Reported

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

#### (2) Transaction Reporting to the FINRA/Nasdaq Trade Reporting Facility Outside Normal Market Hours

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

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

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

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

(3) Members shall time-stamp all trade tickets at the time of execution for transactions in designated securities. Execution time shall be reported to FINRA on all last sale reports and shall be expressed in hours, minutes and seconds based on Eastern Time in military format, unless another provision of FINRA rules requires that a different time be included on the report.

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

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

(A) if the trade is executed during normal market hours and it is reported later than 10 seconds after execution;

(B) if the trade is a Seller's Option Trade, denoting the number of days for delivery;

(C) if the trade is a Cash Trade;

(D) if the trade is a Next Day Trade;

(E) if the trade occurs at a price based on an average weighting or another special pricing formula;

(F) if the trade is a Stop Stock Transaction (as defined in [Rule 6320A](#)) (Note: the transaction report shall include both the time of execution of the trade and the time at which the member and the other party agreed to the Stop Stock Price; if the Stop Stock Transaction is executed and reported within 10 seconds of the time the member and the other party agree to the Stop Stock Price, the designated modifier shall not be appended and only the time of execution of the trade shall be reported);

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

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

(I) if the trade would be a trade-through of a protected quotation, but for the trade being qualified for an exception or exemption from Rule 611 of SEC Regulation NMS (Note: to ensure consistency in the usage of Rule 611 of SEC Regulation NMS related modifiers by registered broker-dealers, this modifier will be used in conformity with the specifications approved by the Operating Committee of the relevant National Market System Plans to identify trades executed pursuant to an exception or exemption from Rule 611 of SEC Regulation NMS);

(J) if the trade would be a trade-through of a protected quotation, but for the trade being qualified for an exception or exemption from Rule 611 of SEC Regulation NMS, members must, in addition to the modifier required in subparagraph (I) above, append an appropriate unique modifier, specified by FINRA, that identifies the specific applicable exception or exemption from Rule 611 of SEC Regulation NMS that a member is relying upon (Note: to ensure consistency in the usage of Rule 611 of SEC Regulation NMS related modifiers by registered broker-dealers, these modifiers will be used in conformity with the specifications approved by the Operating Committee of the relevant National Market System Plans to identify trades executed pursuant to an exception or exemption from Rule 611 of SEC Regulation NMS); and

(K) any other modifier as specified by FINRA or the SEC.

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

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

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

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

#### **(b) Which Party Reports the Transaction**

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

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

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

#### **(c) Information To Be Reported**

Each last sale report shall contain the following information:



(1) Stock symbol of the designated security;

(2) Number of shares or bonds;

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

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

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

(6) For any transaction in an order for which a member has recording and reporting obligations under Rules [7440](#) and [7450](#), the trade report must include an order identifier, meeting such parameters as may be prescribed by FINRA, assigned to the order that uniquely identifies the order for the date it was received (see [Rule 7440\(b\)\(1\)](#)).

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

Members that report transactions to the FINRA/Nasdaq Trade Reporting Facility, pursuant to paragraph (b) above shall transmit last sale reports for all purchases and sales in designated securities in the following manner:

##### **(1) Reporting Agency Transactions**

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

##### **Example:**

SELL as agent 100 shares at 40 less a commission of \$12.50;

REPORT 100 shares at 40.

##### **(2) Reporting Dual Agency Transactions**

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

##### **Example:**

SELL as agent 100 shares at 40 less a commission of \$12.50;

BUY as agent 100 shares at 40 plus a commission of \$12.50;

REPORT 100 shares at 40.

##### **(3) Reporting Principal and Riskless Principal Transactions**

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

##### **Example:**

BUY as principal 100 shares from another member at 40 (no mark-down included);

REPORT 100 shares at 40.

##### **Example:**

BUY as principal 100 shares from a customer at 39.90 which includes a \$0.10 mark-down from prevailing market at 40;

REPORT 100 shares at 40.

##### **Example:**

SELL as principal 100 shares to a customer at 40.10, which includes a \$0.10 mark-up from the prevailing market of 40;

REPORT 100 shares at 40.

##### **Example:**

BUY as principal 10,000 shares from a customer at 39.75, which includes a \$0.25 mark-down or service charge from the prevailing market of 40;

REPORT 10,000 shares at 40.

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

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

(ii) Where the initial leg of the transaction has been reported to FINRA, regardless of whether a member has a reporting obligation pursuant to paragraph (b) above, the firm must submit, for the offsetting, "riskless" portion of the transaction, either:

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

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

**Example:**

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

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

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

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

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

In a riskless principal transaction in which a member purchases or sells the security on an exchange to satisfy a customer's order, the trade will be reported by the exchange. A member may, however, submit to the FINRA/Nasdaq Trade Reporting Facility a clearing only report or a non-tape, non-clearing report for the "riskless" leg of a riskless principal transaction where the initial leg has been reported on or through an exchange. Any such report submitted to the FINRA/Nasdaq Trade Reporting Facility shall comply with all applicable requirements for trade reports set forth in this Rule 6380A.

**Example:**

BUY as principal 100 shares on an exchange at 40 to fill an existing order;

DO NOT REPORT this leg (will be reported by exchange).

SELL as principal 100 shares to a customer at 40 plus a mark-up of \$12.50.

A member MAY submit to the FINRA/Nasdaq Trade Reporting Facility either a non-tape, non-clearing report or a clearing-only report for this leg marked with a "riskless principal" capacity indicator.

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

Any member that has a reporting obligation pursuant to paragraph (b) above and is acting in a riskless principal or agency capacity on behalf of one or more other members shall submit to FINRA one or more non-tape (either non-tape, clearing-only or non-tape, non-clearing) report(s) identifying such other member(s) as a party to the transaction, if such other member(s) is not identified on the initial trade report submitted to FINRA or a report submitted to FINRA pursuant to Rule 6380A(d)(3)(B) for the offsetting leg of a riskless principal transaction. Nothing in this Rule 6380A(d)(4) shall negate or modify the riskless principal transaction reporting requirements set forth in Rule 6380A(d)(3)(B).

**Example #1:**

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

Member A has the reporting obligation under Rule 6380A(b)

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

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

**Example #2A:**

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

Member A has the reporting obligation under Rule 6380A(b)

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

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

**Example #2B:**

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

Member A has the reporting obligation under Rule 6380A(b)

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

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

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

**Example #3:**

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

DO NOT TAPE REPORT this leg (will be reported by exchange)

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

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

(1) The following shall not be reported to the FINRA/Nasdaq Trade Reporting Facility:

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

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

(C) transactions reported on or through an exchange;

(D) the acquisition of securities by a member as principal in anticipation of making an immediate exchange distribution or exchange offering on an exchange;

(E) purchases of securities off the floor of an exchange pursuant to a tender offer;

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

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

(2) The following shall not be reported to the FINRA/Nasdaq Trade Reporting Facility for publication purposes, but shall be reported for regulatory transaction fee assessment purposes under [Rule 7230A\(g\)](#):

(A) transactions where the buyer and seller have agreed to trade at a price substantially unrelated to the current market for the security, e.g., to enable the seller to make a gift;

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

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

**(f) Prohibition on Aggregation of Transaction Reports**

Individual executions of orders in a security at the same price may not be aggregated, for purposes of transaction reporting to the FINRA/Nasdaq Trade Reporting Facility, into a single transaction report.

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

With the exception of trades cancelled in accordance with the [Rule 11890](#) Series, members shall report to the FINRA/Nasdaq Trade Reporting Facility the cancellation or reversal of any trade previously submitted to the FINRA/Nasdaq Trade Reporting Facility. The member responsible for submitting the original trade report shall submit the cancellation or reversal report in accordance with the procedures set forth in paragraphs (g)(2) and (3).

**(2) Deadlines for Reporting Cancelled and Reversed Trades**

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

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

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

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

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

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

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

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

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

**••• Supplementary Material: -----**

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

## .02 Trade Reporting Time Frame

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

(b) FINRA recognizes that a very small universe of trades are reported manually, and as a result, even where a member does not purposely withhold trade reports, the trade reporting process may not be completed within 10 seconds following execution. In these cases, for purposes of determining whether "reasonable justification" exists to excuse what otherwise may be deemed to be a pattern or practice of late trade reporting under this Rule and [Rule 6181](#), FINRA will take into consideration such factors as the complexity and manual nature of the execution and reporting of the trade, where the trade details must be manually entered into the trade reporting system following execution.

**.03** Trade reports of block transactions using the Intermarket Sweep Order (ISO) exception (outbound) under Rule 611 of SEC Regulation NMS must include the time that all material terms of the transaction are known (including, but not limited to, the final number of shares executed after reflecting any fills of routed ISOs) and, if different from the time of execution, members must also include the time that ISOs are sent to trading centers with protected quotations that are priced superior to the block transaction price.

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

Amended by SR-FINRA-2015-027 eff. Aug. 24, 2015.  
 Amended by SR-FINRA-2013-050 and SR-FINRA-2015-008 eff. July 13, 2015.  
 Amended by SR-FINRA-2013-050 and SR-FINRA-2014-039 eff. Nov. 10, 2014.  
 Amended by SR-FINRA-2013-013 eff. Nov. 4, 2013.  
 Amended by SR-FINRA-2011-027 eff. Nov. 1, 2011.  
 Amended by SR-FINRA-2011-061 eff. Oct. 14, 2011.  
 Amended by SR-FINRA-2010-058 eff. Feb. 28, 2011.  
 Amended by SR-FINRA-2010-043 eff. Feb. 28, 2011.  
 Amended by SR-FINRA-2009-061 eff. Nov. 1, 2010.  
 Amended by SR-FINRA-2009-082 eff. April 12, 2010.  
 Amended by SR-FINRA-2010-002 eff. Feb. 15, 2010.  
 Amended by SR-FINRA-2009-031 eff. Jan. 11, 2010.  
 Amended by SR-FINRA-2008-011 eff. Aug. 3, 2009.  
 Amended by SR-FINRA-2009-024 eff. May 4, 2009.  
 Amended by SR-FINRA-2008-060 eff. Jan. 12, 2009.  
 Amended by SR-FINRA-2008-057 eff. Dec. 15, 2008.  
 Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
 Amended by SR-FINRA-2007-017 eff. March 3, 2008.  
 Amended by SR-NASD-2007-040 eff. Nov. 5, 2007.  
 Amended by SR-NASD-2007-037 eff. July 16, 2007.  
 Amended by SR-NASD-2007-002 eff. July 9, 2007.  
 Amended by SR-NASD-2007-047 eff. July 6, 2007.  
 Amended by SR-NASD-2007-020 eff. March 5, 2007.  
 Amended by SR-NASD-2006-104 eff. March 5, 2007.  
 Amended by SR-NASD-2006-120 eff. Dec. 4, 2006.  
 Amended by SR-NASD-2006-098 eff. Dec. 1, 2006.  
 Amended by SR-NASD-2006-055 eff. Dec. 1, 2006.  
 Adopted by SR-NASD-2005-087 eff. Aug. 1, 2006.

**Selected Notices:** [06-39](#), [07-23](#), [07-31](#), [07-33](#), [07-38](#), [07-63](#), [08-57](#), [09-08](#), [09-21](#), [09-52](#), [10-07](#), [10-24](#), [10-48](#), [11-40](#), [13-19](#), [14-21](#).

## 6300B. FINRA/NYSE TRADE REPORTING FACILITY

### 6310B. General

Members may use the FINRA/NYSE Trade Reporting Facility to report transactions executed otherwise than on an exchange in all NMS stocks as defined in Rule 600(b)(47) of SEC Regulation NMS ("designated securities"). Members that use the FINRA/NYSE Trade Reporting Facility must comply with the Rule [6300B](#) and [7200B](#) Series, as well as all other applicable rules. The Rule [6300B](#) and [7200B](#) Series shall apply only to members using the FINRA/NYSE Trade Reporting Facility.

Renumbered from Rule 6310C and amended by SR-FINRA-2008-066 eff. Jan. 1, 2009.  
 Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.

Adopted by SR-NASD-2007-011 eff. April 18, 2007.

**Selected Notice:** [08-57](#).

## 6320B. Definitions

(a) For purposes of the [Rule 6300B](#) Series, unless the context requires otherwise:

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

(2) "Designated securities" means all NMS stocks as defined in Rule 600(b)(47) of SEC Regulation NMS.

(3) "Member" means a broker or dealer admitted to FINRA membership.

(4) "Market Maker" means an "exchange market maker" or "OTC market maker," as those terms are defined in Rule 600(b) of SEC Regulation NMS, that is registered in a particular designated security as such with an exchange or a registered securities association or a facility thereof. A member is considered a Market Maker only in those designated securities for which it is registered as such.

(5) "NYSE" means the NYSE Market, Inc.

(6) "Normal market hours" means 9:30 a.m. Eastern Time to 4:00 p.m. Eastern Time.

(7) "Normal unit of trading" means 100 shares of a security unless, with respect to a particular security, FINRA determines that a normal unit of trading shall constitute other than 100 shares.

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

(9) "Round lot holder" means a holder of a normal unit of trading.

(10) "Stop Stock Price" means the specified price at which a member and another party agree a Stop Stock Transaction shall be executed, and which price is based upon the prices at which the security is trading at the time the order is received by the member, taking into consideration that the specified price may deviate from the current market prices to factor in the size of the order and the number of shares available at those prices.

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

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

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

(12) "Trade Reporting Facility Participant" or "Participant" means any member of FINRA in good standing that uses the FINRA/NYSE Trade Reporting Facility.

(13) Terms used in this [Rule 6300B](#) Series shall have the meaning as defined in the FINRA By-Laws and rules, Rule 600(b) of SEC Regulation NMS and the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation, and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis, unless otherwise defined herein.

Renumbered from Rule 6320C and amended by SR-FINRA-2008-066 eff. Jan. 1, 2009.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Adopted by SR-NASD-2007-011 eff. April 18, 2007.

**Selected Notice:** [08-57](#).

## 6330B. Use of FINRA/NYSE Trade Reporting Facility on a Test Basis

FINRA may at any time authorize the use of the FINRA/NYSE Trade Reporting Facility on a test basis for whatever studies it considers necessary and appropriate.

Renumbered from Rule 6330C by SR-FINRA-2008-066 eff. Jan. 1, 2009.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Adopted by SR-NASD-2007-011 eff. April 18, 2007.

