

*Required fields are shown with yellow backgrounds and asterisks.*

Page 1 of * 103	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2013 - * 046	Amendment No. (req. for Amendments *)
Filing by Financial Industry Regulatory Authority Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934				
Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>
			Section 19(b)(3)(B) * <input type="checkbox"/>	
			Rule	
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934	
Section 806(e)(1) <input type="checkbox"/>		Section 806(e)(2) <input type="checkbox"/>	Section 3C(b)(2) <input type="checkbox"/>	
Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>			
<b>Description</b>				
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).				
<input type="text" value="Proposed Rule Change Relating to TRACE Reporting and Dissemination of Transactions in Additional Asset-Backed Securities."/>				
<b>Contact Information</b>				
Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.				
First Name *	<input type="text" value="Sharon"/>	Last Name *	<input type="text" value="Zackula"/>	
Title *	<input type="text" value="Associate Vice President and Associate General Counsel"/>			
E-mail *	<input type="text" value="sharon.zackula@finra.org"/>			
Telephone *	<input type="text" value="(202) 728-8985"/>	Fax	<input type="text" value="(202) 728-8264"/>	
<b>Signature</b>				
Pursuant to the requirements of the Securities Exchange Act of 1934,				
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.				
(Title *)				
Date	<input type="text" value="11/13/2013"/>	<input type="text" value="Senior Vice President and Deputy General Counsel"/>		
By	<input type="text" value="Patrice Gliniecki"/>	<input type="text" value="Patrice Gliniecki"/>		
(Name *)				
NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.				

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

**Form 19b-4 Information \***

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies**

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

**1. Text of the Proposed Rule Change**

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> Financial Industry Regulatory Authority, Inc. (“FINRA”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend the FINRA Rule 6700 Series and the Trade Reporting and Compliance Engine (“TRACE”) dissemination protocols to disseminate additional Asset-Backed Securities transactions and, concomitantly, to reduce the reporting periods for such securities. FINRA also proposes to re-name as “Securitized Products” the broad group of securities currently defined as “Asset-Backed Securities,” to re-define the term “Asset-Backed Security” more narrowly to mean the specific securities that FINRA proposes to disseminate in the proposed rule change, to make other definitional changes and to incorporate technical and conforming amendments to the FINRA Rule 6700 Series and FINRA Rule 7730 in connection with provisions that have expired and the amendments referenced above.

The text of the proposed rule change is attached as Exhibit 5.<sup>2</sup> In addition, attached as Exhibit 4 is the text of the proposed rule change marked to show the proposed changes as compared to the FINRA Rule 6700 Series and FINRA Rule 7730 including amendments approved by the SEC as if such amendments were effective.<sup>3</sup>

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> Exhibit 5 shows the text of the proposed rule change marked to show the proposed changes as compared to the current text of the FINRA Rule 6700 Series and FINRA Rule 7730 in accordance with the requirements of Form 19b-4.

<sup>3</sup> See note 6.

(b) Not applicable.

(c) Not applicable.

**2. Procedures of the Self-Regulatory Organization**

At its meeting on July 11, 2013, the FINRA Board of Governors authorized the filing of the proposed rule change with the SEC. No other action by FINRA is necessary for the filing of the proposed rule change.

FINRA will announce the effective date of the proposed rule change in a Regulatory Notice to be published no later than 60 days following Commission approval. The effective date will be no later than 270 days following publication of the Regulatory Notice announcing Commission approval.

**3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

(a) Purpose

FINRA proposes to amend the FINRA Rule 6700 Series and the TRACE dissemination protocols to provide for the dissemination of transactions in an additional group of Asset-Backed Securities. Transactions in such Asset-Backed Securities effected pursuant to Rule 144A<sup>4</sup> under the Securities Act of 1933<sup>5</sup> ("Rule 144A transactions") will also be disseminated.<sup>6</sup> Concomitantly, FINRA proposes to reduce the reporting period

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<sup>4</sup> 17 CFR 230.144A.

