

Attachment to *Regulatory Notice 11-53*.

Text of Amended Rule

New language is underlined; deletions are in brackets.

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6000. QUOTATION AND TRANSACTION REPORTING FACILITIES

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6700. TRADE REPORTING AND COMPLIANCE ENGINE (TRACE)

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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 within 15 minutes of the Time of Execution, except as otherwise specifically provided below, or the transaction report will be “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) and paragraph (a)(3), 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 [in TRACE-Eligible Securities] 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. [Exception: 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.]

[(B) Transactions Executed At or After 6:30:00 P.M. Through 11:59:59 P.M. Eastern Time]

[Transactions in TRACE-Eligible Securities executed on a business day at or after 6:30:00 p.m. Eastern Time through 11:59:59 p.m. 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.]

(C) Transactions Executed Less Than 15 Minutes Before TRACE System Closes [At or After 12:00:00 A.M. Through 7:59:59 A.M. Eastern Time]

Transactions [in TRACE-Eligible Securities] 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. [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.]

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

Transactions [in TRACE-Eligible Securities] 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. [The transaction must be reported as follows: the reported execution date must be T + 1 (the same day the report must be made); the reported execution time must be “12:01:00 a.m. Eastern Time” (stated in military time as “00:01:00”); the modifier, “special price,” must be selected; and, 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 of execution and Time of Execution in the field.]

(2) Reporting Requirements - List or Fixed Offering Price

Transactions and Takedown Transactions

(A) No Change.

(B) List or Fixed Offering Price Transactions or Takedown Transactions[, other than such transactions in Asset-Backed Securities,]

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. [The transaction must be reported as follows: the reported execution date must be T + 1 (the same day the report must be made); the reported execution time must be “12:01:00 a.m. Eastern Time” (stated in military time as “00:01:00”); the modifier, “special price,” must be selected; and, 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 of execution and Time of Execution in the field.]

(3) through (6) No Change.

(b) Which Party Reports Transaction

Trade data input obligations are as follows:

(1) No Change.

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

(c) Transaction Information To Be Reported

Each TRACE trade report shall contain the following information:

(1) No Change.

(2) [Number of bonds or, for transactions in certain Asset-Backed Securities, t]The [transaction] 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) as required by paragraph (d)(1) below;

(4) No Change.

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

(6) No Change.

(7) Capacity — Principal or Agent (with riskless principal reported as principal) [as required by paragraph (d) below];

(8) through (10) No Change.

(11) [Stated commission; and]The commission (total dollar amount);

(12) Date of settlement; and

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

(d) Procedures for Reporting Price, Capacity, Volume

(1) Price

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.)

[Except for Asset-Backed Securities, report the commission, stated in points per bond (e.g., for corporate bonds, 1 point equals \$10.00 per bond). For Asset-Backed Securities, r] Report the total dollar amount of the commission.

(2) Size (Volume)

[Except for Asset-Backed Securities, r]Report the total par value or principal value of bonds traded. [actual number of bonds traded, with \$1,000 par value equal to 1 bond. If a bond has a par value of less than \$1,000 (“baby bond”) or the par value is not an even multiple of \$1,000, report the fractional portion of \$1,000 in decimals.] For amortizing Asset-Backed Securities where par value is not used to determine the size (volume) of a transaction, 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. [the Factor the member used to execute the transaction, if such Factor is not the most current Factor publicly available at the Time of Execution.] For Asset-Backed Securities that do not amortize, report the total par value or principal value of the transaction.

(3) No Change.

(4) Modifiers; Indicators

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

(A) No Change.

[(B) Settlement Modifiers]

[(i) Except for Asset-Backed Securities transactions, if a transaction will be settled other than on T + 3, select the modifier:]

[a. “.c,” to indicate agreement to settle on the same day the transaction is executed;]

[b. “.nd,” to indicate agreement to settle on the next day; or]

[c. “.sNN,” when a. and b. do not apply, to indicate agreement to settle in a specified number of days (e.g., “.s05” or “.s45”).]

[(ii) For transactions in Asset-Backed Securities, report the actual settlement date of the transaction.]

(B[C]) Weighted Average Price Modifier

If the price of the transaction is determined using a weighted average price method, select the modifier, “.w.” [If one of the settlement modifiers and the weighted average price modifier apply to the transaction, select the modifier, “.w” for weighted average price and do not report the applicable settlement modifier.]

(D) through (E) renumbered as (C) through (D)

(e) through (f) No Change.

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