**Selected Notice:** [08-57](#).

## 6340B. Reports

A Trade Reporting Facility Participant shall make such reports to FINRA as may be prescribed from time to time by FINRA.

Renumbered from Rule 6340C by SR-FINRA-2008-066 eff. Jan. 1, 2009.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Adopted by SR-NASD-2007-011 eff. April 18, 2007.

**Selected Notice:** [08-57](#).

## 6350B. Clearance and Settlement

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

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

Renumbered from Rule 6350B by SR-FINRA-2008-066 eff. Jan. 1, 2009.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Adopted by SR-NASD-2007-011 eff. April 18, 2007.

**Selected Notice:** [08-57](#).

## 6360B. Suspension and Termination by FINRA Action

FINRA may, pursuant to the procedures set forth in the [Rule 9000](#) Series, suspend, condition, limit, prohibit or terminate a Trade Reporting Facility Participant's ability to use FINRA/NYSE Trade Reporting Facility services in one or more designated securities for violations of applicable requirements or prohibitions.

Renumbered from Rule 6360C by SR-FINRA-2008-066 eff. Jan. 1, 2009.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Adopted by SR-NASD-2007-011 eff. April 18, 2007.

**Selected Notice:** [08-57](#).

## 6370B. Termination of FINRA/NYSE Trade Reporting Facility Service

FINRA may, upon notice, terminate FINRA/NYSE Trade Reporting Facility service in the event that a Trade Reporting Facility Participant fails to qualify under specified standards of eligibility or fails to pay promptly for services rendered.

Renumbered from Rule 6370C by SR-FINRA-2008-066 eff. Jan. 1, 2009.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Adopted by SR-NASD-2007-011 eff. April 18, 2007.

**Selected Notice:** [08-57](#).

## 6380B. Transaction Reporting

### (a) When and How Transactions are Reported

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

### (2) Transaction Reporting to the FINRA/NYSE Trade Reporting Facility Outside Normal Market Hours

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

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

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

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

(3) Members shall time-stamp all trade tickets at the time of execution for transactions in designated securities. Execution time shall be reported to FINRA on all last sale reports and shall be expressed in hours, minutes and seconds based on Eastern Time in military format, unless another provision of FINRA rules requires that a different time be included on the report.

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

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

(A) if the trade is executed during normal market hours and it is reported later than 10 seconds after execution;

(B) if the trade is a Seller's Option Trade, denoting the number of days for delivery;

(C) if the trade is a Cash Trade;

(D) if the trade is a Next Day Trade;

(E) if the trade occurs at a price based on an average weighting or another special pricing formula;

(F) if the trade is a Stop Stock Transaction (as defined in [Rule 6320B](#)) (Note: the transaction report shall include both the time of execution of the trade and the time at which the member and the other party agreed to the Stop Stock Price; if the Stop Stock Transaction is executed and reported within 10 seconds of the time the member and the other party agree to the Stop Stock Price, the designated modifier shall not be appended and only the time of execution of the trade shall be reported);

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

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

(I) if the trade would be a trade-through of a protected quotation, but for the trade being qualified for an exception or exemption from Rule 611 of SEC Regulation NMS (Note: to ensure consistency in the usage of Rule 611 of SEC Regulation NMS related modifiers by registered broker-dealers, this modifier will be used in conformity with the specifications approved by the Operating Committee of the relevant National Market System Plans to identify trades executed pursuant to an exception or exemption from Rule 611 of SEC Regulation NMS);

(J) if the trade would be a trade-through of a protected quotation, but for the trade being qualified for an exception or exemption from Rule 611 of SEC Regulation NMS, members must, in addition to the modifier required in subparagraph (I) above, append an appropriate unique modifier, specified by FINRA, that identifies the specific applicable exception or exemption from Rule 611 of SEC Regulation NMS that a member is relying upon (Note: to ensure consistency in the usage of Rule 611 of SEC Regulation NMS related modifiers by registered broker-dealers, these modifiers will be used in conformity with the specifications approved by the Operating Committee of the relevant National Market System Plans to identify trades executed pursuant to an exception or exemption from Rule 611 of SEC Regulation NMS); and

(K) any other modifier as specified by FINRA or the SEC.

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

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



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

(8) Participants must use an alternative mechanism, and comply with all rules applicable to such alternative mechanism, to report transactions to FINRA in designated securities for which electronic submission to the FINRA/NYSE Trade Reporting Facility is not possible. Where last sale reports of transactions in designated securities cannot be submitted to FINRA via an alternative electronic mechanism (e.g., the ticker symbol for the security is no longer available or a market participant identifier is no longer active), members shall report such transactions as soon as practicable to the FINRA Market Regulation Department on Form T. Transactions that can be reported to FINRA electronically, whether on trade date or on a subsequent date on an "as/of" basis (T+N), shall not be reported on Form T.

#### **(b) Which Party Reports the Transaction**

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

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

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

#### **(c) Information To Be Reported**

Each last sale report shall contain the following information:

(1) Stock symbol of the designated security;

(2) Number of shares or bonds;

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

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

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

(6) For any transaction in an order for which a member has recording and reporting obligations under Rules [7440](#) and [7450](#), the trade report must include an order identifier, meeting such parameters as may be prescribed by FINRA, assigned to the order that uniquely identifies the order for the date it was received (see [Rule 7440\(b\)\(1\)](#)).

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

Members that report transactions to the FINRA/NYSE Trade Reporting Facility, pursuant to paragraph (b) above shall transmit last sale reports for all purchases and sales in designated securities in the following manner:

##### **(1) Reporting Agency Transactions**

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

##### **Example:**

SELL as agent 100 shares at 40 less a commission of \$12.50;

REPORT 100 shares at 40.

##### **(2) Reporting Dual Agency Transactions**

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

##### **Example:**

SELL as agent 100 shares at 40 less a commission of \$12.50;

BUY as agent 100 shares at 40 plus a commission of \$12.50;

REPORT 100 shares at 40.

##### **(3) Reporting Principal and Riskless Principal Transactions**

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

**Example:**

BUY as principal 100 shares from another member at 40 (no mark-down included);

REPORT 100 shares at 40.

**Example:**

BUY as principal 100 shares from a customer at 39.90 which includes a \$0.10 mark-down from prevailing market at 40;

REPORT 100 shares at 40.

**Example:**

SELL as principal 100 shares to a customer at 40.10, which includes a \$0.10 mark-up from the prevailing market of 40;

REPORT 100 shares at 40.

**Example:**

BUY as principal 10,000 shares from a customer at 39.75, which includes a \$0.25 mark-down or service charge from the prevailing market of 40;

REPORT 10,000 shares at 40.

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

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

(ii) Where the initial leg of the transaction has been reported to FINRA, regardless of whether a member has a reporting obligation pursuant to paragraph (b) above, the firm must submit, for the offsetting, "riskless" portion of the transaction, either:

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

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

**Example:**

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

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

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

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

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

In a riskless principal transaction in which a member purchases or sells the security on an exchange to satisfy a customer's order, the trade will be reported by the exchange. A member may, however, submit to the FINRA/NYSE Trade Reporting Facility a clearing-only report or a non-tape, non-clearing report for the "riskless" leg of a riskless principal transaction where the initial leg has been reported on or through an exchange. Any such report submitted to the FINRA/NYSE Trade Reporting Facility shall comply with all applicable requirements for trade reports set forth in this [Rule 6380B](#).

**Example:**

BUY as principal 100 shares on an exchange at 40 to fill an existing order;

DO NOT REPORT this leg (will be reported by exchange).

SELL as principal 100 shares to a customer at 40 plus a mark-up of \$12.50.

A member MAY submit to the FINRA/NYSE Trade Reporting Facility either a non-tape, non-clearing report or a clearing-only report for this leg marked with a "riskless principal" capacity indicator.

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

Any member that has a reporting obligation pursuant to paragraph (b) above and is acting in a riskless principal or agency capacity on behalf of one or more other members shall submit to FINRA one or more non-tape (either non-tape, clearing-only or non-tape, non-clearing) report(s) identifying such other member(s) as a party to the transaction, if such other member(s) is not identified on the initial trade report submitted to FINRA or a report submitted to FINRA pursuant to Rule 6380B(d)(3)(B) for the offsetting leg of a riskless principal transaction. Nothing in this Rule 6380B(d)(4) shall negate or modify the riskless principal transaction reporting requirements set forth in Rule 6380B(d)(3)(B).

**Example #1:**

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

Member A has the reporting obligation under Rule 6380B(b)

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

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

**Example #2A:**

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

Member A has the reporting obligation under Rule 6380B(b)

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

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

**Example #2B:**

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

Member A has the reporting obligation under Rule 6380B(b)

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

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

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

**Example #3:**

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

DO NOT TAPE REPORT this leg (will be reported by exchange)

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

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

(1) The following shall not be reported to the FINRA/NYSE Trade Reporting Facility:

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

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

(C) transactions reported on or through an exchange;

(D) the acquisition of securities by a member as principal in anticipation of making an immediate exchange distribution or exchange offering on an exchange;

(E) purchases of securities off the floor of an exchange pursuant to a tender offer;

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

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

(2) The following shall not be reported to the FINRA/NYSE Trade Reporting Facility for publication purposes, but shall be reported for regulatory transaction fee assessment purposes under [Rule 7230B\(f\)](#):

(A) transactions where the buyer and seller have agreed to trade at a price substantially unrelated to the current market for the security, e.g., to enable the seller to make a gift;

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

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

## **(f) Reporting Cancelled and Reversed Trades**

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

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

### **(2) Deadlines for Reporting Cancelled and Reversed Trades**

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

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

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

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

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

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

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

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

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

#### (h) Prohibition on Aggregation of Transaction Reports

Individual executions of orders in a security at the same price may not be aggregated, for purposes of transaction reporting to the FINRA/NYSE TRF, into a single transaction report.

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

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

#### .02 Trade Reporting Time Frame

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

(b) FINRA recognizes that a very small universe of trades are reported manually, and as a result, even where a member does not purposely withhold trade reports, the trade reporting process may not be completed within 10 seconds following execution. In these cases, for purposes of determining whether "reasonable justification" exists to excuse what otherwise may be deemed to be a pattern or practice of late trade reporting under this Rule and [Rule 6181](#), FINRA will take into consideration such factors as the complexity and manual nature of the execution and reporting of the trade, where the trade details must be manually entered into the trade reporting system following execution.

.03 Trade reports of block transactions using the Intermarket Sweep Order (ISO) exception (outbound) under Rule 611 of SEC Regulation NMS must include the time that all material terms of the transaction are known (including, but not limited to, the final number of shares executed after reflecting any fills of routed ISOs) and, if different from the time of execution, members must also include the time that ISOs are sent to trading centers with protected quotations that are priced superior to the block transaction price.

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

Amended by SR-FINRA-2015-027 eff. Aug. 24, 2015.  
 Amended by SR-FINRA-2013-050 and SR-FINRA-2015-008 eff. July 13, 2015.  
 Amended by SR-FINRA-2013-050 and SR-FINRA-2014-039 eff. Nov. 10, 2014.  
 Amended by SR-FINRA-2013-013 eff. Nov 4, 2013.  
 Amended by SR-FINRA-2011-027 eff. Nov. 1, 2011.  
 Amended by SR-FINRA-2011-061 eff. Oct. 14, 2011.  
 Amended by SR-FINRA-2010-058 eff. Feb. 28, 2011.  
 Amended by SR-FINRA-2010-043 eff. Feb. 28, 2011.  
 Amended by SR-FINRA-2009-061 eff. Nov. 1, 2010.  
 Amended by SR-FINRA-2009-082 eff. April 12, 2010.  
 Amended by SR-FINRA-2010-002 eff. Feb. 15, 2010.  
 Amended by SR-FINRA-2009-031 eff. Jan 11, 2010.  
 Amended by SR-FINRA-2009-027 eff. Aug. 3, 2009.  
 Amended by SR-FINRA-2008-011 eff. Aug. 3, 2009.  
 Amended by SR-FINRA-2009-024 eff. May 4, 2009.

Amended by SR-FINRA-2009-002 eff. Jan. 12, 2009.  
Amended by SR-FINRA-2008-060 eff. Jan. 12, 2009.  
Renumbered from Rule 6380C and amended by SR-FINRA-2008-066 eff. Jan. 1, 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-2007-017 eff. March 3, 2008.  
Amended by SR-FINRA-2008-002 eff. Jan. 28, 2008.  
Amended by SR-NASD-2007-040 eff. Nov. 5, 2007.  
Amended by SR-FINRA-2007-015 eff. Sep. 19, 2007.  
Amended by SR-NASD-2007-037 eff. July 16, 2007.  
Amended by SR-NASD-2007-014 eff. July 9, 2007.  
Amended by SR-NASD-2007-047 eff. July 6, 2007.  
Adopted by SR-NASD-2007-011 eff. April 18, 2007.

**Selected Notices:** [07-23](#), [07-31](#), [07-33](#), [07-38](#), [07-63](#), [08-57](#), [09-08](#), [09-21](#), [09-52](#), [10-07](#), [10-24](#), [10-48](#), [11-40](#), [13-19](#), [14-21](#).

## 6400. QUOTING AND TRADING IN OTC EQUITY SECURITIES

### 6410. General

This [Rule 6400](#) Series sets forth quotation and trading requirements for "OTC Equity Securities" as that term is defined in [Rule 6420](#).

Members shall use the OTC Reporting Facility for trade reporting in OTC Equity Securities and Restricted Equity Securities in compliance with the [Rule 6600](#) and [7300](#) Series, as well as all other applicable rules and regulations.

Amended by SR-FINRA-2010-003 eff. June 28, 2010.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
Amended by SR-NASD-2004-076 eff. May 5, 2004.  
Amended by SR-NASD-2000-42 eff. June 27, 2003.

**Selected Notices:** [03-28](#), [08-57](#), [10-26](#).

### 6420. Definitions

(a) Terms used in this Rule shall have the same meaning as those defined in the FINRA By-Laws and rules unless otherwise specified herein.

