

ATTACHMENT A to *Regulatory Notice 09-57*

Proposed new language is underlined; proposed deletions are in brackets.

The text of Rule 6710(a) and Rule 6750(b) in this attachment is modified to reflect recent amendments.

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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 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; or is a debt security that is U.S. dollar-denominated and issued or guaranteed by an Agency as defined in paragraph (k) or a Government-Sponsored Enterprise as defined in paragraph (n). “TRACE-Eligible Security” does not include a debt security that is:

- (1) Issued by a foreign sovereign or is a U.S. Treasury Security as defined in paragraph (p);
- (2) A Money Market Instrument as defined in paragraph (o); or
- (3) An Asset-Backed Security as defined in paragraph (m).

[The term “TRACE-eligible security” shall mean all United States dollar denominated debt securities that are depository eligible securities under NASD Rule 11310(d); Investment Grade or Non-Investment Grade; issued by United States and/or foreign private issuers; and, if a “restricted security” as defined in Securities Act Rule

144(a)(3), sold pursuant to Securities Act Rule 144A. The term “TRACE-eligible security” excludes debt issued by government-sponsored entities, mortgage- or asset-backed securities, collateralized mortgage obligations, and money market instruments. For purposes of the Rule 6700 Series, the term “money market instrument” means a debt security that at issuance has a maturity of one year or less.]

(b) [The term] “Trade Reporting and Compliance Engine” or “TRACE” [shall] means the automated system developed by FINRA that, among other things, accommodates reporting and dissemination of transaction reports where applicable in TRACE-E[e]ligible S[s]ecurities.

(c) [The term] “R[r]eportable TRACE T[t]ransaction” [shall] means any [secondary market] transaction in a TRACE-E[e]ligible S[s]ecurity except transactions [exempt from reporting] that are not reported as specified in Rule 6730(e).

(d) [The term] “T[t]ime of E[e]xecution” for a transaction in a TRACE-E[e]ligible S[s]ecurity [shall be] means the time when the P[p]arties to a[the] T[t]ransaction agree to all of the terms of the transaction that are sufficient to calculate the dollar price of the trade. The T[t]ime of E[e]xecution for transactions involving TRACE-E[e]ligible S[s]ecurities that are trading “when issued” on a yield basis shall be when the yield for the transaction has been agreed to by the P[p]arties to a[the] T[t]ransaction. For a transaction in a TRACE-E[e]ligible S[s]ecurity 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 S[s]ecurity 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) [The term] “Party to a transaction” [shall] mean an introducing broker-dealer, if any, an executing broker-dealer, or a customer. [For purposes of this Rule,] “Customer” includes a broker-dealer that is not a FINRA member.

(f) [The term] “TRACE Participant” [shall] mean any FINRA member that reports transactions to the TRACE system, directly or indirectly.

(g) [The term] “Introducing Broker” [shall] mean 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) [The term] “Investment Grade” [shall] mean 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 [otherwise] classify the TRACE-Eligible Security as an Investment Grade security, [and further classify it as being in one of the four highest generic rating categories.] FINRA will classify an unrated Agency Debt Security as defined in paragraph (l) as an Investment Grade security for purposes of the dissemination of transaction volume.

(i) [The term] “Non-Investment Grade” [shall] mean 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), [I]f a TRACE-Eligible Security is unrated, [for purposes of TRACE,] FINRA may [otherwise] classify the TRACE-Eligible Security as a Non-Investment Grade security, [and further classify it as being in one of the generic rating categories below the four highest such categories. If FINRA does not have sufficient information to make a judgment regarding the classification of an unrated TRACE-eligible security, for purposes of TRACE, FINRA will classify the TRACE-eligible security as having been rated B (or the equivalent rating of one or more NRSROs).] ^[1]

(j) [The term,] “Split-rated[,]” [shall] mean 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

^[1] “B” is a rating of Standard & Poor’s, a division of the McGraw-Hill Companies, Inc. (“S&P”). S&P is a nationally recognized statistical rating organization. S&P’s ratings are proprietary to S&P and are protected by copyright and other intellectual property laws. S&P’s licenses ratings to FINRA. Ratings may not be copied or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, redistributed or resold, or stored for subsequent use for any such purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person without S&P’s prior written consent.]