<sup>5</sup> 15 U.S.C. 77a et seq. (hereinafter "Securities Act").

<sup>6</sup> The SEC recently approved FINRA's proposed rule change to disseminate transactions in TRACE-Eligible Securities effected as Rule 144A transactions (provided that securities of the same type are subject to dissemination if effected in non-Rule 144A transactions). See Securities Exchange Act Release No. 70345 (September 6, 2013), 78 FR 56251 (September 12, 2013) (Order Granting Approval of Proposed Rule Change Relating to the Dissemination of Transactions in TRACE-Eligible Securities that are Effected Pursuant to Securities Act Rule

for such Asset-Backed Securities and incorporate two changes to the TRACE dissemination protocols. FINRA also proposes to re-name as Securitized Products the broad group of securities currently defined as Asset-Backed Securities in FINRA Rule 6710(m) and, in a proposed new definition in FINRA Rule 6710(cc), to re-define the term Asset-Backed Security more narrowly to mean the specific securities that FINRA proposes to disseminate in the proposed rule change (e.g., asset-backed securities collateralized by pools of credit card receivables, student loans, auto loans, etc.).<sup>7</sup> Also, in FINRA Rule 6710, FINRA proposes to add three new definitions and amend the defined terms “List or Fixed Offering Price Transaction” and “Takedown Transaction” to apply to certain primary market transactions in Asset-Backed Securities.<sup>8</sup> Finally, in the FINRA Rule 6700 Series and FINRA Rule 7730, FINRA proposes to delete reporting provisions that have expired and incorporate additional technical and conforming amendments consistent with the above-referenced proposed amendments to the FINRA Rule 6700 Series.

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144A); Securities Exchange Act Release No. 70691 (October 16, 2013), 78 FR 62788 (October 22, 2013) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to TRACE Fees for Securities Act Rule 144A Transaction Data) (together, “Rule 144A Dissemination Amendments”); and Regulatory Notice 13-35 (announcing June 30, 2014 as the effective date for SR-FINRA-2013-029 and SR-FINRA-2013-043). As a result, when the proposed rule change to disseminate the designated group of Asset-Backed Securities is approved and becomes effective, both Rule 144A and non-Rule 144A transactions in such Asset-Backed Securities will be disseminated.

<sup>7</sup> Except when the context requires otherwise, hereinafter, FINRA uses the terms Securitized Product and Asset-Backed Security as if adopted (i.e., Asset-Backed Security means a narrow class of Securitized Product as defined in proposed FINRA Rule 6710(cc) and Securitized Product means the broader group of products and instruments, including Asset-Backed Securities).

<sup>8</sup> The terms List or Fixed Offering Price and Takedown Transaction are defined in, respectively, FINRA Rule 6710(q) and FINRA Rule 6710(r).

Definitions.

Asset-Backed Security – Proposed FINRA Rule 6710(cc).

FINRA proposes to re-define Asset-Backed Security more narrowly to describe a specific class of Securitized Products that is the subject of the proposed rule change. FINRA believes that the proposed narrower definition of Asset-Backed Security is consistent with industry usage. In addition, to clarify the scope of the term, FINRA proposes to specifically exclude three types of instruments from the term Asset-Backed Security: (i) Agency Pass-Through Mortgage-Backed Securities traded to be announced (“TBA”)<sup>9</sup> or in Specified Pool Transactions;<sup>10</sup> (ii) SBA-Backed ABS<sup>11</sup> traded TBA or in Specified Pool Transactions; and (iii) Collateralized Mortgage Obligations (“CMOs”).<sup>12</sup> As re-defined in proposed FINRA Rule 6710(cc), the term “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, but excludes: (i) an Agency Pass-Through Mortgage-Backed Security as defined in paragraph (v) traded To Be Announced (“TBA”) as defined in paragraph (u) or in a Specified Pool Transaction as defined in paragraph (x); (ii) an SBA-

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<sup>9</sup> The terms Agency Pass-Through Mortgage-Backed Security and To Be Announced (“TBA”) are defined, respectively, in FINRA Rule 6710(v) and FINRA Rule 6710(u).