(b) "Direct participation program" or DPP, means a program which provides for flow-through tax consequences regardless of the structure of the legal entity or vehicle for distribution including, but not limited to, oil and gas programs, real estate programs, agricultural programs, cattle programs, condominium securities, Subchapter S corporate offerings and all other programs of a similar nature, regardless of the industry represented by the program, or any combination thereof. A program may be composed of one or more legal entities or programs but when used herein, the term shall mean each of the separate entities or programs making up the overall program and/or the overall program itself. Excluded from this definition are real estate investment trusts, tax qualified pension and profit sharing plans pursuant to Sections 401 and 403(a) of the Internal Revenue Code and individual retirement plans under Section 408 of that Code, tax sheltered annuities pursuant to the provisions of Section 403(b) of the Internal Revenue Code, and any company, including separate accounts, registered pursuant to the Investment Company Act.

(c) "Inter-dealer quotation system" shall mean any system of general circulation to brokers or dealers which regularly disseminates quotations of identified brokers or dealers.

(d) "Non-Market Maker" means a member of FINRA that is not an OTC Market Maker with respect to a particular OTC Equity Security.

(e) "Normal market hours" means 9:30 a.m. Eastern Time to 4:00 p.m. Eastern Time.

(f) "OTC Equity Security" means any equity security that is not an "NMS stock" as that term is defined in Rule 600(b)(47) of SEC Regulation NMS; provided, however, that the term "OTC Equity Security" shall not include any Restricted Equity Security.

(g) "OTC Market Maker" means a member of FINRA that holds itself out as a market maker by entering proprietary quotations or indications of interest for a particular OTC Equity Security in any inter-dealer quotation system, including any system that the SEC has qualified pursuant to Section 17B of the Exchange Act. A member is an OTC Market Maker only in those OTC Equity Securities in which it displays market making interest via an inter-dealer quotation system.

(h) "Priced entry" shall mean a quotation consisting of a bid, offer, or both at a specified price.

(i) "Quotation" shall mean any bid or offer at a specified price with respect to an OTC Equity Security, or any indication of interest by a broker or dealer in receiving bids or offers from others for such a security, or any indication by a broker or dealer that it wishes to

advertise its general interest in buying or selling a particular non-exchange-listed security.

(j) "Quotation medium" means any inter-dealer quotation system or any publication or electronic communications network or other device that is used by brokers or dealers to make known to others their interest in transactions in any OTC Equity Security, including offers to buy or sell at a stated price or otherwise, or invitations of offers to buy or sell.

(k) "Restricted Equity Security" means any equity security that meets the definition of "restricted security" as contained in Securities Act Rule 144(a)(3).

(l) "Stop Stock Price" means the specified price at which a member and another party agree a Stop Stock Transaction shall be executed, and which price is based upon the prices at which the security is trading at the time the order is received by the member, taking into consideration that the specified price may deviate from the current market prices to factor in the size of the order and the number of shares available at those prices.

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

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

(2) the order is executed at the Stop Stock Price.

(n) "OTC Reporting Facility" means the service provided by FINRA that accommodates reporting for trades in OTC Equity Securities executed other than on or through an exchange and for trades in Restricted Equity Securities effected under Securities Act Rule 144A and dissemination of last sale reports. Regarding those OTC Equity Securities and Restricted Equity Securities that are not eligible for clearance and settlement through the facilities of the National Securities Clearing Corporation, the OTC Reporting Facility comparison function will not be available. However, the OTC Reporting Facility will support the entry and dissemination, as applicable, of last sale data on such securities.

(o) "OTC Reporting Facility Participant" means any member of FINRA in good standing that uses the OTC Reporting Facility.

Amended by SR-FINRA-2012-027 eff. July 9, 2012.

Amended by SR-FINRA-2010-060 eff. Dec. 15, 2010.

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

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

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

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

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

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

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

**Selected Notice:** [08-57](#), [10-24](#), [10-26](#).

## 6430. OTC Equity Quotation Requirements

### 6431. Recording of Quotation Information

#### (a) Quotation Recording Requirements

(1) Subject to the terms and conditions contained herein, each OTC Market Maker that displays priced quotations (bid and/or offer) or unpriced indications of interest in OTC Equity Securities in an inter-dealer quotation system that permits quotation updates on a real-time basis shall record each item of information described in paragraph (b) of this Rule. This quote activity record must reflect all changes in an OTC Market Maker's priced quotation or quotation size displayed or unpriced indication of interest, and the time any such change was effected.

(2) Members shall record each item of information required to be recorded under this Rule in such form as is prescribed by FINRA from time to time.

#### (3) Maintaining and Preserving Records

(A) Each member shall maintain and preserve records of the information required to be recorded under this Rule for the period of time and accessibility specified in SEA Rule 17a-4(a).

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

#### (b) Information to be Recorded

The quotation activity record required pursuant to paragraph (a) of this Rule shall contain, at a minimum, the following information for every priced quotation (bid and/or offer) or unpriced indication of interest displayed by the member during the trading day:

- (1) Submitting firm;
- (2) Inter-dealer quotation system or medium;
- (3) Trade date;
- (4) Time quotation displayed (expressed in hours, minutes and seconds);
- (5) Security name and symbol;
- (6) Bid and bid quotation size (if applicable);
- (7) Offer and offer quotation size (if applicable);
- (8) Prevailing Inside Bid; and
- (9) Prevailing Inside Offer

If no updates were entered to an OTC Market Maker's quotation or quotation size for any given trading day, the member must record the information in subparagraphs (b)(1) through (7).

#### **(c) Quotations Not Required To Be Recorded**

The recording requirements contained in paragraphs (a) and (b) of this Rule shall not apply to quotations of OTC Equity Securities that are displayed on an inter-dealer quotation system that is:

- (1) operated by a registered securities association or a national securities exchange; or
- (2) operated by a member of FINRA.

#### **(d) Reporting Requirements**

- (1) General Requirement

Members shall report information required to be recorded under this Rule to FINRA upon its request.

- (2) Method of Transmitting Data

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

#### **(e) Reporting Agent Agreements**

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

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

(3) All written documents evidencing an agreement described in paragraph (e)(2) shall be maintained by each party to the agreement.

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

#### **(f) Withdrawal of Quotations or Unpriced Indications of Interest**

If a member knows or has reason to believe that it or its Reporting Agent is not complying with the requirements of this Rule, the member must withdraw its quotations or unpriced indications of interest until such time that the member is satisfied that its quotation data is being properly recorded and reported.

Amended by SR-FINRA-2009-054 eff. Feb. 11, 2011.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Adopted by SR-NASD-2000-42 eff. June 27, 2003.

**Selected Notices:** [03-28](#), [08-57](#), [10-42](#).

### **6432. Compliance with the Information Requirements of SEA Rule 15c2-11**

(a) Except as provided in SEA Rules 15c2-11(f)(1), (2), (3) and (5) and 15c2-11(h), no member shall initiate or resume the quotation of a non-exchange-listed security in any quotation medium unless the member has demonstrated compliance with this Rule



and the applicable requirements for information maintenance under SEA Rule 15c2-11. A member shall demonstrate compliance by making a filing with, and in the form required by, FINRA, which filing must be received at least three business days before the member's quotation is published or displayed in the quotation medium.

(b) The information to be filed shall contain:

(1) One copy of all information required to be maintained under SEA Rule 15c2-11(a)(1), (2), (3), (4), or (5), including any information that may be required by future amendments thereto. Members are not required to file with FINRA copies of any information that is available through the SEC's Electronic Data Gathering, Analysis, and Retrieval ("EDGAR") system; provided, however, that the filing with FINRA shall contain identifying information for each issuer report or statement available through EDGAR that was relied upon in satisfying the member's obligations under this Rule and SEA Rule 15c2-11(a), including the type of report, report date and any other information as may be requested by FINRA.

(2) Identification of the issuer, the issuer's predecessor in the event of a merger or reorganization within the previous 12 months, the type of non-exchange-listed security to be quoted (e.g., ADR, warrant, unit, or common stock), the quotation medium to be used, the member's initial or resumed quotation, and the particular subsection of SEA Rule 15c2-11 with which the member is demonstrating compliance.

(3) If a member is initiating or resuming quotation of a non-exchange-listed security with a priced entry, the basis upon which that priced entry was determined and the factors considered in making that determination.

(4) A certification that neither the member nor persons associated with the member have accepted or will accept any payment or other consideration prohibited by FINRA [Rule 5250](#).

(c) If a member's initial or resumed quotation does not include a priced entry, a member shall supplement its prior filing under this Rule, in the form required by FINRA, before inserting a priced entry for the affected non-exchange-listed security in a quotation medium. The supplemental filing shall specify the basis upon which the proposed priced entry was determined and the factors considered in making that determination. The supplemental filing must be received by FINRA at least three business days before the member's priced entry first appears in a quotation medium.

(d) All filings made with FINRA under this Rule must be reviewed and signed by a principal of the member firm.

(e) For purposes of this Rule, the term "non-exchange-listed security" means any equity security, other than a Restricted Equity Security, that is not traded on any national securities exchange.

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

**01.** Any member initiating or resuming quotations in reliance on the exception provided by SEA Rule 15c2-11(f)(2) must be able to demonstrate eligibility for the exception by making a contemporaneous record of:

(a) the identification of each associated person who receives the unsolicited customer order or indication of interest directly from the customer, if applicable;

(b) the identity of the customer;

(c) the date and time the unsolicited customer order or indication of interest was received; and

(d) the terms of the unsolicited customer order or indication of interest that is the subject of the quotation (e.g., security name and symbol, size, side of the market, duration (if specified) and, if priced, the price).

Any member displaying a quote representing an unsolicited customer order or indication of interest that was received from another broker-dealer must contemporaneously record the identity of the person from whom information regarding the unsolicited customer order or indication of interest was received, if applicable; the date and time the unsolicited customer order or indication of interest was received by the member displaying the quotation; and the terms of the order that is the subject of the quotation.

Amended by SR-FINRA-2014-011 eff. July 7, 2014.  
 Amended by SR-FINRA-2009-054 eff. Feb. 11, 2011.  
 Amended by SR-FINRA-2010-047 eff. Oct. 15, 2010.  
 Amended by SR-FINRA-2010-003 eff. June 28, 2010.  
 Amended by SR-FINRA-2009-030 eff. Sep. 21, 2009.  
 Amended by SR-FINRA-2008-057 eff. Dec. 15, 2008.  
 Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
 Amended by SR-NASD-2006-087 eff. Aug. 1, 2006.  
 Renumbered from Rule 6740 and amended by SR-NASD-2005-087 eff. Aug 1, 2006.  
 Amended by SR-NASD-2005-098 eff. June 29, 2006.  
 Adopted by SR-NASD-90-2 eff. May 1, 1990.

**Selected Notices:** [90-40](#), [92-50](#), [06-27](#), [08-57](#), [09-51](#), [10-26](#), [10-42](#), [14-26](#), [17-26](#).

### 6433. Minimum Quotation Size Requirements For OTC Equity Securities

Every member entering quotations in any inter-dealer quotation system that permits quotation updates on a real-time basis must enter and honor those quotations for at least the minimum size defined in the table below. In this regard, it is the member's responsibility to determine the minimum size requirement applicable to its quotation. Depending on the price level of the quotation, a different minimum size can apply to each side of the market being quoted by the member in a given security.

Price (Bid or Offer)	Minimum Quote Size
0.0001–0.0999	10,000
0.10–0.1999	5,000
0.20–0.5099	2,500
0.51–0.9999	1,000
1.00–174.99	100
175.00+	1

Amended by SR-FINRA-2018-015 eff. July 31, 2018.  
 Amended by SR-FINRA-2018-022 eff. June 7, 2018.  
 Amended by SR-FINRA-2017-035 eff. Dec. 8, 2017.  
 Amended by SR-FINRA-2017-014 eff. June 9, 2017.  
 Amended by SR-FINRA-2016-044 eff. Dec. 9, 2016.  
 Amended by SR-FINRA-2016-016 eff. June 10, 2016.  
 Amended by SR-FINRA-2015-051 eff. Dec. 11, 2015.  
 Amended by SR-FINRA-2015-028 eff. Aug. 14, 2015.  
 Amended by SR-FINRA-2015-010 eff. May 15, 2015.  
 Amended by SR-FINRA-2015-002 eff. Jan. 29, 2015.  
 Amended by SR-FINRA-2014-041 eff. Sept. 30, 2014.  
 Amended by SR-FINRA-2013-049 eff. Nov. 5, 2013.  
 Amended by SR-FINRA-2011-058 eff. Nov. 12, 2012.  
 Amended by SR-FINRA-2009-054 eff. Feb. 11, 2011.  
 Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
 Renumbered from Rule 6750 and amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
 Amended by SR-NASD-2000-17 eff. September 5, 2000.  
 Amended by SR-NASD-99-32 eff. September 23, 1999.  
 Adopted by SR-NASD-93-17 eff. Sept. 8, 1993.

**Selected Notices:** [93-54](#), [08-57](#), [10-42](#), [12-37](#), [12-51](#).

#### 6434. Minimum Pricing Increment for OTC Equity Securities

(a) No member shall display, rank, or accept a bid or offer, an order, or an indication of interest in any OTC Equity Security priced in an increment smaller than \$0.01 if that bid or offer, order or indication of interest is priced equal to or greater than \$1.00 per share.

(b) No member shall display, rank, or accept a bid or offer, an order, or an indication of interest in any OTC Equity Security priced in an increment smaller than \$0.0001 if that bid or offer, order or indication of interest is priced less than \$1.00 per share except, where an order or indication of interest is priced less than \$0.0001, a member may rank or accept (but not display) such order or indication of interest in an increment of \$0.000001 or greater.

Adopted by SR-FINRA-2009-054 eff. Feb. 11, 2011.

**Selected Notice:** [10-42](#).

#### 6435. Withdrawal of Quotations in an OTC Equity Security in Compliance with SEC Regulation M

(a) A member that is a distribution participant, affiliated purchaser, selling security holder or issuer in a distribution of an OTC Equity Security that is a covered security subject to Rule 101 or 102 of SEC Regulation M and is entering quotations in such security shall, unless another member has assumed responsibility in writing for compliance with this Rule:

(1) withdraw all quotations in the OTC Equity Security to comply with the applicable restricted period under Rule 101 or 102 of SEC Regulation M; and

(2) not enter a stabilizing bid for the OTC Equity Security pursuant to Rule 104 of SEC Regulation M.

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

Amended by SR-FINRA-2009-054 eff. Feb. 11, 2011.  
 Adopted by SR-FINRA-2008-039.