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-E[e]ligible S[s]ecurity 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-E[e]ligible S[s]ecurity [for purposes of TRACE] by the lower of the ratings; or (ii) if each NRSRO assigns a different generic rating, FINRA will classify the TRACE-E[e]ligible S[s]ecurity [for purposes of TRACE] 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); or (ii) issued or guaranteed by a Government-Sponsored Enterprise as defined in paragraph (n). The term excludes a U.S. Treasury Security as defined in paragraph (p) and an Asset-Backed Security as defined in paragraph (m), where an Agency or a Government-Sponsored Enterprise is the sponsor of the trust or other entity that issues the Asset-Backed Security, or is the guarantor of the Asset-Backed Security.

(m) “Asset-Backed Security” means an asset-backed security as used in Securities Act Regulation AB, Section 1101(c), a mortgage-backed security, a collateralized mortgage obligation, a synthetic asset-backed security, or any instrument involving or based on the securitization of mortgages or other credits or assets, including but not limited to a collateralized debt obligation, a collateralized bond obligation, a collateralized debt obligation of asset-backed securities or a collateralized debt obligation of collateralized debt obligations.

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

(o) “Money Market Instrument” means a debt security that at issuance has a maturity of one year or less.

(p) “U.S. Treasury Security” means a security issued by the U.S. Department of the Treasury to fund the operations of the federal government or to retire such outstanding securities.

(q) “List or Fixed Offering Price Transaction” means a primary market sale transaction sold on the first day of trading of a new issue: (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 new issue: (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.

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-E[e]ligible S[s]ecurities in conformity with the Rule 6700 Series.

(2) - (3) No Change.

(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-E[e]ligible S[s]ecurities. TRACE Participants may access the service via a FINRA-approved facility during the hours of operation.

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 [that is required to report transaction information pursuant to paragraph (b) below] must report [such] transaction information within 15 minutes of the T[t]ime of E[e]xecution, except as otherwise provided below, or the transaction report will be “late.” The member must transmit the report to TRACE during the hours the TRACE system is open] (“TRACE system hours”), which are 8:00 a.m. Eastern Time through 6:29:59 p.m. Eastern Time[.], unless otherwise announced by

FINRA (“TRACE system hours”). Specific trade reporting obligations during a 24-hour cycle are set forth below.

(1) Transactions Executed During TRACE System Hours

Transactions in TRACE-E[e]ligible S[s]ecurities executed on a business day at or after 8:00 a.m. Eastern Time through 6:29:59 p.m. Eastern Time must be reported within 15 minutes of the T[t]ime of E[e]xecution. If a transaction is executed on a business day less than 15 minutes before 6:30 p.m. Eastern Time, a member may report the transaction the next business day within 15 minutes after the TRACE system opens. If reporting the next business day, the member must indicate “as/of” and provide the actual transaction date.

(2) Transactions Executed At or After 6:30 P.M. Through 11:59:59 P.M. Eastern Time

Transactions in TRACE-E[e]ligible S[s]ecurities executed on a business day at or after 6:30 p.m. Eastern Time through 11:59:59 p.m. Eastern Time must be reported the next business day within 15 minutes after the TRACE system opens. The member must indicate “as/of” and provide the actual transaction date.

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

Transactions in TRACE-E[e]ligible S[s]ecurities executed on a business day at or after 12:00 a.m. Eastern Time through 7:59:59 a.m. Eastern Time must be reported the same day within 15 minutes after the TRACE system opens.

(4) Transactions Executed on a Non-Business Day

Transactions in TRACE-E[e]ligible S[s]ecurities executed on a Saturday, a Sunday[,], or a federal or religious holiday on which the TRACE system is

closed, at any time during that day (determined using Eastern Time), must be reported the next business day within 15 minutes after the TRACE system opens. The transaction must be reported as follows: the date of execution must be the first business day (the same day the report must be made); the execution time must be “12:01:00 a.m. Eastern Time” (stated in military time as “00:01:00”); and the modifier, “special price,” must be selected. In addition, the transaction must not be designated “as/of”. When the reporting method chosen provides a “special price memo” field, the member must enter the actual date and Time of Execution[time of the transaction] in the field.

(5) Reporting List or Fixed Offering Price Transactions and Takedown Transactions

A List or Fixed Offering Price Transaction or a Takedown Transaction that is executed on a business day at or after 12:00 a.m. Eastern Time through 11:59:59 p.m. Eastern Time must be reported not later than T + 1 during TRACE system hours. If a member reports the transaction on T + 1, the member must indicate “as/of” and provide the actual transaction date. If a List or Fixed Offering Price or a Takedown Transaction is executed on a Saturday, a Sunday or a federal or religious holiday on which the TRACE system is closed, at any time during that day (determined using Eastern Time), a member must report the next business day at any time during TRACE system hours. The transaction must be reported as follows: the date of execution must be the first business day (the same day the report must be made); the execution time must be “12:01:00 a.m. Eastern Time” (stated in military time as “00:01:00”); and the modifier, “special price,” must be selected. In addition, the transaction must not be designated “as/of”.