<sup>10</sup> The term Specified Pool Transaction is defined in FINRA Rule 6710(x).

<sup>11</sup> The term SBA-Backed ABS is defined in FINRA Rule 6710(bb).

<sup>12</sup> FINRA proposes to define the term Collateralized Mortgage Obligation in proposed FINRA Rule 6710(dd). See note 17.

Backed ABS as defined in paragraph (bb) traded TBA or in a Specified Pool Transaction; and (iii) a Collateralized Mortgage Obligation as defined in paragraph (dd).

In addition, in proposed Supplementary Material .01 to FINRA Rule 6710, FINRA provides additional guidance regarding the scope of the defined term Asset-Backed Security.<sup>13</sup>

Securitized Product – Amended FINRA Rule 6710(m).

FINRA proposes to amend FINRA Rule 6710(m) to re-name as Securitized Products the broader group of securities currently defined as Asset-Backed Securities. The term Securitized Product is used widely to describe the broad group of securities, including various types of mortgage-backed securities that FINRA currently refers to in FINRA Rule 6710(m). FINRA’s proposal to adopt the term Securitized Product to apply to this wide range of structured and securitized instruments is consistent with industry usage.

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<sup>13</sup> Proposed Supplementary Material .01 to FINRA Rule 6710 provides that Asset-Backed Security 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; home equity loans and home equity lines of credit; aircraft leases; automobile floor plan and wholesale loans; motorcycle loans and leases; recreational vehicle loans; manufactured housing loans; commercial loans; tranches of other Asset-Backed Securities; reinsurance; timeshare obligations; 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)); collateralized debt obligations; collateralized bond obligations; collateralized loan obligations; and Non-Agency Backed Commercial Mortgage-Backed Securities as defined in paragraph (ff).

Proposed amended FINRA Rule 6710(m) also includes a technical amendment to change a reference to Section 3(a)(77)(A) of the Act<sup>14</sup> to Section 3(a)(79)(A) of the Act.<sup>15</sup> Section 3(a)(77) of the Act was renumbered in Section 101(b)(1) of the Jumpstart Our Business Startups Act (the “JOBS Act”).<sup>16</sup> Proposed amended FINRA Rule 6710(m) provides:

“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.

Other Definitions.

FINRA proposes to define Collateralized Mortgage Obligation, Agency-Backed Commercial Mortgage-Backed Security and Non-Agency-Backed Commercial Mortgage-Backed Security in, respectively, proposed FINRA Rule 6710(dd), proposed FINRA Rule 6710(ee) and proposed FINRA Rule 6710(ff) to provide additional clarity regarding various classes of securities that are included in, or excluded from, the terms Securitized Product and Asset-Backed Security and the various dissemination and

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<sup>14</sup> 15 U.S.C. 78c(a)(77)(A).

<sup>15</sup> 15 U.S.C. 78c(a)(79)(A).

<sup>16</sup> 15 U.S.C. 78c(a)(77). The JOBS Act was enacted on April 5, 2012; Public Law 112-106, 126 Stat. 306 (2012).

reporting requirements applicable to these different types of Securitized Products.<sup>17</sup>

Dissemination.

Currently, FINRA requires that virtually all transactions in U.S. dollar-denominated debt securities, except U.S. Treasury securities, foreign sovereign securities

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<sup>17</sup> In proposed FINRA Rule 6710(dd), Collateralized Mortgage Obligation is defined as:

a type of Securitized Product structured in multiple classes (or tranches) 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, and includes a real estate mortgage investment conduit (“REMIC”) and an Agency-Backed Commercial Mortgage-Backed Security as defined in paragraph (ee).