**Selected Notices:** [08-57](#), [08-74](#), [10-42](#).

### **6437. Prohibition from Locking or Crossing Quotations in OTC Equity Securities**

(a) Members must implement policies and procedures that reasonably avoid displaying, or engaging in a pattern or practice of displaying, locking or crossing quotations in any OTC Equity Security.

(b) For purposes of this Rule, the following definitions shall apply:

(1) The term "crossing quotation" shall mean the display of a bid for an OTC Equity Security at a price that is higher than the displayed price of an offer for such OTC Equity Security in the same inter-dealer quotation system, or the display of an offer for an OTC Equity Security at a price that is lower than the displayed price of a bid for such OTC Equity Security in the same inter-dealer quotation system.

(2) The term "locking quotation" shall mean the display of a bid for an OTC Equity Security at a price that equals the displayed price of an offer for such OTC Equity Security in the same inter-dealer quotation system, or the display of an offer for an OTC Equity Security at a price that equals the displayed price of a bid for such OTC Equity Security in the same inter-dealer quotation system.

Adopted by SR-FINRA-2009-054 eff. Feb. 11, 2011.

**Selected Notice:** [10-42](#).

### **6438. Displaying Priced Quotations in Multiple Quotation Mediums**

Members that display priced quotations on a real-time basis for an OTC Equity Security in two or more quotation mediums that permit quotation updates on a real-time basis must display the same priced quotations for the security in each medium, except with respect to a price quotation that represents a customer limit order displayed on an electronic communications network in conformance with the exception to [Rule 6460](#) provided in paragraph (b)(5) of that rule.

Adopted by SR-FINRA-2011-052 eff. May 31, 2012.

**Selected Notice:** [12-13](#).

### **6440. Trading and Quotation Halt in OTC Equity Securities**

#### **(a) Authority for Initiating a Trading and Quotation Halt**

In circumstances in which it is necessary to protect investors and the public interest, FINRA may direct members, pursuant to the procedures set forth in paragraph (b), to halt trading and quotations in OTC Equity Securities (as such term is defined in [Rule 6420](#)) if:

(1) the OTC Equity Security or the security underlying an American Depositary Receipt ("ADR") that is an OTC Equity Security ("OTC ADR") is listed on or registered with a foreign securities exchange or market, and the foreign securities exchange, market, or regulatory authority overseeing such issuer, exchange, or market, halts trading in such security for regulatory reasons because of public interest concerns or for news pending; provided, however, that FINRA will not impose a trading and quotation halt if the Foreign Regulatory Halt was imposed solely for a regulatory filing deficiency, or operational reasons ("Foreign Regulatory Halt");

(2) the OTC Equity Security or the security underlying an OTC ADR is a derivative or component of a security listed on or registered with a national securities exchange or foreign securities exchange or market ("listed security") and the national securities exchange, or foreign securities exchange or market imposes a trading halt in the listed security ("Derivative Halt"); or

(3) FINRA determines that an extraordinary event has occurred or is ongoing that has had a material effect on the market for the OTC Equity Security or the security underlying an OTC ADR or has caused or has the potential to cause major disruption to the marketplace or significant uncertainty in the settlement and clearance process ("Extraordinary Event Halt").

#### **(b) Procedure for Initiating a Trading and Quotation Halt**

(1) Upon notice of a Foreign Regulatory Halt or Derivative Halt from: (A) the national or foreign securities exchange or market on which the OTC Equity Security or the security underlying the OTC ADR is listed or registered, (B) a regulatory authority overseeing such issuer, exchange, or market, or (C) another reliable third-party source where FINRA can validate the information provided, FINRA will promptly initiate a trading and quotation halt in the OTC Equity Security. The commencement of the trading and quotation halt for the OTC Equity Security will be effective simultaneous with the issuance of appropriate public notice by FINRA.

(2) After FINRA initiates a halt in an OTC Equity Security as a result of a Foreign Regulatory Halt or a Derivative Halt, FINRA may continue the halt in trading and quoting in the OTC market for the OTC Equity Security until such time as FINRA receives notice that the applicable regulatory authority has or intends to resume trading in the security.

(3) After FINRA initiates a halt in an OTC Equity Security as a result of an Extraordinary Event Halt, trading and quotations in the OTC market for the OTC Equity Security may resume when FINRA determines that the basis for the halt no longer exists, or when ten business days have elapsed from the date FINRA initiated the trading and quotation halt in the security, whichever occurs first.

(4) FINRA shall disseminate appropriate public notice that a trading and quotation halt initiated under this Rule is no longer in effect.

### (c) Violation of OTC Trading and Quotation Halt Rule

If a security is subject to a trading and quotation halt initiated pursuant to this Rule, it shall be deemed conduct inconsistent with just and equitable principles of trade and a violation of [Rule 2010](#) for a member:

(1) to effect, directly or indirectly, a trade in such security; or

(2) to publish a quotation, a priced bid and/or offer, an unpriced indication of interest (including "bid wanted" and "offer wanted" indications), or a bid or offer accompanied by a modifier to reflect unsolicited customer interest, in any quotation medium. For purposes of this Rule, "quotation medium" shall mean any: system of general circulation to brokers or dealers that regularly disseminates quotations of identified brokers or dealers; or publication, alternative trading system or other device that is used by brokers or dealers to disseminate quotations to others.

### ••• Supplementary Material: -----

**.01 Discretion for Extraordinary Event Halts.** FINRA may impose a trading and quotation halt in an OTC Equity Security pursuant to Rule 6440(a)(3) where FINRA determines, in its discretion, based on the facts and circumstances of the particular event, that halting trading in the security is the appropriate mechanism to protect investors and ensure a fair and orderly marketplace. As a general matter, FINRA does not favor imposing a trading and quotation halt in an OTC Equity Security and will exercise this authority in very limited circumstances. FINRA may also determine to extend an Extraordinary Event Halt that has been initiated pursuant to Rule 6440 (a)(3) to continue in effect for subsequent periods of up to 10 business days each if, at the time of any such extension, FINRA finds that the extraordinary event is ongoing and determines that the continuation of the halt beyond the prior 10 business day period is necessary in the public interest and for the protection of investors.

**.02 Factors Considered.** In determining whether to impose an Extraordinary Event Halt under Rule 6440(a)(3), FINRA will consider several factors in making its determination, including but not limited to: (1) the material nature of the event; (2) the material facts surrounding the event are undisputed and not in conflict; (3) the event has caused widespread confusion in the trading of the security; (4) there has been a material negative effect on the market for the subject security; (5) the potential exists for a major disruption to the marketplace; (6) there is significant uncertainty in the settlement and clearance process for the security; and/or (7) such other factors as FINRA deems relevant in making its determination. FINRA may review all or some of these factors as it determines appropriate.

**.03 Market-wide Circuit Breaker in OTC Equity Securities.** In the event FINRA has halted trading otherwise than on an exchange in all NMS stocks pursuant to [Rule 6121](#), FINRA also shall halt trading in all OTC Equity Securities until such time that the market-wide circuit breaker no longer is in effect for NMS stocks. Members must halt quoting and trading in all OTC Equity Securities as of the time the market-wide trading halt in NMS stocks is publicly disseminated.

Amended by SR-FINRA-2012-010 eff. May 9, 2013.  
 Amended by SR-FINRA-2011-054 eff. Feb 4, 2013.  
 Amended by SR-FINRA-2009-054 eff. Feb. 11, 2011.  
 Amended by SR-FINRA-2008-057 eff. Dec. 15, 2008.  
 Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
 Renumbered from Rule 6545 and amended by SR-NASD-2006-039 eff. March 16, 2007.  
 Amended by SR-NASD-2005-089 eff. Oct. 1, 2005.  
 Adopted by SR-NASD-99-33 eff. June 26, 2000.

**Selected Notice:** [00-41](#), [07-09](#), [07-22](#), [08-57](#), [10-42](#), [13-13](#).

### 6450. Restrictions on Access Fees

A member shall not impose, nor permit to be imposed, non-subscriber access or post-transaction fees against its published quotation in any OTC Equity Security that exceed or accumulate to more than:

(a) \$0.003 per share, if the published quotation is priced equal to or greater than \$1.00; or

(b) the lesser of 0.3% of the published quotation price on a per share basis or 30% of the minimum pricing increment under [Rule 6434](#) relevant to the display of the quotation on a per share basis if the published quotation is less than \$1.00.

Adopted by SR-FINRA-2009-054 eff. Feb. 11, 2011.

**Selected Notice:** [10-42](#).

## 6460. Display of Customer Limit Orders

(a) Each OTC Market Maker displaying a priced quotation in any OTC Equity Security in an inter-dealer quotation system shall publish immediately a bid or offer that reflects:

(1) The price and the full size of each customer limit order held by the OTC Market Maker that is at a price that would improve the bid or offer of such OTC Market Maker in such security; and

(2) The full size of each customer limit order held by the OTC Market Maker that:

(A) Is priced equal to the bid or offer of such OTC Market Maker for such security;

(B) Is priced equal to the best bid or best offer of the inter-dealer quotation system in which the OTC Market Maker is quoting; and

(C) Represents more than a de minimis change in relation to the size associated with the OTC Market Maker's bid or offer.

(b) The requirements in paragraph (a) of this Rule shall not apply to any customer limit order:

(1) That is executed upon receipt of the order.

(2) That is placed by a customer who expressly requests, either at the time that the order is placed or prior thereto pursuant to an individually negotiated agreement with respect to such customer's orders, that the order not be displayed.

(3) That is an odd-lot order.

(4) That is a block size order, unless a customer placing such order requests that the order be displayed.

(5) That is delivered immediately upon receipt to a national securities exchange or an electronic communications network that widely disseminates such order and that complies with paragraph (c) below with respect to that order.

(6) That is delivered immediately upon receipt to another OTC Market Maker that complies with the requirements of this Rule with respect to that order.

(7) That is an all-or-none order.

(8) That is priced less than \$0.0001 per share.

(c) The electronic communications network:

(1) Provides to a national securities exchange, national securities association or inter-dealer quotation system the prices and sizes of the orders at the highest buy price and the lowest sell price for such security entered in, and widely disseminated by, the electronic communications network; and

(2) Provides, to any broker or dealer, the ability to effect a transaction with a priced order widely disseminated by the electronic communications network entered therein by an OTC market maker that is:

(A) Equivalent to the ability of any broker or dealer to effect a transaction with an OTC market maker pursuant to the rules of the applicable national securities exchange, national securities association or inter-dealer quotation system to which the electronic communications network supplies such bids and offers; and

(B) At the price of the highest priced buy order or lowest priced sell order, or better, for the lesser of the cumulative size of such priced orders entered therein by OTC market makers at such price, or the size of the execution sought by the broker or dealer, for such security.

### (d) Definitions

For purposes of this Rule, the following definitions shall apply:

(1) Best bid and best offer mean the highest priced bid and the lowest priced offer.

(2) Block size with respect to an order means it is of at least 10,000 shares and has a market value of at least \$100,000.

(3) Customer limit order means an order to buy or sell an OTC Equity Security at a specified price that is not for the account of either a broker or dealer; provided, however, that the term customer limit order shall include an order transmitted by a broker or dealer on behalf of a customer.

Adopted by SR-FINRA-2009-054 eff. May 9, 2011.

**Selected Notice:** [10-42](#).

## 6480. Multiple MPIDs for Quoting and Trading in OTC Equity Securities

(a) Any member that is required to obtain, or otherwise wishes to use, more than one Market Participant Symbol ("MPID") for purposes of quoting and trading OTC Equity Securities or for reporting trades to the OTC Reporting Facility must submit a written request, in the form required by FINRA, to, and obtain approval from, FINRA Market Operations for such additional MPID(s).

(b) A member that posts a quotation in an OTC Equity Security and reports to a FINRA system a trade resulting from such posted quotation must utilize the same MPID for reporting purposes.

(c) Except as set forth in paragraph (d), an OTC Reporting Facility 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 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 the OTC Reporting Facility, except if the member is submitting a clearing-only, non-regulatory report pursuant to [Rule 7330\(h\)\(4\)](#). 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.

(d) 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).

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

.01 FINRA considers the issuance of, and trade reporting with, multiple MPIDs to be a privilege and not a right. A member must identify the purpose(s) and system(s) for which the multiple MPIDs will be used. If FINRA determines that the use of multiple MPIDs is detrimental to the marketplace, or that a member is using one or more additional MPIDs improperly or for other than the purpose(s) identified by the member, FINRA staff retains full discretion to limit or withdraw its grant of the additional MPID(s) to such member.

Amended by SR-FINRA-2015-035 eff. Feb. 1, 2016.  
 Amended by SR-FINRA-2014-042 eff. Feb. 2, 2015.  
 Amended by SR-FINRA-2014-017 eff. Feb. 2, 2015.  
 Amended by SR-FINRA-2013-042 eff. Jan. 17, 2014 and Feb. 2, 2015.  
 Amended by SR-FINRA-2013-008 eff. Jan. 25, 2013.  
 Amended by SR-FINRA-2011-074 eff. Jan. 27, 2012.  
 Amended by SR-FINRA-2011-003 eff. Jan. 28, 2011.  
 Amended by SR-FINRA-2009-094 eff. Jan. 29, 2010.  
 Adopted by SR-FINRA-2009-051 eff. July 23, 2009.

Selected Notices: [14-07](#), [15-51](#).

## 6490. Processing of Company-Related Actions

### (a) General

(1) In furtherance of FINRA's obligations to foster cooperation and coordination of the clearing, settling and processing of transactions in equity and debt securities of any issuer with a class of publicly traded, non-exchange listed, securities in the OTC market and, in general, to protect investors and the public interest, FINRA's Operations Department ("Department") reviews and processes documents related to announcements for SEA Rule 10b-17 Actions and Other Company-Related Actions to facilitate the orderly trading and settlement of OTC securities.

(2) For purposes of this Rule, the term "SEA Rule 10b-17 Actions" includes, dividends or other distributions in cash or kind, stock splits or reverse stock splits, or rights or other subscription offerings, and such other actions as are provided for in SEA Rule 10b-17; and the term "Other Company-Related Actions" includes, but is not limited to, any issuance or change to a symbol or name, mergers, acquisitions, dissolutions or other company control transactions; and bankruptcy or liquidations.

(3) This Rule details the advance notification, supporting documentation and fees required by FINRA to process documentation related to such requests.