When the reporting method chosen provides a “special price memo” field, the member must enter the actual date and Time of Execution in the field.

([5]6) 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[;]. [h]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]7) 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 or a holiday as provided in paragraph (a)(4) and paragraph (a)(5) above, and [trades]transactions that can be submitted on the trade date or on a subsequent date on an “as/of” basis, shall not be reported on a paper form.

(b) - (c) No Change.

(d) Procedures for Reporting Price, Capacity, Volume

(1) - (3) No Change.

(4) Modifiers; Indicators

(A) - (C) No Change.

(D) 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.

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

The following shall not be reported:

(1) [Transactions that are part of a primary distribution by an issuer]Reserved.

(2) Transactions in TRACE-E[e]ligible S[s]ecurities 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-E[e]ligible S[s]ecurity (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, for a pilot program expiring on January 7, 2011, transactions in TRACE-E[e]ligible S[s]ecurities that are executed on a facility of NYSE in accordance with NYSE Rules 1400, 1401 and 86 and reported to NYSE in accordance with NYSE's applicable trade reporting rules and disseminated publicly by NYSE.

(5) – (6) No Change.

(f) No Change.

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6750. Dissemination of Transaction Information

(a) Dissemination

FINRA will disseminate information on all transactions in TRACE-E[e]ligible

S[s]ecurities immediately upon receipt of the transaction report, except as provided below.

(b) Transaction Information Not Disseminated

FINRA will not disseminate information on a transaction in a TRACE-E[e]ligible S[s]ecurity that is:

(1) effected pursuant to Securities Act Rule 144A; [or]

(2) a transfer of proprietary securities positions between a member and another member or non-member broker-dealer where the transfer (A) is effected in connection with a merger of one broker-dealer with the other broker-dealer or a direct or indirect acquisition of one broker-dealer by the other broker-dealer or the other broker-dealer's parent company 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[.]; or

(3) a List or Fixed Offering Price Transaction or a Takedown Transaction.

6760. [Managing Underwriter or Group of Underwriters]Obligation To [Obtain CUSIP and] Provide Notice

(a) Members Required to Provide Information and Notice

(1) In order to facilitate trade reporting and dissemination of [secondary]

transactions in TRACE-Eligible Securities, [the] a member that is the managing underwriter, or if a managing underwriter is not appointed, an underwriter, or, if there are no underwriters, an initial purchaser, [the members that are the group of underwriters] of a distribution or offering, excluding a secondary distribution or offering, of a debt security that, upon issuance will be a TRACE-Eligible Security (“new issue”), must obtain and provide information to [the TRACE Operations Center] FINRA Operations as required below. If a managing underwriter (or a lead initial purchaser) is not appointed[,] by the issuer, an underwriter, or, if there are no underwriters, an initial purchaser [the group of underwriters] must provide the information required under this Rule. If a managing underwriter (or a lead initial purchaser) is not appointed, and there are multiple underwriters (or initial purchasers), the underwriters (or initial purchasers) may submit a single notice containing the required information to FINRA Operations.

(2) No Change.

(b) Notices

For such new issues, the managing underwriter, or if a managing underwriter is not appointed, an underwriter, or, if there are no underwriters, an initial purchaser [group of underwriters] must provide to [the TRACE Operations Center] FINRA Operations: (1) the CUSIP number or a similar numeric identifier (or, a TRACE symbol, which is assigned by FINRA upon request); (2) the issuer name; (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 distribution or offering is executed; (7) [6] a brief description of the issue (e.g., senior subordinated note, senior

note); and, (8[7]) [information, as determined by FINRA, to implement the provisions of Rule 6750(a) and] such other information FINRA deems necessary to properly implement the reporting and dissemination of a TRACE-E[e]ligible S[s]ecurity, or if any of items (2) through (8[7]) has not been determined or a CUSIP number will not be assigned, such other information as FINRA deems necessary. The managing underwriter, or if a managing underwriter is not appointed, an underwriter, or, if there are no underwriters, an initial purchaser [group of underwriters] must obtain the CUSIP number (or a FINRA symbol or a similar numeric identifier) and provide it and the information listed as (2) through (8[7]) prior to the execution of the first transaction in the distribution or offering. For distributions or offerings of new issues that are priced and commence on the same business day between 9:30 a.m. Eastern Time and 4:00 p.m. Eastern Time, the person or persons required to provide information to FINRA Operations must provide as much of the information set forth above that is available prior to the execution of the first transaction in the distribution or offering and all other information required under this Rule within 15 minutes of the Time of Execution of the first transaction in such distribution or offering.[not later than 5:00 p.m. Eastern Time on the business day preceding the day that the registration statement becomes effective, or, if registration is not required, the day before the securities will be priced. If an issuer notifies a managing underwriter or group of underwriters, or the issuer and the managing underwriter or group of underwriters determine, that the TRACE-eligible securities of the issuer shall be priced, offered and sold the same business day in an intra-day offering under Securities Act Rule 415 or Section 4(2) of the Securities Act and Securities Act Rule 144A, the managing underwriter or group of underwriters shall provide the information not later than 5:00 p.m. Eastern Time on the day that the securities are priced and offered,