In proposed FINRA Rule 6710(ee), Agency-Backed Commercial Mortgage-Backed Security is defined as:

a type of Securitized Product that is classified as a Collateralized Mortgage Obligation for purposes of the Rule 6700 Series and Rule 7730 and is 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 on commercial property.

In proposed FINRA Rule 6710(ff), Non-Agency-Backed Commercial Mortgage-Backed Security is defined as:

a type of Securitized Product that is classified as an Asset-Backed Security for purposes of the Rule 6700 Series and Rule 7730 and is issued by an entity other than an Agency as defined in paragraph (k) or a Government-Sponsored Enterprise (“GSE”) as defined in paragraph (n), representing ownership interest in a pool (or pools) of mortgage loans on commercial property.

and municipal securities, be reported to TRACE, and most transactions reported are subject to dissemination immediately upon receipt of a transaction report.

Securitized Products were the last major group of securities to be added to TRACE. After studying the liquidity and trading characteristics of various classes of Securitized Products, FINRA began to disseminate Securitized Products in phases, beginning with the dissemination of two very significant segments: TBA transactions and Specified Pool transactions in Agency Pass-Through Mortgage-Backed Securities and SBA-Backed ABS.<sup>18</sup>

FINRA proposes that transactions in Asset-Backed Securities be disseminated, including Rule 144A transactions in such securities, to increase transparency in the bond market, and particularly in the market for Asset-Backed Securities.<sup>19</sup> FINRA has reviewed substantial amounts of transaction data for Asset-Backed Securities since

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<sup>18</sup> On November 12, 2012, FINRA began disseminating transactions in Agency Pass-Through Mortgage-Backed Securities traded TBA (“MBS TBA transactions”), which are the most liquid Securitized Products. See Securities Exchange Act Release No. 66829 (April 18, 2012), 77 FR 24748 (April 25, 2012) (SEC Approval Order, File No. SR-FINRA-2012-020). See also Regulatory Notice 12-26 (May 2012) and Regulatory Notice 12-48 (November 2012).

On July 22, 2013, FINRA began disseminating Agency Pass-Through Mortgage-Backed Securities and SBA-Backed ABS traded in Specified Pool Transactions, which are correlated in pricing to MBS TBA transactions, and TBA transactions in SBA-Backed ABS. See Securities Exchange Act Release No. 68084 (October 23, 2012), 77 FR 65436 (October 26, 2012) (SEC Approval Order of File No. SR-FINRA-2012-042) and Regulatory Notice 12-56 (December 2012).

<sup>19</sup> See supra note 6, Rule 144A Dissemination Amendments.

The proposed rule change to disseminate Asset-Backed Securities would be the third group of Securitized Products to be disseminated. FINRA continues to review the fourth subclass of Securitized Products – CMOs and Agency-Backed Commercial Mortgage-Backed Securities – and, at a later date, may propose that transactions in such Securitized Products be disseminated.

reporting began on May 16, 2011. The Asset-Backed Securities market is considered a largely institutional market.<sup>20</sup> In 2012, the average daily par value traded in Asset-Backed Securities was \$5.8 billion, which was approximately the same size of the market in publicly traded Non-Investment Grade corporate bonds.<sup>21</sup> Consistent with the institutional nature of Asset-Backed Securities transactions, although the size of the Asset-Backed Securities market is comparable to the market for publicly-traded Non-Investment Grade corporate bonds, there are substantially fewer trades in Asset-Backed Securities.