### (b) Request for FINRA Action

(1) An issuer or other duly authorized representative of the issuer may request that FINRA process documentation related to an SEA Rule 10b-17 Action or Other Company-Related Action by submitting a signed request in the manner and form required by FINRA ("Requesting Party"). Initial symbol set up requests may also be submitted by members or associated persons of members in order to comply with regulatory reporting requirements.

(2) All requests to process documentation related to an SEA Rule 10b-17 Action must be complete and submitted to the Department, in the manner and form required, no later than the time frame specified in SEA Rule 10b-17. A Requesting Party that does not submit a completed request to the Department, in the manner and form required, within the time frame specified in SEA Rule 10b-17, shall be deemed "late" and, as set forth in this Rule, subject to an additional fee before the request may be

processed. Nothing in the Rule shall alter the obligations of an issuer under SEA Rule 10b-17 and the processing of documentation related to a "late" SEA Rule 10b-17 Action request by FINRA shall not relieve an issuer of any violations under such rule.

(3) All requests to process documentation related to Other Company-Related Actions must be complete and submitted to the Department, in the manner and form required, no later than the time period prescribed for such Other Company-Related Action by FINRA. Notice and information submitted for Other Company-Related Actions must be submitted no later than 10 calendar days prior to the effective date of the company action. A Requesting Party that does not submit a completed FINRA action form to the Department, in the manner and form prescribed, at least ten (10) calendar days prior to the proposed effective date of the company action, shall be deemed "late" and as set forth in this Rule, subject to an additional fee before being processed.

(4) The Department may request such additional information or documentation as may be necessary for the Department to review the request to process documentation related to an SEA Rule 10b-17 Action or Other Company-Related Action and verify the accuracy of the information submitted.

### (c) Fees

The Requesting Party shall pay the following non-refundable fees for the review and processing of documentation related to an SEA Rule 10b-17 Action and Other Company-Related Action:

<b>SEA Rule 10b-17 Action</b>	<b>Fee</b>
Timely SEA Rule 10b-17 Notification	\$200
Late SEA Rule 10b-17 Notification Submitted at least 5 calendar days prior to Corporate Action Date	\$1,000
Late SEA Rule 10b-17 Notification Submitted at least 1 calendar day prior to Corporate Action Date	\$2,000
Late SEA Rule 10b-17 Notification Submitted on or after Corporate Action Date	\$5,000
<b>Other Company-Related Action</b>	<b>Fee</b>
Voluntary Symbol Request Change	\$500
Initial Symbol Set Up	No Charge
Symbol Deletion	No Charge
<b>Appeals</b>	<b>Fee</b>
Action Determination Appeal Fee	\$4,000

### (d) Procedures for Reviewing Submissions

#### (1) Review

The Department shall review all requests to process documentation related to SEA Rule 10b-17 Actions and Other Company-Related Actions that are submitted pursuant to this Rule, including any additional documents or information requested in accordance with paragraph (b) above. All such requests must be accompanied by proof of payment of the requisite fee when appropriate in accordance with paragraph (c) above.

#### (2) Lapsed Requests

Where a Requesting Party does not, in the reasonable determination of the Department, sufficiently respond to any request by the Department for additional information or documentation pursuant to paragraph (b)(3) above within 90 calendar days following such Department request, such party's request shall be deemed "lapsed" and be closed.

#### (3) Deficiency Determination

In circumstances where an SEA Rule 10b-17 Action or Other Company-Related Action is deemed deficient, the Department may determine that it is necessary for the protection of investors, the public interest and to maintain fair and orderly markets, that documentation related to such SEA Rule 10b-17 Action or Other Company-Related Action will not be processed. In instances where the Department makes such a deficiency determination, the request to process documentation related to the SEA Rule 10b-17 Action or Other Company-Related Action, as applicable, will be closed, subject to paragraphs (d)(4) and (e) of this Rule. The Department shall make such deficiency determinations solely on the basis of one or more of the following factors: (1) FINRA staff reasonably believes the forms and all supporting documentation, in whole or in part, may not be complete, accurate or with proper authority; (2) the issuer is not current in its reporting requirements, if applicable, to the SEC or other regulatory authority; (3) FINRA has actual knowledge that the issuer, associated persons, officers, directors, transfer agent, legal adviser, promoters or other persons connected to the issuer or the SEA Rule 10b-17 Action or Other Company-Related Action are the subject of a pending, adjudicated or settled regulatory action or investigation by a federal, state or foreign regulatory agency, or a self-regulatory

organization; or a civil or criminal action related to fraud or securities laws violations; (4) a state, federal or foreign authority or self-regulatory organization has provided information to FINRA, or FINRA otherwise has actual knowledge indicating that the issuer, associated persons, officers, directors, transfer agent, legal adviser, promoters or other persons connected with the issuer or the SEA Rule 10b-17 Action or Other Company-Related Action may be potentially involved in fraudulent activities related to the securities markets and/or pose a threat to public investors; and/or (5) there is significant uncertainty in the settlement and clearance process for the security.

#### (4) Notice Regarding Determination

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

#### (5) Notice Issuance

A notice issued under this paragraph shall be issued by facsimile or electronic mail, or pursuant to [Rule 9134](#).

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

A Requesting Party issued a notice under this Rule may appeal a determination made under paragraph (d)(3) of this Rule to a three-member subcommittee comprised of current or former industry members of FINRA's Uniform Practice Code Committee in writing, via facsimile, electronic mail or otherwise in writing, within seven (7) calendar days after service of the notice. The written request for an appeal must be accompanied by proof of payment of the non-refundable Action Determination Appeal Fee. A request for an appeal must set forth with specificity any and all defenses to the Department's determination that a request was unacceptable or otherwise deficient. An appeal to the subcommittee shall operate to stay the processing of the company-related action (i.e., the requested company-related action shall not be processed during the period that the Requesting Party requests an appeal or while any such appeal is pending). Once a written appeal has been received, the Requesting Party may submit any additional supporting written documentation, via facsimile, electronic mail or otherwise, up until the time the appeal is considered by the subcommittee. The subcommittee shall convene once each calendar month to consider all appeals received under this Rule during the prior month. The subcommittee shall render a determination within three (3) business days following the day the appeal is considered by the subcommittee. The subcommittee's determination shall constitute final action by FINRA. The subcommittee's determination shall not constitute an estoppel as to FINRA nor bind FINRA in any subsequent administrative, civil, or disciplinary proceeding. If the Requesting Party fails to file a written request for an appeal within seven (7) calendar days after service of the notice by the Department, the Department's determination shall constitute final action by FINRA.

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

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

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

Amended by SR-FINRA-2010-057 eff. Nov. 12, 2010.  
Adopted by SR-FINRA-2009-089 eff. Sep. 27, 2010.

**Selected Notice:** [10-38](#).

## 6500. OTC BULLETIN BOARD® SERVICE

### 6510. Applicability

These Rules shall be known as the "OTC Bulletin Board Rules" and govern the operation and use of the OTC Bulletin Board® service (OTCBB or "Service") by broker-dealers admitted to membership in FINRA and their associated persons. Unless otherwise



indicated, the requirements of the OTC Bulletin Board Rules are in addition to the requirements contained in the other FINRA rules, By-Laws, and Schedules to the By-Laws.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Adopted by SR-NASD-93-56 eff. Jan. 5, 1994.

**Selected Notice:** [08-57](#).

## 6520. Operation of the Service

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

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Adopted by SR-NASD-93-56 eff. Jan. 5, 1994.

**Selected Notice:** [08-57](#).

## 6530. OTCBB-Eligible Securities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) If an issuer's security becomes ineligible for quotation on the OTCBB pursuant to paragraph (e)(1)(A) above, the security will be removed from quotation on the OTCBB without the benefit of any grace period for the third delinquency, except that FINRA will provide seven calendar days from the date notification is mailed to the issuer pursuant to paragraph (f)(1) to permit an aggrieved party to request a review of the determination by a Hearing Officer (as defined in [Rule 9120\(r\)](#)) pursuant to paragraph (f) below. Following the removal of an issuer's security pursuant to this paragraph (e), such security shall not be eligible for quotation until the issuer has timely filed in a complete form all required annual and quarterly reports due in a one-year period. For purposes of this paragraph, a report filed within any applicable extensions permitted by SEA Rule 12b-25 will be considered timely filed.

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

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

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

Amended by SR-FINRA-2012-048 eff. Dec. 3, 2012.  
 Amended by SR-FINRA-2009-061 eff. Nov. 1, 2010.  
 Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
 Amended by SR-NASD-2007-052 eff. Aug. 1, 2008.  
 Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
 Amended by SR-NASD-2005-067 eff. June 21, 2006.  
 Amended by SR-NASD-2006-029 eff. Feb. 27, 2006.  
 Amended by SR-NASD-2005-011 eff. Nov. 16, 2005.  
 Amended by SR-NASD-98-51 eff. Jan. 4, 1999 for newly quoted issues; eff. July 4, 1999 for issues quoted on Jan. 4, 1999.  
 Amended by SR-NASD-92-07 eff. Apr. 1, 1998.  
 Amended by SR-NASD-96-08 eff. Jan. 7, 1997.  
 Adopted by SR-NASD-93-56 eff. Jan. 5, 1994.

**Selected Notices to Members:** [99-15](#), [99-43](#), [99-76](#), [08-34](#), [08-57](#), [10-24](#).

## 6540. Requirements Applicable to Market Makers

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

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

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

### **(1) Permissible Quotation Entries**

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

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

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

### **(2) Impermissible Quotation Entries**

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

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

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

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

### **(3) Voluntary Termination of Registration**

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

### **(4) More Than One Trading Location**

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

### **(5) Clearance and Settlement**

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

(B) The foregoing requirement may be satisfied by direct participation, use of direct clearing services, or by entry into a correspondent clearing arrangement with another member that clears trades through such an agency.

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

#### (d) Compliance with Market Maker Requirements

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

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

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

Amended by SR-FINRA-2009-054 eff. Feb. 11, 2011.  
 Amended by SR-FINRA-2010-047 eff. Oct. 15, 2010.  
 Amended by SR-FINRA-2009-030 eff. Sep. 21, 2009.  
 Amended by SR-FINRA-2008-057 eff. Dec. 15, 2008.  
 Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
 Amended by SR-NASD-2006-091 eff. March 5, 2007.  
 Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
 Amended by SR-NASD-2003-75 eff. July 9, 2003.  
 Amended by SR-NASD-2001-44 eff. May 10, 2002.  
 Amended by SR-NASD-98-51 eff. Jan. 4, 1999.  
 Amended by SR-NASD-92-7 eff. April 1, 1998.  
 Amended by SR-NASD-97-38 eff. Oct. 29, 1997.  
 Amended by SR-NASD-97-18 eff. Mar. 14, 1997.  
 Amended by SR-NASD-97-15 eff. Mar. 4, 1997.  
 Amended by SR-NASD-96-08 eff. Jan. 7, 1997.  
 Adopted by SR-NASD-93-56 eff. Jan. 5, 1994.

**Selected Notices:** [98-7](#), [99-15](#), [99-43](#), [99-76](#), [08-57](#), [08-74](#), [09-51](#), [10-42](#).

## 6550. Transaction Reporting

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

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

**Selected Notices:** [94-8](#), [94-29](#), [94-73](#), [97-80](#), [08-57](#), [10-24](#).

## 6600. OTC REPORTING FACILITY

### 6610. General

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

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

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

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

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

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

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

(B) Trading Information will be aggregated for members that have executed on average fewer than 200 transactions per day across all OTC Equity Securities during the applicable Trading Information period.

(C) Trading Information will be aggregated for members that have executed on average fewer than 200 transactions per day in an OTC Equity Security during the applicable Trading Information period.

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

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

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

"Trading Information" for purposes of this paragraph (b) shall not include any ATS Trading Information, as that term is defined in paragraph (c)(3).

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

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

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

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

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

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

**Selected Notices:** [08-57](#), [10-26](#), [10-24](#), [15-48](#), [16-14](#).

## 6620. Reporting Transactions in OTC Equity Securities and Restricted Equity Securities

### 6621. Definitions

Terms used in this [Rule 6620](#) Series shall have the same meanings as defined in [Rule 6420](#).

Adopted by SR-FINRA-2008-021.

**Selected Notice:** [08-57](#).

### 6622. Transaction Reporting

#### (a) When and How Transactions are Reported

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

#### (2) Transaction Reporting Outside Normal Market Hours

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

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

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

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

### (3) Transaction Reporting for Restricted Equity Securities

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

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

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

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

(A) if the trade is executed during normal market hours and it is reported later than 10 seconds after execution;

(B) if the trade is a Seller's Option Trade, denoting the number of days for delivery;

(C) if the trade is a Cash Trade;

(D) if the trade is a Next Day Trade;

(E) if the trade occurs at a price based on an average weighting or another special pricing formula;

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

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

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

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

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

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

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

#### **(b) Which Party Reports Transaction**

- (1) In transactions between two members, the executing party shall report the transaction.
- (2) In transactions between a member and a non-member or customer, the member shall report the transaction.

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

#### **(c) Information To Be Reported**

Each last sale report shall contain the following information:

- (1) Symbol of the OTC Equity Security or Restricted Equity Security;
- (2) Number of shares;
- (3) Price of the transaction as required by paragraph (d) below;
- (4) A symbol indicating whether the transaction is a buy, sell or cross, and if applicable, sell short; and
- (5) The time of execution expressed in hours, minutes, and seconds based on Eastern Time, unless another provision of FINRA rules requires that a different time must be included on the report.

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

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

##### **(1) Reporting Agency Transactions**

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

##### **(2) Reporting Dual Agency Transactions**

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

##### **(3) Reporting Principal and Riskless Principal Transactions**

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

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

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

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

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

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

**Example:**

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

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

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

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

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

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

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

**Example #1:**

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

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

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

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

**Example #2A:**

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

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

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

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

**Example #2B:**

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

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

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

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

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

**Example #3:**

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

DO NOT TAPE REPORT this leg if reported to foreign exchange

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

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

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

(A) transactions that are part of a primary distribution by an issuer or a registered secondary distribution (other than "shelf distributions") or of an unregistered secondary distribution; for purposes of this subparagraph, the term "distribution"



has the meaning set forth under Rule 100 of SEC Regulation M;

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

(C) transactions reported on or through an exchange;

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

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

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

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

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

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

#### **(f) Reporting Cancelled and Reversed Trades**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**(g) Transactions in Foreign Equity Securities**

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

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

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

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

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

**••• Supplementary Material: -----**

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

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

**.03 Trade Reporting Time Frame**

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

(b) FINRA recognizes that a very small universe of trades are reported manually, and as a result, even where a member does not purposely withhold trade reports, the trade reporting process may not be completed within 10 seconds following execution. In these cases, for purposes of determining whether "reasonable justification" exists to excuse what otherwise may be deemed to be a pattern or

practice of late trade reporting under this Rule and [Rule 6623](#), FINRA will take into consideration such factors as the complexity and manual nature of the execution and reporting of the trade, where the trade details must be manually entered into the trade reporting system following execution.