provided that if such securities are priced and offered on or after 5:00 p.m. Eastern Time, the managing underwriter or group of underwriters shall provide the information not later than 5:00 p.m. Eastern Time on the next business day.] The managing underwriter, or if a managing underwriter is not appointed, an underwriter, or, if there are no underwriters, an initial purchaser [group of underwriters] must make a good faith determination that the security is a TRACE-Eligible Security before submitting the information to [the TRACE Operations Center.] FINRA Operations.

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.

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7700. CHARGES FOR OTC REPORTING FACILITY, OTC BULLETIN BOARD AND TRADE REPORTING AND COMPLIANCE ENGINE SERVICES

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7730. Trade Reporting and Compliance Engine (TRACE)

The following charges shall be paid by participants for the use of the Trade Reporting and Compliance Engine (“TRACE”):

System Fees	Transaction Reporting Fees	Market Data Fees
Level I Trade Report Only Web Browser Access — \$20/month per user ID	Trades up to and including \$200,000 par value — \$0.475/trade;	BTDS Professional Real-Time Data Display — \$60/month per terminal <u>per</u>

<p>Level II Full Service Web Browser Access —</p> <p><u>Subscription for a single user ID or the first user ID - \$50/month (includes one Data Set); \$80/month (includes two Data Sets)</u></p> <p><u>Subscription for additional user IDs - \$80/month per user ID (includes one Data Set); \$140/month per user ID (includes two Data Sets)</u></p> <p>[, except that the charge for the first such user ID shall be \$50/month]</p>	<p>Trades between \$200,001[\$201,000] and \$999,999 par value —</p> <p><u>\$0.000002375 times the par value of the transaction (i.e., \$0.002375/\$1000);</u></p> <p>[<u>\$0.002375 times the number of bonds traded/trade;</u>]</p> <p>Trades of \$1,000,000 par value or more —</p> <p>\$2.375/trade</p>	<p><u>Data Set of Real-Time TRACE transaction data</u>, or a flat fee of \$7,500/month per <u>Data Set of Real-Time TRACE transaction data</u>, entitling Professionals to make unlimited internal use of <u>such Data Set(s)</u> [Real-Time TRACE transaction data] on any number of interrogation or display devices</p>
<p>CTCI/Third Party —</p> <p>\$25/month/per firm</p>	<p>Cancel/Correct —</p> <p>\$1.50/trade</p>	<p>Vendor Real-Time Data Feed — \$1,500/month per <u>Data Set of Real-Time TRACE transaction data</u> for receipt of continuous Real-</p>

		Time TRACE transaction data <u>in such Data Sets</u> , except for qualifying Tax-Exempt Organizations, or \$250/month <u>per Data Set of Snapshot Real-Time TRACE transaction data</u> for daily receipt of <u>such Data Set(s)</u> [Snapshot Real-Time TRACE transaction data]
	“As/of” Trade Late – \$3/trade	Vendor Real-Time Data Feed — \$400/month <u>per Data Set of Real-Time TRACE transaction data for such Data Set(s)</u> [Real-Time TRACE transaction data] for qualifying Tax-Exempt Organizations[.]
		BTDS Non-Professional Real-Time Data Display — No charge

(a) System Related Fees

There are three methods by which a member may report corporate bond transactions in TRACE-Eligible Securities that are reportable to FINRA pursuant to the Rule 6700 Series. A member may choose among the following methods to report data to FINRA: (1) a TRACE web browser; (2) a Computer-to-Computer Interface (“CTCI”) (either one dedicated solely to TRACE or a multi-purpose line); or (3) a third-party reporting intermediary. Fees will be charged based on the reporting methodology selected by the member.