Based on the characteristics of the market, FINRA believes that the proposed additional price transparency in the Asset-Backed Securities market will enhance the ability of investors to identify and negotiate fair and competitive prices for Asset-Backed Securities. Dissemination of Asset-Backed Securities transactions may assist both buy and sell-side market participants in price discovery when pricing and trading such securities. In addition, in some types of Asset-Backed Securities, such as Asset-Backed Securities backed by auto loans, disseminating the pricing of one Asset-Backed Security will aid in pricing a different Asset-Backed Security where both securities are substantially similar and, to some degree, fungible (e.g., both Asset-Backed Securities are backed by pools of auto loans having approximately the same average duration and the same average coupon rate, and the borrowers, on average, posing the same level of

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<sup>20</sup> There appear to be few retail customer transactions in the market; only 10 percent of all Asset-Backed Securities transactions with customers are for less than \$100,000. (For purposes of assessing the level of retail and institutional customer participation in TRACE-Eligible Securities, FINRA considers a trade of less than \$100,000 to be a reasonable proxy for retail customer participation.)

<sup>21</sup> The term Non-Investment Grade is defined in FINRA Rule 6710(i).

credit risk). Also, FINRA believes that dissemination of such transactions will assist all market participants in determining the quality of their executions and firms in complying with their regulatory obligations. Further, transparency in this sector may improve the quality of pricing for valuation purposes, which is critical for both dealers and institutions.

After dissemination begins, FINRA will observe the trading in Asset-Backed Securities to monitor the impact of price transparency in the market for Asset-Backed Securities as FINRA previously has done when initiating dissemination in any group of TRACE-Eligible Securities.

Reporting Reduction of Time to Report.

Members must report transactions in corporate bonds, Agency Debt Securities<sup>22</sup> and MBS TBA transactions for good delivery (“MBS TBA GD”) no later than 15 minutes from the time of execution, and transaction information is disseminated immediately upon receipt of a transaction report.<sup>23</sup> This 15-minute timeframe has proven effective in providing timely and meaningful transaction data to market participants.<sup>24</sup>

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<sup>22</sup> The term Agency Debt Security is defined in FINRA Rule 6710(l).

<sup>23</sup> FINRA implemented 15-minute reporting for MBS TBA GD on May 18, 2013.

<sup>24</sup> FINRA has adopted longer periods to report transactions in a limited number of Securitized Products that are traded infrequently and by a limited group of market participants. MBS TBA transactions not for good delivery (“MBS TBA NGD”) must be reported no later than 60 minutes from the time of execution. SBA-Backed ABS traded in TBA transactions and all Specified Pool Transactions (involving either Agency Pass-Through Mortgage-Backed Securities or SBA-Backed ABS) must be reported no later than 120 minutes from the time of execution initially, and, after a pilot program expires on January 24, 2014, no later than 60 minutes from the time of execution.

In connection with the proposal to disseminate Asset-Backed Securities transactions, FINRA proposes to reduce the period to report such transactions. Initially, the reporting period will be reduced from the end of the day on the trade date during TRACE System Hours to no later than 45 minutes from the time of execution as provided in proposed FINRA Rule 6730(a)(3)(B)(i)b.<sup>25</sup> After approximately six months, the reporting period will be reduced again from no later than 45 minutes from the time of execution to no later than 15 minutes from the time of execution as provided in proposed FINRA Rule 6730(a)(3)(B)(ii).<sup>26</sup>

Reducing the time to report Asset-Backed Securities transactions will provide more timely price and other transaction information to the market. Reducing the time to report in two phases will provide members a period to adjust policies and procedures and make required technical changes. FINRA notes that even under the end-of-day reporting requirements currently in place, members report approximately 63% of all Asset-Backed

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<sup>25</sup> See proposed FINRA Rule 6730(a)(3)(B)(i). Like the reporting requirements currently in effect for other TRACE-Eligible Securities, FINRA also proposes exceptions to the 45-minute timeframe for transactions executed near the end of the business day or when the TRACE system is not open. See proposed FINRA Rule 6730(a)(3)(B)(i)a., c., and d.

<sup>26</sup> The transitional phase for reducing reporting timeframes in proposed FINRA Rule 6730(a)(3)(B)(i) will expire after approximately 180 days. To accommodate member requests that, if possible, rule changes requiring technology changes occur on a Friday, proposed FINRA Rule 6730(a)(3)(B)(i) provides that the ABS Transitional Phase will expire on a Friday (i.e., on the 180<sup>th</sup> day, if a Friday, or, if the 180<sup>th</sup> day is not a Friday, on the Friday next occurring that the TRACE system is open).