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

### ***Cross Reference–***

#### **6623, Transaction Reporting**

Amended by SR-FINRA-2013-050 and SR-FINRA-2014-039 eff. Nov. 17, 2014.  
 Amended by SR-FINRA-2013-013 eff. Nov 4, 2013.  
 Amended by SR-FINRA-2011-027 eff. Nov. 1, 2011.  
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 Amended by SR-FINRA-2010-058 eff. Feb. 28, 2011.  
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 Amended by SR-FINRA-2009-061 eff. Nov. 1, 2010.  
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 Amended by SR-FINRA-2008-057 eff. Dec. 15, 2008.  
 Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
 Amended by SR-NASD-2007-030 eff. Apr. 20, 2007.  
 Amended by SR-NASD-2006-120 eff. Dec. 4, 2006.  
 Amended by SR-NASD-2006-055 eff. Dec. 1, 2006.  
 Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
 Amended by SR-NASD-2005-062 eff. June 9, 2005.  
 Amended by SR-NASD-2005-027 eff. Feb. 14, 2005.  
 Amended by SR-NASD-2004-151 eff. Oct. 12, 2004.  
 Amended by SR-NASD-2004-021 eff. Sept. 20, 2004.  
 Amended by SR-NASD-2004-076 eff. May 5, 2004.  
 Amended by SR-NASD-2004-034 eff. Feb. 25, 2004.  
 Amended by SR-NASD-2003-154 eff. Nov. 3, 2003.  
 Amended by SR-NASD-2003-98 eff. Sept. 4, 2003.  
 Amended by SR-NASD-2003-14 eff. January 31, 2003.  
 Amended by SR-NASD-2001-36 eff. July 6, 2001.  
 Amended by SR-NASD-2000-52 eff. Aug. 30, 2000.  
 Amended by SR-NASD-99-57 eff. Oct. 25, 1999.  
 Amended by SR-NASD-98-59 eff. Sept. 30, 1999.  
 Amended by SR-NASD-98-08 eff. Sept. 30, 1999.  
 Amended by SR-NASD-98-47 eff. July 9, 1998.  
 Amended by SR-NASD-94-35 eff. Dec. 12, 1994.  
 Amended by SR-NASD-94-53 eff. Oct. 24, 1994.  
 Amended by SR-NASD-92-48 eff. Dec. 20, 1993.  
 Amended by SR-NASD-93-40 eff. Oct. 7, 1993.

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

## **6623. Timely Transaction Reporting**

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

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

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

**Selected Notices:** [08-57](#), [10-24](#), [10-26](#).

## 6624. Trade Reporting of Short Sales

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](#).

## 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.

### 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) FINRA Rules [0130](#), [0140](#), [2010](#), [2020](#), [2111](#), [2121](#), [2232](#), [2251](#), [2261](#), [2262](#), [2269](#), [5310](#), [8210](#);
- (2) the [Rule 8100](#) and [8300](#) Series; and
- (3) FINRA 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) FINRA [Rule 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) FINRA Rules [0110](#), [0120](#), and [0160](#).
- (2) NASD Rule [3140](#) and FINRA Rules [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) FINRA Rules [2310](#), [2320](#), [2341](#), [2360](#), [4210](#), [4320](#), [4560](#), [5110](#), [5130](#), and [5141](#).

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](#).

## 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 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](#).

## 6720. Participation in TRACE

### (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](#).

## 6730. Transaction Reporting

### (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.

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](#).

### 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



(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](#)

## 6740. Termination of TRACE Service

FINRA may, upon notice, terminate TRACE service to a member in the event that a member fails to abide by any of the rules or operating procedures of the TRACE service or FINRA, or fails to honor contractual agreements entered into with FINRA or FINRA Regulation, or fails to pay promptly for services rendered by the TRACE service.

Amended by SR-FINRA-2015-034 eff. Dec. 20, 2015.

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

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

**Selected Notices:** [08-57](#), [16-04](#).

## 6750. Dissemination of Transaction Information

### (a) Dissemination Upon Receipt

FINRA will disseminate information on all transactions in TRACE-Eligible Securities, including transactions effected pursuant to Securities Act Rule 144A, immediately upon receipt of the transaction report, except as provided in paragraphs (b) and (c) of this rule.

### (b) Periodic Dissemination

FINRA will disseminate aggregated information on certain transactions in collateralized mortgage obligations ("CMOs"), including transactions in CMOs effected pursuant to Securities Act Rule 144A, where the transaction value is \$1 million or more (calculated based upon original principal balance), and where there have been five or more transactions of \$1 million or more in the security in the period reported by at least two different market participant identifiers ("MPIDs"), on a weekly and monthly basis.

### (c) Transaction Information Not Disseminated

FINRA will not disseminate information on a transaction in a TRACE-Eligible Security that is:

(1) identified with the non-member affiliate—principal transaction indicator pursuant to [Rule 6730\(d\)\(4\)\(E\)](#);

(2) a transfer of proprietary securities positions where the transfer (A) is effected in connection with a merger or direct or indirect acquisition and (B) is not in furtherance of a trading or investment strategy. Such transfers shall be reported in the manner prescribed by FINRA to denote that they are submitted for regulatory purposes and not for dissemination. Members must provide FINRA at least three business days advance written notice of their intent to use this exception, including the basis for their

determination that the transfer meets the terms of the exception. Members must report such transfers on the same day as the ultimate transfer of the positions on their books and records, unless later reporting is warranted under specific circumstances;

(3) a List or Fixed Offering Price Transaction or a Takedown Transaction;

(4) a Securitized Product that is: a CMBS; a CDO; or a CMO if the CMO transaction value is \$1 million or more (calculated based upon original principal balance) and the transaction does not qualify for periodic dissemination under paragraph (b) above, except as may be otherwise provided in [Rule 7730](#); or

(5) a U.S. Treasury Security.

Amended by SR-FINRA-2016-027 eff. July 10, 2017.  
 Amended by SR-FINRA-2017-004 eff. March 20, 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 eff. June 1, 2015.  
 Amended by SR-FINRA-2013-029 eff. June 30, 2014.  
 Amended by SR-FINRA-2012-042 eff. July 22, 2013.  
 Amended by SR-FINRA-2012-020 eff. Nov. 12, 2012.  
 Amended by SR-FINRA-2011-061 eff. Oct. 14, 2011.  
 Amended by SR-FINRA-2009-065 eff. May 16, 2011.  
 Amended by SR-FINRA-2009-010 eff. March 1, 2010.  
 Amended by SR-FINRA-2009-024 eff. May 4, 2009.  
 Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
 Amended by SR-NASD-2005-120 eff. Jan. 9, 2006.  
 Amended by SR-NASD-2004-189 Stage 2 eff. Feb. 7, 2005.  
 Amended by SR-NASD-2004-148 eff. Oct. 1, 2004.  
 Amended by SR-NASD-2004-94 Stage 1 eff. Oct. 1, 2004 & Stage 2 eff. Feb. 7, 2005.  
 Amended by SR-NASD-2003-41 eff. April 14, 2003.  
 Amended by SR-NASD-2002-174 eff. March 3, 2003.  
 Amended by SR-NASD-2002-46 eff. July 1, 2002.  
 Adopted by SR-NASD-99-65 eff. July 1, 2002.

**Selected Notices:** [02-76](#) [03-12](#), [03-22](#), [04-39](#), [04-65](#), [04-90](#), [05-02](#), [08-43](#), [08-57](#), [09-21](#), [09-57](#), [10-23](#), [10-55](#), [12-26](#), [12-48](#), [12-56](#), [13-35](#), [14-34](#), [15-14](#), [16-38](#), [16-39](#).

## 6760. Obligation To Provide Notice

### (a) Members Required to Provide Notice

(1) To facilitate trade reporting and dissemination of transactions in TRACE-Eligible Securities, a member that is a managing underwriter of a distribution or offering ("offering"), other than a secondary offering, of a TRACE-Eligible Security must obtain information and provide notice to FINRA Operations as set forth in this Rule. If a managing underwriter is not designated, an underwriter must provide such notice. In offerings where managing underwriters and/or underwriters are not designated, the lead initial purchaser must provide such notice, and if there is no lead initial purchaser, an initial purchaser must provide such notice. If more than one person is obligated to provide notice (e.g., multiple underwriters), such persons may submit jointly a single notice containing the required information to FINRA Operations. A member that is an underwriter or a Securitizer of a Securitized Product is a managing underwriter for purposes of this Rule. A member that is required to provide notice must make a good faith determination that the security is a TRACE-Eligible Security before providing such notice.

(2) The information must be provided using the method of communication or media specified by FINRA.

### (b) Information Required

The notice must contain the following information: (1) the CUSIP number or if a CUSIP number is not available, a similar numeric identifier (e.g., a mortgage pool number); (2) the issuer name, or, for a Securitized Product, the names of the Securitizers; (3) the coupon rate; (4) the maturity; (5) whether Securities Act Rule 144A applies; (6) the time that the new issue is priced, and, if different, the time that the first transaction in the offering is executed; (7) a brief description of the issue (e.g., senior subordinated note, senior note); and, (8) such other information FINRA deems necessary to properly implement the reporting and dissemination of a TRACE-Eligible Security, or if any of items (2) through (8) has not been determined or a CUSIP number (or a similar numeric identifier as referenced above) is not assigned or is not available when notice must be given, such other information that FINRA deems necessary and is sufficient to identify the security accurately.

### (c) When Required

A notice required under this Rule must be provided to FINRA Operations prior to the execution of the first transaction of the offering, except as provided below.

(1) If an offering of a security is priced and commences on the same business day between 9:30:00 a.m. Eastern Time and 4:00:00 p.m. Eastern Time, a person that is required to provide notice must provide to FINRA Operations as much of the

information set forth in paragraph (b) that is available prior to the execution of the first transaction of the offering, which must be sufficient to identify the security accurately, and such other information that FINRA deems necessary and provide all other information required under paragraph (b) within 15 minutes of the Time of Execution of the first transaction.

(2) If one or more transactions in a Collateralized Mortgage Obligation (CMO) are effected prior to the issuance of the security and are subject to [Rule 6730\(a\)\(3\)\(C\)](#), a member that is required to provide notice to FINRA Operations regarding such CMO must do so promptly on the date of issuance or other event that establishes the reference date that determines when a reporting period begins under [Rule 6730\(a\)\(3\)\(C\)](#).

Amended by SR-FINRA-2013-046 eff. June 1, 2015.  
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-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2004-94 eff. Oct. 1, 2004.  
Amended by SR-NASD-2003-99 eff. Aug. 25, 2003.  
Amended by SR-NASD-2002-174 eff. March 3, 2003.  
Amended by SR-NASD-2002-46 eff. July 1, 2002.  
Adopted by SR-NASD-99-65 eff. July 1, 2002.

**Selected Notices:** [02-76](#), [03-12](#), [03-45](#), [04-65](#), [08-57](#), [09-57](#), [10-23](#), [10-55](#), [11-20](#), [14-34](#).

## 6770. Emergency Authority

As market conditions may warrant, in consultation with the SEC, FINRA may suspend the reporting and/or dissemination of certain transactions in TRACE-Eligible Securities, or the reporting of certain data elements otherwise required under [Rule 6730](#) and/or the dissemination of certain data elements for such period of time as FINRA deems necessary.

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

**Selected Notice:** [09-57](#).

## 6800. CONSOLIDATED AUDIT TRAIL COMPLIANCE RULE

### 6810. Definitions

For purposes of the [Rule 6800](#) Series:

(a) "Account Effective Date" means:

(1) with regard to those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution:

(A) when the trading relationship was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, either

(i) the date the relationship identifier was established within the Industry Member;

(ii) the date when trading began (i.e., the date the first order was received) using the relevant relationship identifier; or

(iii) if both dates are available, the earlier date will be used to the extent that the dates differ; or

(B) when the trading relationship was established on or after November 15, 2018 for Industry Members other than Small Industry Members, or on or after November 15, 2019 for Small Industry Members, the date the Industry Member established the relationship identifier, which would be no later than the date the first order was received;

(2) where an Industry Member changes back office providers or clearing firms prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer;

(3) where an Industry Member acquires another Industry Member prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer;

(4) where there are multiple dates associated with an account established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the earliest available date;

(5) with regard to Industry Member proprietary accounts established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members:

(A) the date established for the account in the Industry Member or in a system of the Industry Member or

(B) the date when proprietary trading began in the account (i.e., the date on which the first orders were submitted from the account).

With regard to paragraph (a)(2) through paragraph (a)(5), the Account Effective Date will be no later than the date trading occurs at the Industry Member or in the Industry Member's system.

(b) "Active Accounts" means an account that has had activity in Eligible Securities within the last six months.

(c) "Allocation Report" means a report made to the Central Repository by an Industry Member that identifies the Firm Designated ID for any account(s), including subaccount(s), to which executed shares are allocated and provides the security that has been allocated, the identifier of the firm reporting the allocation, the price per share of shares allocated, the side of shares allocated, the number of shares allocated to each account, and the time of the allocation; provided, for the avoidance of doubt, any such Allocation Report shall not be required to be linked to particular orders or executions.

(d) "Business Clock" means a clock used to record the date and time of any Reportable Event required to be reported under this Rule Series.

(e) "CAT" means the consolidated audit trail contemplated by Rule 613 of SEC Regulation NMS.

(f) "CAT NMS Plan" means the National Market System Plan Governing the Consolidated Audit Trail, as amended from time to time.

(g) "CAT-Order-ID" means a unique order identifier or series of unique order identifiers that allows the Central Repository to efficiently and accurately link all Reportable Events for an order, and all orders that result from the aggregation or disaggregation of such order.