(1) Web Browser Access

[The charge to be paid by a]A member that elects to report TRACE data to FINRA via a TRACE web browser shall be charged: [as follows:]

(A) for Level I Trade Report Only Web Browser Access, \$20 per month per user ID;

(B) for Level II Full Service Web Browser Access, which includes access to Real-Time TRACE transaction data:

(i) for a subscription for a single user ID or the first user ID, \$50 per month (including one Data Set), or \$80 per month (including two Data Sets); and

(ii) for subscriptions for additional user IDs, \$80 per month per user ID, (including one Data Set) or \$140 per month per user ID (including two Data Sets).

[\$20 per month, per user ID for Level I Web Trade Report Only Browser Access and \$80 per month, per user ID for Level II Full Service Web Browser

Access, except that the charge for the first such user ID for Level II Full Service Web Browser Access shall be \$50 per month.]

(2) - (3) No Change.

(b) Transaction Reporting Fees

For each transaction in [corporate bonds] a TRACE-Eligible Security that is reportable to FINRA pursuant to the Rule 6700 Series, the following charges shall be assessed against each[the] member responsible for reporting the transaction:

(1) Trade Reporting Fee

A member shall be charged a Trade Reporting Fee based upon a sliding scale ranging from \$0.475 to \$2.375 per transaction based on the size of the reported transaction. Trades up to and including \$200,000 par value will be charged a \$0.475 fee per trade; trades between [~~\$201,000~~]\$200,001 par value and \$999,999 par value will be charged a fee of [~~\$0.002375~~]\$0.000002375 times the par value of the transaction (i.e., \$0.002375 per \$1,000) per trade; [multiplied by the number of bonds traded per trade;] and trades of \$1,000,000 par value or more will be charged a fee of \$2.375 per trade. A member that is required to report a List or Fixed Offering Price Transaction or a Takedown Transaction shall not be charged the fees in this subparagraph (1) for such transactions.

(2) - (3) No Change.

(c) Market Data Fees

Real-Time TRACE transaction data disseminated by FINRA comprises the following databases (“Data Set(s)”): corporate bonds (“Corporate Bonds Data Set”) and Agency Debt Securities (“Agency Data Set”). Market data fees are charged for each Data Set. Professionals and Non-Professionals may subscribe to receive one or both Data

Sets of Real-Time TRACE transaction data disseminated by FINRA in one or more of the following ways for the charges specified, as applicable. Members, vendors and other redistributors shall be required to execute appropriate agreements with FINRA.

(1) Professional Fees

Professionals may subscribe for the following:

(A) Bond Trade Dissemination Service (“BTDS”) Professional Real-Time Data Display Fee of \$60 per month, per terminal per Data Set [charge] for each interrogation or display device receiving a Data Set of Real-Time TRACE transaction data, or a flat fee of \$7,500 per month per Data Set entitling Professionals to make unlimited internal use of such Data Set(s) of Real-Time TRACE transaction data on any number of interrogation or display devices.

(B) Vendor Real-Time Data Feed Fee of \$1,500 per month per Data Set for receipt of continuous Real-Time TRACE transaction data for any person or organization (other than a Tax-Exempt Organization) that receives a feed of such Data Set(s) of Real-Time TRACE transaction data, [feed,] or \$250 per month per Data Set for daily receipt of such Data Set(s) of Snapshot Real-Time TRACE transaction data, which shall consist of one TRACE price per security per day. These fees entitle use of such Data Set(s) in one or more of the following ways: internal operational and processing systems, internal monitoring and surveillance systems, internal price validation, internal portfolio valuation services, internal analytical programs leading to purchase/sale or other trading decisions, and other related activities, and the repackaging of market data

in such Data Set(s) for delivery and dissemination outside the organization, such as indices or other derivative products. (These fees do not include per terminal charges for each interrogation or display device receiving Data Set(s) of Real-Time TRACE transaction data.)²

(C) Vendor Real-Time Data Feed Fee of \$400 per month per Data Set for Real-Time TRACE transaction data received by a Tax-Exempt Organization as defined in Rule 7730(c) for the Tax-Exempt Organization to use solely to provide Non-Professionals access to such Data Set(s) of Real-Time TRACE transaction data at no charge.

(D) No Change.

(2) Non-Professional Fees

There shall be no charge paid by a Non-Professional for receiving all or any portion of one or both Data Sets of Real-Time TRACE transaction data disseminated through TRACE.

(3) – (4) No Change.

¹ No Change.

² Under the Vendor Real-Time Data Feed Fee and service, Real-Time TRACE transaction data (or Data Set(s) of such data) may not be used in any interrogation display devices or any systems that permit end users to determine individual transaction pricing.

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