

## **OTC Reporting Facility Migration: Frequently Asked Questions**

### **Section 1: General**

Q1.1: What is the OTC Reporting Facility (ORF)?

A1.1: The ORF is a FINRA facility for the reporting of trades in “OTC Equity Securities” and transactions in “Restricted Equity Securities” effected pursuant to Securities Act Rule 144A (144A equity transactions). “OTC Equity Security” and “Restricted Equity Security” are defined for purposes of the FINRA trade reporting rules under Rule 6420.

Q1.2: What technology platform is the ORF migrating from/to?

A1.2: The ORF currently operates on the NASDAQ OMX Automated Confirmation Transaction (ACT) platform. The ORF is being migrated off of ACT to FINRA’s Multi-Product Platform (MPP).

Q1.3: My firm currently reports all over-the-counter (OTC) trades to ACT whether they are in NMS stocks or OTC Equity Securities. How does the ORF migration affect us?

A1.3: After the migration, all transactions in OTC Equity Securities and all 144A equity transactions must be reported to the ORF on the MPP. ACT will reject any trades in OTC Equity Securities and 144A equity transactions submitted on or after the date of migration of the ORF to the MPP. Migration will not impact the reporting of OTC transactions in NMS stocks to the FINRA/NASDAQ TRF on the ACT platform.

Q1.4: What date will the ORF be migrated to the new platform?

A1.4: The date of migration is Monday, September 15, 2014.

Q1.5: Will there be a parallel period when transactions in OTC Equity Securities and 144A equity transactions may be reported to the ORF on either ACT or the MPP?

A1.5: No. There will be no parallel period for reporting to the ORF.

Q1.6: What are the system times for the ORF on the MPP?

A1.6: Upon migration, the ORF will continue to be available Monday through Friday from 8:00 a.m. until 8:00 p.m. ET.

### **Section 2: Legal Agreements**

Q2.1: What legal agreements must firms execute prior to reporting to the ORF on the MPP?

A2.1: The FINRA Transparency Services Participation Agreement (FPA) must be executed and returned to FINRA Market Operations.

Q2.2: If my firm has already executed an FPA for another FINRA facility, such as the Trade Reporting and Compliance Engine (TRACE), do we need to execute another FPA for ORF?

A2.2: If your firm has already executed the FPA, you only need to execute the Amendment to the FPA and add the ORF as an active facility. The amendment is available at <http://www.finra.org/Industry/Compliance/MarketTransparency/ORF/ParticipantandLegal/>.

Q2.3: Are there any instructions available that can help me complete the FPA?

A2.3: Instructions for completing the FPA can be found at <http://www.finra.org/Industry/Compliance/MarketTransparency/ORF/ParticipantandLegal/>.

Q2.4: What is the deadline for submitting an executed FPA to FINRA Market Operations?

A2.4: FINRA requests that all agreements be submitted by Friday, August 15<sup>th</sup> to allow adequate processing time. An executed FPA must be executed and in place **prior** to reporting trades to the ORF on the MPP. Following migration, firms will be denied access to the ORF until they have executed and submitted a valid FPA to FINRA Market Operations.

Q2.5: Are there any additional agreements that must be executed for purposes of reporting to the ORF, and will they have to be repapered?

A2.5: A Uniform Service Bureau/Executing Broker Agreement (USA) must be executed and submitted to FINRA Market Operations for all member firms that permit another member to report transactions to the ORF on their behalf. In addition, the Transaction Fee Agreement must be executed and submitted to FINRA for firms that transfer a transaction fee on trades reported to the ORF. These agreements are available at <http://www.finra.org/Industry/Compliance/MarketTransparency/ORF/ParticipantandLegal/>.

All current USAs and Transaction Fee Agreements will continue to be valid for purposes of reporting to the ORF following migration to the MPP. Thus, if your firm has already executed a USA or Transaction Fee Agreement with other members, you will not be required to repaper those agreements.

Q2.6: If my firm has qualified special representative (QSR) agreements in place, are we also required to execute and submit USAs for those relationships?

A2.6: Yes. A QSR agreement is a National Securities Clearing Corporation (NSCC) agreement and only establishes that one party can send a trade to clearing on behalf of the other party. It does not establish that one party can trade report on behalf of another party for purposes of complying with the trade reporting rules. Therefore, a USA is required for a member to report trade information to the ORF on behalf of another member, even if the parties have a QSR agreement in effect. See Trade Reporting FAQ 200.3 at <http://www.finra.org/Industry/Regulation/Guidance/p038942#200>.