(h) "CAT Reporting Agent" means a Data Submitter that is a third party that enters into an agreement with an Industry Member pursuant to which the CAT Reporting Agent agrees to fulfill such Industry Member's reporting obligations under this Rule Series.

(i) "Central Repository" means the repository responsible for the receipt, consolidation, and retention of all information reported to the CAT pursuant to Rule 613 of SEC Regulation NMS and the CAT NMS Plan.

(j) "Compliance Threshold" has the meaning set forth in [Rule 6893\(d\)](#).

(k) "Customer" means:

(1) the account holder(s) of the account at an Industry Member originating the order; and

(2) any person from whom the Industry Member is authorized to accept trading instructions for such account, if different from the account holder(s).

(l) "Customer Account Information" shall include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable); except, however, that:

(1) in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will:

(A) provide the Account Effective Date in lieu of the "date account opened";

(B) provide the relationship identifier in lieu of the "account number"; and

(C) identify the "account type" as a "relationship";

(2) in those circumstances in which the relevant account was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, and no "date account opened" is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances:

(A) where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system;

(B) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system;

(C) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and

(D) where the relevant account is an Industry Member proprietary account.

(m) "Customer Identifying Information" means information of sufficient detail to identify a Customer, including, but not limited to:

(1) with respect to individuals: name, address, date of birth, individual tax payer identification number ("ITIN")/social security number ("SSN"), individual's role in the account (*e.g.*, primary holder, joint holder, guardian, trustee, person with the power of attorney); and

(2) with respect to legal entities: name, address, Employer Identification Number ("EIN")/Legal Entity Identifier ("LEI") or other comparable common entity identifier, if applicable; provided, however, that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to identify a Customer.

(n) "Data Submitter" means any person that reports data to the Central Repository, including national securities exchanges, national securities associations, broker-dealers, the SIPs for the CQS, CTA, UTP and Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information ("OPRA") Plans, and certain other vendors or third parties that may submit data to the Central Repository on behalf of Industry Members.

(o) "Eligible Security" includes (1) all NMS Securities and (2) all OTC Equity Securities.

(p) "Error Rate" means the percentage of Reportable Events collected by the Central Repository in which the data reported does not fully and accurately reflect the order event that occurred in the market.

(q) "Firm Designated ID" means a unique identifier for each trading account designated by Industry Members for purposes of providing data to the Central Repository, where each such identifier is unique among all identifiers from any given Industry Member for each business date.

(r) "Industry Member" means a member of a national securities exchange or a member of a national securities association that is required to record and report information pursuant to the CAT NMS Plan and this [Rule 6800](#) Series.

(s) "Industry Member Data" has the meaning set forth in [Rule 6830\(a\)\(2\)](#).

(t) "Initial Plan Processor" means the first Plan Processor selected by the Operating Committee in accordance with Rule 613 of SEC Regulation NMS and Section 6.1 of the CAT NMS Plan.

(u) "Listed Option" or "Option" have the meaning set forth in Rule 600(b)(35) of SEC Regulation NMS.

(v) "Manual Order Event" means a non-electronic communication of orderrelated information for which Industry Members must record and report the time of the event.

(w) "Material Terms of the Order" includes: the NMS Security or OTC Equity Security symbol; security type; price (if applicable); size (displayed and non-displayed); side (buy/sell); order type; if a sell order, whether the order is long, short, short exempt; open/close indicator (except on transactions in equities); time in force (if applicable); if the order is for a Listed Option, option type (put/call), option symbol or root symbol, underlying symbol, strike price, expiration date, and open/close (except on market maker quotations); and any special handling instructions.

(x) "NMS Security" means any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in Listed Options.

(y) "NMS Stock" means any NMS Security other than an option.

(z) "Operating Committee" means the governing body of the CAT NMS, LLC designated as such and described in Article IV of the CAT NMS Plan.

(aa) "Options Market Maker" means a broker-dealer registered with an exchange for the purpose of making markets in options contracts traded on the exchange.

(bb) "Order" or "order", with respect to Eligible Securities, shall include:

(1) Any order received by an Industry Member from any person;

(2) Any order originated by an Industry Member; or

(3) Any bid or offer.

(cc) "OTC Equity Security" means any equity security, other than an NMS Security, subject to prompt last sale reporting rules of a registered national securities association and reported to one of such association's equity trade reporting facilities.

(dd) "Participant" means each Person identified as such in Exhibit A of the CAT NMS Plan, as amended, in such Person's capacity as a Participant in CAT NMS, LLC.

(ee) "Person" means any individual, partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association and any heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so permits.

(ff) "Plan Processor" means the Initial Plan Processor or any other Person selected by the Operating Committee pursuant to Rule 613 of SEC Regulation NMS and Sections 4.3(b)(i) and 6.1 of the CAT NMS Plan to perform the CAT processing functions required by Rule 613 of SEC Regulation NMS and set forth in the CAT NMS Plan.

(gg) "Received Industry Member Data" has the meaning set forth in [Rule 6830\(a\)\(2\)](#).

(hh) "Recorded Industry Member Data" has the meaning set forth in [Rule 6830\(a\)\(1\)](#).

(ii) "Reportable Event" includes, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order.

(jj) "SRO" means any self-regulatory organization within the meaning of Section 3(a)(26) of the Exchange Act.

(kk) "SRO-Assigned Market Participant Identifier" means an identifier assigned to an Industry Member by an SRO or an identifier used by a Participant.

(ll) "Small Industry Member" means an Industry Member that qualifies as a small broker-dealer as defined in SEA Rule 0-10(c).

(mm) "Trading Day" shall have the meaning as is determined by the Operating Committee. For the avoidance of doubt, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in Rule 600(b)(47) of SEC Regulation NMS), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time.

Amended by SR-FINRA-2017-024 eff. June 30, 2017.

Adopted by SR-FINRA-2017-003 eff. March 15, 2017.

## 6820. Clock Synchronization

### (a) Clock Synchronization

(1) Each Industry Member shall synchronize its Business Clocks, other than such Business Clocks used solely for Manual Order Events or used solely for the time of allocation on Allocation Reports, at a minimum to within a fifty (50) millisecond tolerance of the time maintained by the atomic clock of the National Institute of Standards and Technology ("NIST"), and maintain such synchronization.

(2) Each Industry Member shall synchronize (A) its Business Clocks used solely for Manual Order Events and (B) its Business Clocks used solely for the time of allocation on Allocation Reports at a minimum to within a one second tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization.

(3) The tolerance for paragraph (a)(1) and (2) of this Rule includes all of the following:

(A) The difference between the NIST atomic clock and the Industry Member's Business Clock;

(B) The transmission delay from the source; and

(C) The amount of drift of the Industry Member's Business Clock.

(4) Business Clocks must be synchronized every business day before market open to ensure that timestamps for Reportable Events are accurate. To maintain clock synchronization, Business Clocks must be checked against the NIST atomic clock and re-synchronized, as necessary, throughout the day.

### (b) Documentation

Industry Members must document and maintain their synchronization procedures for Business Clocks. Industry Members must keep a log of the times when they synchronize their Business Clocks and the results of the synchronization process. This log should include notice of any time a Business Clock drifts more than the applicable tolerance specified in paragraph (a) of this Rule. Such log must include results for a period of not less than five years ending on the then current date, or for the entire period for which the Industry Member has been required to comply with this Rule if less than five years.

### (c) Certification

Each Industry Member shall certify to FINRA that its Business Clocks satisfy the synchronization requirements set forth in paragraph (a) of this Rule periodically in accordance with the certification schedule established by the Operating Committee pursuant to the CAT NMS Plan.

### (d) Violation Reporting

Each Industry Member with Business Clocks must report to the Plan Processor and FINRA violations of paragraph (a) of this Rule pursuant to the thresholds set by the Operating Committee pursuant to the CAT NMS Plan.

Adopted by SR-FINRA-2017-003 eff. March 15, 2017.

## 6830. Industry Member Data Reporting

### (a) Recording and Reporting Industry Member Data

(1) Subject to paragraph (a)(3) below, each Industry Member shall record and electronically report to the Central Repository the following details for each order and each Reportable Event, as applicable ("Recorded Industry Member Data") in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

(A) for original receipt or origination of an order:

- (i) Firm Designated ID(s) for each Customer;
- (ii) CAT-Order-ID;
- (iii) SRO-Assigned Market Participant Identifier of the Industry Member receiving or originating the order;
- (iv) date of order receipt or origination;
- (v) time of order receipt or origination (using timestamps pursuant to [Rule 6860](#)); and
- (vi) Material Terms of the Order;

(B) for the routing of an order:

- (i) CAT-Order-ID;
- (ii) date on which the order is routed;
- (iii) time at which the order is routed (using timestamps pursuant to [Rule 6860](#));
- (iv) SRO-Assigned Market Participant Identifier of the Industry Member routing the order;
- (v) SRO-Assigned Market Participant Identifier of the Industry Member or Participant to which the order is being routed;
- (vi) if routed internally at the Industry Member, the identity and nature of the department or desk to which the order is routed; and
- (vii) Material Terms of the Order;

(C) for the receipt of an order that has been routed, the following information:

- (i) CAT-Order-ID;
- (ii) date on which the order is received;
- (iii) time at which the order is received (using timestamps pursuant to [Rule 6860](#));
- (iv) SRO-Assigned Market Participant Identifier of the Industry Member receiving the order;
- (v) SRO-Assigned Market Participant Identifier of the Industry Member or Participant routing the order; and
- (vi) Material Terms of the Order;

(D) if the order is modified or cancelled:

- (i) CAT-Order-ID;
- (ii) date the modification or cancellation is received or originated;
- (iii) time at which the modification or cancellation is received or originated (using timestamps pursuant to [Rule 6860](#));
- (iv) price and remaining size of the order, if modified;
- (v) other changes in the Material Terms of the Order, if modified; and
- (vi) whether the modification or cancellation instruction was given by the Customer or was initiated by the Industry Member;

(E) if the order is executed, in whole or in part:

- (i) CAT-Order-ID;

- (ii) date of execution;
  - (iii) time of execution (using timestamps pursuant to [Rule 6860](#));
  - (iv) execution capacity (principal, agency or riskless principal);
  - (v) execution price and size;
  - (vi) SRO-Assigned Market Participant Identifier of the Industry Member executing the order;
  - (vii) whether the execution was reported pursuant to an effective transaction reporting plan or the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information; and
- (F) other information or additional events as may be prescribed pursuant to the CAT NMS Plan.

(2) Subject to paragraph (a)(3) below, each Industry Member shall record and report to the Central Repository the following, as applicable ("Received Industry Member Data" and collectively with the information referred to in [Rule 6830\(a\)\(1\)](#) "Industry Member Data") in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

(A) if the order is executed, in whole or in part:

- (i) An Allocation Report;
- (ii) SRO-Assigned Market Participant Identifier of the clearing broker or prime broker, if applicable; and
- (iii) CAT-Order-ID of any contra-side order(s);

(B) if the trade is cancelled, a cancelled trade indicator; and

(C) for original receipt or origination of an order, the Firm Designated ID for the relevant Customer, and in accordance with Rule 6840, Customer Account Information and Customer Identifying Information for the relevant Customer.

(3) Each Industry Member that is an Options Market Maker is not required to report to the Central Repository the Industry Member Data regarding the routing, modification or cancellation of its quotes in Listed Options. Each Industry Member that is an Options Market Maker shall report to the Exchange the time at which its quote in a Listed Option is sent to the Exchange (and, if applicable, any subsequent quote modification time and/or cancellation time when such modification or cancellation is originated by the Options Market Maker).

#### **(b) Timing of Recording and Reporting**

(1) Each Industry Member shall record Recorded Industry Member Data contemporaneously with the applicable Reportable Event.

(2) Each Industry Member shall report:

(A) Recorded Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member records such Recorded Industry Member Data; and

(B) Received Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member receives such Received Industry Member Data.

(3) Industry Members may, but are not required to, voluntarily report Industry Member Data prior to the applicable 8:00 a.m. Eastern Time deadline.

#### **(c) Applicable Securities**

(1) Each Industry Member shall record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of this Rule for each NMS Security registered or listed for trading on such exchange or admitted to unlisted trading privileges on such exchange.

(2) Each Industry Member shall record and report to the Central Repository the Industry Member Data as set forth in this paragraph (a) of this Rule for each Eligible Security for which transaction reports are required to be submitted to FINRA.

#### **(d) Security Symbology**

(1) For each exchange-listed Eligible Security, each Industry Member shall report Industry Member Data to the Central Repository using the symbology format of the exchange listing the security.

(2) For each Eligible Security that is not exchange-listed, each Industry Member shall report Industry Member Data to the Central Repository using such symbology format as approved by the Operating Committee pursuant to the CAT NMS Plan.

#### **(e) Error Correction**



For each Industry Member for which errors in Industry Member Data submitted to the Central Repository have been identified by the Plan Processor or otherwise, such Industry Member shall submit corrected Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on T+3.

Adopted by SR-FINRA-2017-003 eff. March 15, 2017.

## 6840. Customer Information Reporting

### (a) Initial Set of Customer Information

Each Industry Member shall submit to the Central Repository the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in [Rule 6880](#).

### (b) Daily Updates to Customer Information

Each Industry Member shall submit to the Central Repository any updates, additions or other changes to the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account on a daily basis.

### (c) Periodic Updates to Complete Set of Customer Information

On a periodic basis as designated by the Plan Processor and approved by the Operating Committee, each Industry Member shall submit to the Central Repository a complete set of Firm Designated IDs, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account.

### (d) Error Correction

For each Industry Member for which errors in Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account submitted to the Central Repository have been identified by the Plan Processor or otherwise, such Industry Member shall submit corrected data to the Central Repository by 5:00 p.m. on T+3.

Adopted by SR-FINRA-2017-003 eff. March 15, 2017.

## 6850. Industry Member Information Reporting

Each Industry Member shall submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in [Rule 6880](#), and keep such information up to date as necessary.

Adopted by SR-FINRA-2017-003 eff. March 15, 2017.

## 6860. Time Stamps

### (a) Millisecond Time Stamps

(1) Subject to paragraphs (a)(2) and (b), each Industry Member shall record and report Industry Member Data to the Central Repository with time stamps in milliseconds.