Proposed FINRA Rule 6730(a)(3)(B)(ii) incorporates by reference Rule 6730(a)(1)(A) through (D), which require members to report transactions no later than 15 minutes from the time of execution, subject to the same exceptions for transactions executed near the end of the business day or when the TRACE system is not open.

Securities transactions within 45 minutes of the time of execution, and approximately 50% of such transactions within 15 minutes of the time of execution.<sup>27</sup>

List or Fixed Offering Price and Takedown Transactions.

Many Asset-Backed Securities are underwritten using a syndicated process that is similar to the offering process for corporate bonds. In syndicated offerings, there may be a number of transactions that occur at the list or fixed offering price (or the takedown price). Under the FINRA Rule 6700 Series and FINRA Rule 7730, FINRA provides more flexible treatment for TRACE-Eligible Securities transactions (except Securitized Products) that are effected in accordance with the fixed price and other requirements of a List or Fixed Offering Price Transaction, as defined in FINRA Rule 6710(q), or those of a Takedown Transaction, as defined in FINRA Rule 6710(r). The advantages of reporting under the provisions are three-fold: a member may report a List or Fixed Offering Price Transaction or a Takedown Transaction as late as T + 1 during TRACE system hours as provided in FINRA Rule 6730(a)(2); such transactions are not disseminated as provided in FINRA Rule 6750(b)(3); and a member is not charged a reporting fee for such transactions as provided in FINRA Rule 7730(b)(1)(C).

In light of the similarity of the offering process used to distribute corporate bonds and many Asset-Backed Securities, FINRA proposes to amend FINRA Rule 6710(q) and FINRA Rule 6710(r) to afford members that effect primary market Asset-Backed Securities transactions that meet all the requirements of a List or Fixed Offering Price Transaction or a Takedown Transaction the more flexible treatment set forth in FINRA

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<sup>27</sup> The data is based on Asset-Backed Securities transactions reported from December 1, 2011 through April 30, 2013.

Rule 6730(a)(2), FINRA Rule 6750(b)(3), and FINRA Rule 7730(b)(1)(C) for such transactions.<sup>28</sup>

Dissemination Protocols.

FINRA proposes to amend the TRACE dissemination protocols to disseminate Asset-Backed Securities transactions subject to a \$10 million dissemination cap and not to include certain information in disseminated Asset-Backed Securities transaction data.

Dissemination Caps.

Currently, there are TRACE dissemination caps in place, under which the actual size (volume) of a transaction over a specified par value is not displayed in disseminated TRACE transaction data. A range of dissemination caps is in effect for various types of TRACE-Eligible Securities.<sup>29</sup>

FINRA analyzed the distribution of Asset-Backed Securities transactions, including Rule 144A transactions in such securities, to determine an appropriate dissemination cap, and proposes setting a \$10 million dissemination cap for such transactions. For a transaction in an Asset-Backed Security of less than \$10 million

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<sup>28</sup> All primary market transactions in other classes of Securitized Products will continue to be specifically excluded from the definitions of List or Fixed Offering Price Transaction and Takedown Transaction, because, in general, such Securitized Products are structured, offered and sold quite differently than corporate bonds (e.g., a large number of Securitized Products sales are for forward delivery, and most such securities are not underwritten using a syndicated process generating a large number of transactions occurring at the same price).

<sup>29</sup> The dissemination caps applicable to transactions in various types of TRACE-Eligible Securities are: (a) \$5 million (for Investment Grade corporate bonds and Agency Debt Securities); (b) \$1 million (for Non-Investment Grade corporate bonds); (c) \$25 million (for MBS TBA GD); and (d) \$10 million (for MBS TBA NGD, Agency Pass-Through Mortgage-Backed Securities traded in Specified Pool transactions, and SBA-Backed ABS traded in TBA and Specified Pool transactions). The term Investment Grade is defined in FINRA Rule 6710(h).