Q2.7: If my firm has NASDAQ AGU / Attachment 2 agreements in place, will we have to execute and submit USAs for those relationships?

A2.7: Yes. The NASDAQ AGU / Attachment 2 agreements will no longer be valid for purposes of reporting to the ORF following migration to the MPP. USAs must be executed and in place **prior** to

reporting trades to the ORF on the MPP. Relationships that have not been properly documented will result in rejected trade reports.

### **Section 3: Testing**

Q3.1: How do I sign up for testing?

A3.1: ORF migration testing details, including how to register for testing, can be found at <http://www.finra.org/web/groups/industry/@ip/@comp/@mt/documents/appsupportdocs/p471229.pdf>.

Q3.2: Will FINRA support production weekend testing prior to migration on September 15, 2014?

A3.2: Yes. Production user acceptance tests will be offered prior to migration on September 15, 2014. Please refer to the ORF Migration Page on FINRA.org for testing details.

### **Section 4: Connectivity and Access**

Q4.1: Can my firm use our current NASDAQ OMX ACT FIX or CTCL connections to report to the ORF on the MPP?

A4.1: New FIX connections must be set up to report to the ORF on the MPP. Current Fixed Income CTCL connections can be used if the traffic analysis performed by NASDAQ OMX indicates enough availability. Please contact NASDAQ OMX Technical Services at (212) 231-5180 to determine if your current CTCL connection can be used.

Q4.2: If my firm needs to order new FIX or CTCL connections, what is the process and the estimated time to have a connection setup?

A4.2: [A FINRA Port Request](#) Form must be filled out and sent to NASDAQ OMX Technical Services to start this process. Typical lead time to have a connection enabled can take up to eight weeks.

Q4.3: How does my firm report a system outage or connectivity failure?

A4.3: When an outage or technical problem occurs that may cause late reporting, a firm must immediately contact NASDAQ OMX Technical Support at (212) 231-5180. A problem ticket number will be issued and should be kept in your firm's records as evidence of a system problem.

Q4.4: Following migration, can my firm report trades to the ORF through the current NASDAQ OMX ACT Workstation?

A4.4: No. The ACT Workstation will cease to support ORF trade reporting functionality. A FINRA secure website -- TRAQS -- will replace the ACT Workstation for this purpose.

Q4.5: How do I get entitled to use the TRAQS secure website for ORF?

A4.5: A TRACE Order Form (for ORF) must be submitted to FINRA Operations for each user requesting access to the TRAQS secure website for ORF.

Q4.6: If my firm already has access to TRACE via the TRAQS website, do we need new login credentials to access the ORF via TRAQS?

A4.6: No. FINRA Market Operations will add ORF authorizations to your current User Id if you request access.

## **Section 5: Trade Management**

Q5.1: My firm currently uses Weblink ACT to manage all of our trades reported to ACT. Will FINRA offer a product that allows us to manage our trades in OTC Equity Securities and 144A equity transactions reported to the ORF on the MPP?

A5.1: FINRA offers a secure website application -- TRAQS -- that will enable firms to manage trades in real-time as they are submitted to the ORF.

Q5.2: Where can I get more information on using TRAQS?

A5.2: FINRA will publish a user guide that will describe how to utilize TRAQS, including its Trade Management functionality, on the ORF Forms and Documentation page. The user guide should be available on or about July 15, 2014.

Q5.3: Will firms be able to scan ORF messages to assist in compliance with the requirement under FINRA rules that contra parties accept/decline trades within 20 minutes?

A5.3: Yes. As part of the TRAQS Trade Management function, users will be able to see trades alleged against them and accept or decline (DK) such trades.

Q5.4: Will TRAQS support a batch upload capability to report trades? If so, what file format should be used?

A5.4: Yes. TRAQS will support a trade report batch upload function. The TRAQS user guide, when published, will have the formats included.

Q5.5: Will TRAQS support step-out functionality?

A5.5: Yes. TRAQS will support step-outs.

Q5.6: My firm is a clearing firm and does not report trades to the ORF. Will migration of the ORF to the MPP affect my firm?

A5.6: If your firm currently is set up to receive drop copies for correspondents that report trades to the ORF, your firm will continue to receive clearing acknowledgements, however, the acknowledgements will be in a new format.

Q5.7: How do I review a trade report that my firm submitted or one that a clearing firm or service bureau submitted on my firm's behalf?