(2) Subject to paragraph (b), to the extent that any Industry Member's order handling or execution systems utilize time stamps in increments finer than milliseconds, such Industry Member shall record and report Industry Member Data to the Central Repository with time stamps in such finer increment.

### (b) One Second Time Stamps/Electronic Order Capture

(1) Each Industry Member may record and report Manual Order Events to the Central Repository in increments up to and including one second, provided that each Industry Member shall record and report the time when a Manual Order Event has been captured electronically in an order handling and execution system of such Industry Member ("Electronic Capture Time") in milliseconds; and

(2) Each Industry Member may record and report the time of Allocation Reports in increments up to and including one second.

Adopted by SR-FINRA-2017-003 eff. March 15, 2017.

## 6865. Time Stamp and Clock Synchronization Rule Violations

An Industry Member that engages in a pattern or practice of reporting Reportable Events with time stamps generated by Business Clocks that are not synchronized according to the requirements set forth in this Rule Series without reasonable justification or exceptional circumstances may be considered in violation of this Rule.

Adopted by SR-FINRA-2017-003 eff. March 15, 2017.

## 6870. Connectivity and Data Transmission

### (a) Data Transmission

Each Industry Member shall transmit data as required under the CAT NMS Plan to the Central Repository utilizing such format(s) as may be provided by the Plan Processor and approved by the Operating Committee.

### (b) Connectivity

Each Industry Member shall connect to the Central Repository using a secure method(s), including but not limited to private line(s) and virtual private network connection(s).

### (c) CAT Reporting Agents

(1) Any Industry Member may enter into an agreement with a CAT Reporting Agent pursuant to which the CAT Reporting Agent agrees to fulfill the obligations of such Industry Member under this [Rule 6800](#) Series. Any such agreement shall be evidenced in writing, which shall specify the respective functions and responsibilities of each party to the agreement that are required to effect full compliance with the requirements of this Rule Series.

(2) All written documents evidencing an agreement described in paragraph (a)(1) shall be maintained by each party to the agreement.

(3) Each Industry Member remains primarily responsible for compliance with the requirements of this [Rule 6800](#) Series, notwithstanding the existence of an agreement described in this paragraph (c).

Adopted by SR-FINRA-2017-003 eff. March 15, 2017.

## 6880. Development and Testing

### (a) Development

#### (1) Connectivity and Acceptance Testing

(A) Industry Members (other than Small Industry Members) shall begin connectivity and acceptance testing with the Central Repository no later than August 15, 2018.

(B) Small Industry Members shall begin connectivity and acceptance testing with the Central Repository no later than August 15, 2019.

#### (2) Reporting Customer and Industry Member Information

(A) Industry Members (other than Small Industry Members) shall begin reporting Customer and Industry Member information, as required by Rules [6840](#)(a) and [6850](#), respectively, to the Central Repository for processing no later than October 15, 2018.

(B) Small Industry Members shall begin reporting Customer and Industry Member information, as required by Rules [6840](#)(a) and [6850](#), respectively, to the Central Repository for processing no later than October 15, 2019.

#### (3) Submission of Order Data

(A) Industry Members (other than Small Industry Members)

(i) Industry Members (other than Small Industry Members) are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2018.

(ii) Industry Members (other than Small Industry Members) shall participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2018.

(B) Small Industry Members

(i) Small Industry Members are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2019.

(ii) Small Industry Members shall participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2019.

(4) Submission of Options Market Maker Quote. Industry Members are permitted, but not required, to submit Quote Sent Time on Options Market Maker quotes, beginning no later than October 15, 2018.

**(b) Testing**

Each Industry Member shall participate in testing related to the Central Repository, including any industry-wide disaster recovery testing, pursuant to the schedule established pursuant to the CAT NMS Plan.

Adopted by SR-FINRA-2017-003 eff. March 15, 2017.

**6890. Recordkeeping**

Each Industry Member shall maintain and preserve records of the information required to be recorded under this [Rule 6800](#) Series for the period of time and accessibility specified in SEA Rule 17a-4(b). The records required to be maintained and preserved under this Rule may be immediately produced or reproduced on "micrographic media" as defined in SEA Rule 17a-4(f)(1)(i) or by means of "electronic storage media" as defined in SEA Rule 17a-4(f)(1)(ii) that meet the conditions set forth in SEA Rule 17a-4(f) and be maintained and preserved for the required time in that form.

Adopted by SR-FINRA-2017-003 eff. March 15, 2017.

**6893. Timely, Accurate and Complete Data****(a) General**

Industry Members are required to record and report data to the Central Repository as required by this Rule Series in a manner that ensures the timeliness, accuracy, integrity and completeness of such data.

**(b) LEIs**

Without limiting the requirement set forth in paragraph (a), Industry Members are required to accurately provide the LEIs in their records as required by this Rule Series and may not knowingly submit inaccurate LEIs to the Central Repository; provided, however, that this requirement does not impose any additional due diligence obligations on Industry Members with regard to LEIs for CAT purposes.

**(c) Compliance with Error Rate**

If an Industry Member reports data to the Central Repository with errors such that the error percentage exceeds the maximum Error Rate established by the Operating Committee pursuant to the CAT NMS Plan, then such Industry Member would not be in compliance with the [Rule 6800](#) Series.

**(d) Compliance Thresholds**

Each Industry Member shall be required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT ("Compliance Thresholds"). Compliance Thresholds will compare an Industry Member's error rate to the aggregate Error Rate over a period of time to be defined by the Operating Committee. An Industry Member's performance with respect to its Compliance Threshold will not signify, as a matter of law, that such Industry Member has violated this Rule Series.

Adopted by SR-FINRA-2017-003 eff. March 15, 2017.

**6895. Compliance Dates****(a) General**

Except as set forth in paragraphs (b) and (c) of this Rule or otherwise set forth in this Rule Series, the compliance date for this Rule Series is the date of Commission approval.

**(b) Clock Synchronization**

(1) Each Industry Member shall comply with [Rule 6820](#) with regard to Business Clocks that capture time in milliseconds commencing on or before March 15, 2017.

(2) Each Industry Member shall comply with [Rule 6820](#) with regard to Business Clocks that do not capture time in milliseconds commencing on or before February 19, 2018.

**(c) CAT Data Reporting**

(1) Each Industry Member (other than a Small Industry Member) shall record and report the Industry Member Data to the Central Repository by November 15, 2018.

(2) Each Industry Member that is a Small Industry Member shall record and report the Industry Member Data to the Central Repository by November 15, 2019.

Adopted by SR-FINRA-2017-003 eff. March 15, 2017.

## **6898. Consolidated Audit Trail—Fee Dispute Resolution**

### **(a) Definitions**

(1) For purposes of this Rule, the terms "CAT NMS Plan", "Industry Member", "Operating Committee", and "Participant" are defined as set forth in [Rule 6810](#) (Consolidated Audit Trail—Definitions).

(2) "Subcommittee" means a subcommittee designated by the Operating Committee pursuant to the CAT NMS Plan.

(3) "CAT Fee" means any fees contemplated by the CAT NMS Plan and imposed on Industry Members pursuant to FINRA Rules.

### **(b) Fee Dispute Resolution**

Disputes initiated by an Industry Member with respect to CAT Fees charged to such Industry Member, including disputes related to the designated tier and the fee calculated pursuant to such tier, shall be resolved by the Operating Committee, or a Subcommittee designated by the Operating Committee, of the CAT NMS Plan, pursuant to the Fee Dispute Resolution Procedures adopted pursuant to the CAT NMS Plan and set forth in paragraph (c) of this Rule. Decisions on such matters shall be binding on Industry Members, without prejudice to the rights of any such Industry Member to seek redress from the SEC or in any other appropriate forum.

### **(c) Fee Dispute Resolution Procedures under the CAT NMS Plan**

#### **(1) Scope of Procedures**

These Fee Dispute Resolution Procedures provide the procedure for Industry Members that dispute CAT Fees charged to such Industry Member, including disputes related to the designated tier and the fee calculated pursuant to such tier, to apply for an opportunity to be heard and to have the CAT Fees charged to such Industry Member reviewed.

#### **(2) Submission and Time Limitation on Application to CAT NMS, LLC ("Company")**

An Industry Member that disputes CAT Fees charged to such Industry Member and that desires to have an opportunity to be heard with respect to such disputed CAT Fees shall file a written application with the Company within 15 business days after being notified of such disputed CAT Fees. The application shall identify the disputed CAT Fees, state the specific reasons why the applicant takes exception to such CAT Fees, and set forth the relief sought. In addition, if the applicant intends to submit any additional documents, statements, arguments or other material in support of the application, the same should be so stated and identified.

#### **(3) Procedure Following Applications for Hearing**

##### **(A) Fee Review Subcommittee**

The Company will refer applications for hearing and review promptly to the Subcommittee designated by the Operating Committee pursuant to Section 4.12 of the CAT NMS Plan with responsibility for conducting the reviews of CAT Fee disputes pursuant to these Fee Dispute Resolution Procedures. This Subcommittee will be referred to as the Fee Review Subcommittee. The members of the Fee Review Subcommittee will be subject to the provisions of Section 4.3(d) of the CAT NMS Plan regarding recusal and Conflicts of Interest.

##### **(B) Record**

The Fee Review Subcommittee will keep a record of the proceedings.

##### **(C) Hearings and Documents**

The Fee Review Subcommittee will hold hearings promptly. The Fee Review Subcommittee will set a hearing date. The parties to the hearing (as described in paragraph (c)(4)(A) below) shall furnish the Fee Review Subcommittee with all materials relevant to the proceedings at least 72 hours prior to the date of the hearing. Each party shall have the right to inspect and copy the other party's materials prior to the hearing.

#### **(4) Hearing and Decision**

##### **(A) Parties**

The parties to the hearing shall consist of the applicant and a representative of the Company who shall present the reasons for the action taken by the Company that allegedly aggrieved the applicant.

##### **(B) Counsel**

The applicant is entitled to be accompanied, represented and advised by counsel at all stages of the proceedings.

##### **(C) Conduct of Hearing**

The Fee Review Subcommittee shall determine all questions concerning the admissibility of evidence and shall otherwise regulate the conduct of the hearing. Each of the parties shall be permitted to make an opening statement, present witnesses and documentary evidence, cross examine opposing witnesses and present closing arguments orally or in writing as determined by the Fee Review Subcommittee. The Fee Review Subcommittee also shall have the right to question all parties and witnesses to the proceeding. The Fee Review Subcommittee shall keep a record of the hearing. The formal rules of evidence shall not apply.

(D) Decision

The Fee Review Subcommittee shall set forth its decision in writing and send the written decision to the parties to the proceeding. Such decisions shall contain the reasons supporting the conclusions of the Fee Review Subcommittee.

**(5) Review**

(A) Petition

The decision of the Fee Review Subcommittee shall be subject to review by the Operating Committee either on its own motion within 20 business days after issuance of the decision or upon written request submitted by the applicant within 15 business days after issuance of the decision. The applicant's petition shall be in writing and specify the findings and conclusions to which the applicant objects, together with the reasons for such objections. Any objection to a decision not specified in writing shall be considered to have been abandoned and may be disregarded. Parties may petition to submit a written argument to the Operating Committee and may request an opportunity to make an oral argument before the Operating Committee. The Operating Committee shall have sole discretion to grant or deny either request.

(B) Conduct of Review

The Operating Committee shall conduct the review. The review shall be made upon the record and shall be made after such further proceedings, if any, as the Operating Committee may order. Based upon such record, the Operating Committee may affirm, reverse or modify, in whole or in part, the decision of the Fee Review Subcommittee. The decision of the Operating Committee shall be in writing, shall be sent to the parties to the proceeding and shall be final.

**(6) Time Limit for Review**

A final decision regarding the disputed CAT Fees by the Operating Committee, or the Fee Review Subcommittee (if there is no review by the Operating Committee), must be provided within 90 days of the date on which the Industry Member filed a written application regarding disputed CAT Fees with the Company pursuant to paragraph (c)(2) of these Fee Dispute Resolution Procedures. The Operating Committee may extend the 90-day time limit under this paragraph (c)(6) at its discretion.

**(7) Miscellaneous Provisions**

(A) Service of Notice

Any notices or other documents may be served upon the applicant either personally or by leaving the same at its, his or her place of business or by deposit in the United States post office, postage prepaid, by registered or certified mail, addressed to the applicant at its, his or her last known business or residence address.

(B) Extension of Certain Time Limits

Any time limits imposed under these Fee Dispute Resolution Procedures for the submission of answers, petitions or other materials may be extended by permission of the Operating Committee. All papers and documents relating to review by the Fee Review Subcommittee or the Operating Committee must be submitted to the Fee Review Subcommittee or Operating Committee, as applicable.

**(8) Agency Review**

Decisions on such CAT Fee disputes made pursuant to these Fee Dispute Resolution Procedures shall be binding on Industry Members, without prejudice to the rights of any such Industry Member to seek redress from the SEC or in any other appropriate forum.

**(9) Payment of Disputed CAT Fees**

(A) Timing of Fee Payment

An Industry Member that files a written application with the Company regarding disputed CAT Fees in accordance with these Fee Dispute Resolution Procedures is not required to pay such disputed CAT Fees until the dispute is resolved in accordance with these Fee Dispute Resolution Procedures, including any review pursuant to paragraph (c)(8). For the purposes of this paragraph (c)(9), the disputed CAT Fees means the amount of the invoiced CAT Fees that the Industry Member has asserted pursuant to these Fee Dispute Resolution Procedures that such Industry Member does not owe to the Company. The Industry Member must pay any invoiced CAT Fees that are not disputed CAT Fees when due as set forth in the original invoice.

**(B) Interest on Unpaid CAT Fees**

Once the dispute regarding CAT Fees is resolved pursuant to these Fee Dispute Resolution Procedures, if it is determined that the Industry Member owes any of the disputed CAT Fees, then the Industry Member must pay such disputed CAT Fees that are owed as well as interest on such disputed CAT Fees from the original due date (that is, 30 days after receipt of the original invoice of such CAT Fees) until such disputed CAT Fees are paid at a per annum rate equal to the lesser of (i) the Prime Rate plus 300 basis points, or (ii) the maximum rate permitted by applicable law.

Adopted by SR-FINRA-2017-020 eff. Dec. 1, 2017.

**Selected Notice:** [17-39](#).