(original par or principal value), the actual size will be disseminated, and for a transaction in an Asset-Backed Security greater than \$10 million, "\$10MM+" will be disseminated.<sup>30</sup> The proposed dissemination cap size of \$10 million is comparable to the dissemination caps for Non-Investment Grade corporate bonds, measured by the percentage of transactions and the par value to be disseminated subject to the dissemination caps, and more conservative than the dissemination caps in place for Investment Grade corporate bond transactions.<sup>31</sup> FINRA believes that it is important to be conservative at the onset of dissemination and will observe the effects of the \$10 million dissemination cap on the market. FINRA may propose modifications to the dissemination cap size in the future if warranted.

#### Other Dissemination Protocols.

FINRA proposes that the dissemination protocols currently in use for most TRACE-Eligible Securities transactions be modified in two ways when applied to disseminated Asset-Backed Securities transactions. Current standard data elements that are disseminated for TRACE-Eligible Securities include, among other things, a dealer/customer indicator (indicating the type of contra party) and a buy/sell indicator.<sup>32</sup>

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<sup>30</sup> Approximately 17.6 percent of trades and approximately 75.6 percent of original par or principal value traded in Asset-Backed Securities transactions (other than Rule 144A transactions) will be disseminated subject to the \$10MM+ dissemination cap. For Rule 144A transactions in Asset-Backed Securities, approximately 28.5 percent of trades and approximately 88.1 percent of original par or principal value traded will be disseminated subject to the \$10MM+ dissemination cap. The information is based on transactions reported from May 16, 2011 through December 2012.

<sup>31</sup> Based on transactions reported from TRACE inception through December 2012.

<sup>32</sup> Additional standard data elements include the CUSIP, the time and date of the transaction, price, and the size (subject to dissemination caps).

However, the Asset-Backed Securities market differs from the corporate bond market in that it is smaller and largely institutional. Noting the smaller number of participants in the Asset-Backed Securities market, market participants raised concerns regarding protecting the confidentiality of dealer and customer trading strategies, identities and positions in certain types of Asset-Backed Securities.

FINRA has considered these factors and proposes not to disseminate the dealer/customer and buy/sell indicators to address such concerns. FINRA believes that dissemination of Asset-Backed Securities transactions without these items will protect sensitive information regarding the trading strategies, identities and positions of investors and will not expose dealers to additional risk in providing liquidity, while providing market participants sufficient information about Asset-Backed Securities transactions.

Additional Data Availability Under FINRA Rule 7730.

FINRA compiles disseminated real-time data for transactions, which is organized in three data sets: the Corporate Bond Data Set, the Agency Data Set and the ABS Data Set as provided in FINRA Rule 7730. In addition, in the Rule 144A Dissemination Amendments, FINRA established a Rule 144A Data Set.<sup>33</sup> Historic TRACE Data is similarly organized.<sup>34</sup>

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Specified Pool Transactions are disseminated subject to modified dissemination protocols. See Securities Exchange Act Release No. 68084 (October 23, 2012), 77 FR 65436 (October 26, 2012) (SEC Approval Order of File No. SR-FINRA-2012-042) and Regulatory Notice 12-56 (December 2012).

<sup>33</sup> See supra note 6, Rule 144A Dissemination Amendments.

<sup>34</sup> FINRA also established a Historic Rule 144A Data Set as part of the Rule 144A Dissemination Amendments. See supra note 6, Rule 144A Dissemination Amendments.

Currently, Asset-Backed Securities data – organized as the ABS Data Set, and for Historic TRACE Data, as the Historic ABS Data Set – includes all Securitized Products transactions that are disseminated (i.e., all TBA transactions and all Specified Pool Transactions).