A5.7: The TRAQS secure website will make these transactions available in the Trade Management function. FIX and CTCL users may also request drop copies for the transactions entered on a firm's behalf.

Q5.8: If I submit transactions to the ORF via the TRAQS secure website, will I get a confirmation on my FIX or CTCL connection?

A5.8: Yes. Acknowledgements of ORF submissions entered via the TRAQS secure website will also be confirmed via FIX and CTCL.

Q5.9: Will the TRAQS secure website display ORF transactions submitted via FIX or CTCL?

A5.9: Yes. ORF transactions submitted via FIX or CTCL will be available to entitled users of the TRAQS secure website.

Q5.10: Are there limits on timeframes for canceling or correcting trades reported to the ORF on the MPP?

A5.10: Trades can be cancelled or corrected up to T+3. After that timeframe, a Reversal must be submitted make changes or cancel the trade.

## **Section 6: Security Master and OTCBB.com**

Q6.1: How do I get access to the list of eligible securities (the Security Master)?

A6.1: Each user must have a valid digital certificate and User Id/password to access the Security Master File, which will be available via an Application Program Interface (API). A TRACE Order Form (for ORF) will be required to gain this entitlement. Please contact FINRA Market Operations at (866) 776-0800 to start this process.

Q6.2: Is the Security Master File a full file or daily update?

A6.2: The Security Master File is a full file and will be updated continuously during the day as securities are added to or deleted from the file.

Q6.3: Can I continue to use ftp to get access to the Security Master File after migration of the ORF to the MPP?

A6.3: No. Ftp will no longer support access to the Security Master File. Firms can only access the Security Master File via the API.

Q6.4: Is the Security Master File via the API available all day or only at certain times?

A6.4: The Security Master File via the API is available at all times from 7:00 a.m. until 8:00 p.m. ET and is updated continuously as data elements are added, deleted or modified.

Q6.5: Will OTCBB.com still be supported? If not, will there be a replacement website?

A6.5: OTCBB.com will no longer be available after migration of the ORF to the MPP on September 15, 2014. FINRA.org will contain the relevant data that was previously available on OTCBB.com.

### **Section 7: Trade Journals**

Q7.1: Will FINRA make ORF Trade Journals available?

A7.1: Yes. FINRA will provide ORF Trade Journals via the FINRA Automated Data Delivery Service (FINRA ADDS).

Q7.2: How can I access ORF Trade Journals via FINRA ADDS?

A7.2: ORF Trade Journals will be available via a secure website or Secure File Transfer Protocol (SFTP). For more information about FINRA ADDS, please refer to the following link [www.finra.org/datadelivery](http://www.finra.org/datadelivery).

Q7.3: How does my firm get access to the FINRA ADDS secure website?

A7.3: Your firm's Super Account Administrator (SAA) can grant you access to the FINRA ADDS website. For more information, please refer to the ADDS webpage at [www.finra.org/datadelivery](http://www.finra.org/datadelivery).

Q7.4: When will my firm's ORF Trade Journals be available?

A7.4: Trades and Rejects files for the ORF will be available on FINRA ADDS the next **business** day after the trade report date. For example, trades submitted to ORF on Friday will be available in the trade journal file on the following Monday. Files will be made available in .zip format and the data contained therein will be provided in comma separate value (.csv) files.

Q7.5: Will there be any fees associated with receiving ORF Trade Journals?

A7.5: There are no fees associated with accessing trade journals for the most recent 3 business days. However, there will be fees associated with the optional services, which allow firms to access data older than the most recent 3 business days and/or retrieve their trade journals via SFTP. Fees are subject to a proposed rule change that will be submitted to the Securities and Exchange Commission (SEC). Information about the optional services may be found at [www.finra.org/datadelivery](http://www.finra.org/datadelivery).

### **Section 8: Data Feeds**

Q8.1: Will the TDDS data feed and the BBDS data feed be modified following migration of the ORF to the MPP?

A8.1: Yes. An overview of the changes to the TDDS and BBDS feeds can be found at <http://www.finra.org/web/groups/industry/@ip/@comp/@mt/documents/appsupportdocs/p443848.pdf>.

Q8.2: How do I request a retransmission of data distributed via BBDS or TDDS?

A8.2: Please contact NASDAQ OMX Data Services at [retranQ@NASDAQOMX.com](mailto:retranQ@NASDAQOMX.com).