FINRA proposes to include the transaction information from disseminated Asset-Backed Securities transactions in the ABS Data Set (to be renamed the “SP Data Set”) and the Historic ABS Data Set (to be renamed the “Historic SP Data Set”).<sup>35</sup> Asset-Backed Securities that are traded in Rule 144A transactions will be included in, respectively, the Rule 144A Data Set, when available, and the Historic Rule 144A Data Set, when available.

FINRA does not propose to amend the fees currently in effect for the SP Data Set and the Historic SP Data Set. Similarly, when the Rule 144A Data Set and the Historic Rule 144A Data Set become available, disseminated information regarding Rule 144A transactions in Asset-Backed Securities will be included in such data sets without any change to the applicable fees.<sup>36</sup>

#### Other Amendments.

The reporting requirements for Securitized Products that are MBS TBA GD and MBS TBA NGD are set forth in FINRA Rule 6730(a)(3)(D) and FINRA Rule

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<sup>35</sup> The ABS Data Set and the Historic ABS Data Set will be re-named, respectively, the SP Data Set and the Historic SP Data Set, as part of the amendments to the Rule 6700 Series and Rule 7730 in connection with re-naming as Securitized Products the broad group of securities currently referred to as Asset-Backed Securities and redefining the term Asset-Backed Securities more narrowly, as discussed, *infra*. A transaction in a disseminated TRACE-Eligible Security becomes available as part of Historic TRACE Data no earlier than 18 months after the specific transaction is reported to TRACE.

<sup>36</sup> See supra note 6, Rule 144A Dissemination Amendments.

6730(a)(3)(E), respectively, and include references to two pilot programs that have expired. Reporting requirements for certain other Securitized Products in FINRA Rule 6730(a)(3) cross-reference these reporting provisions. FINRA proposes to eliminate the provisions that have expired and all cross-references thereto in FINRA Rule 6730(a) and make conforming changes.<sup>37</sup>

Finally, FINRA proposes conforming and technical amendments to the FINRA Rule 6700 Series and FINRA Rule 7730 to reflect the proposed definitions, Securitized Product and Asset-Backed Security, and generally the use of the term Securitized Product in lieu of Asset-Backed Security; to make similar changes in FINRA Rule 7730 to delete the terms ABS Data Set and Historic ABS Data Set and substitute the terms SP Data Set and Historic SP Data Set; and, to make other technical and conforming amendments consistent with the amendments described herein to the FINRA Rule 6700 Series.

As noted in Item 2 of this filing, FINRA will announce the effective date of the proposed rule change in a Regulatory Notice to be published no later than 60 days following Commission approval. The effective date will be no later than 270 days following publication of the Regulatory Notice announcing Commission approval.

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>38</sup> which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public

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<sup>37</sup> See proposed amendments to FINRA Rule 6730(a)(3)(D) through (G).

<sup>38</sup> 15 U.S.C. 78o-3(b)(6).

interest. FINRA believes that the proposed rule change will increase transparency in the Asset-Backed Securities market, which may enhance the ability of investors to engage in meaningful price discovery to identify and negotiate fair and competitive prices for Asset-Backed Securities. In addition, the proposed dissemination of Asset-Backed Securities transaction data will allow investors to compare their executions with executions in the same and similar securities in the market and may facilitate their assessment of the quality of the executions provided to them. Similarly, additional transparency in such securities transactions may assist broker-dealers in complying with their regulatory obligations regarding best execution. Finally, for broker-dealers and institutional investors that hold positions in such Asset-Backed Securities, the proposed increased transparency may enable them to improve the accuracy of their valuation of such positions. These enhancements in pricing, increased capabilities to compare execution quality in transactions, and more accurate valuation of positions that may result from the additional market transparency are designed to deter or prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and, in general, protect investors and the public interest.

**4. Self-Regulatory Organization's Statement on Burden on Competition**

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Based on the characteristics of the market, FINRA believes that additional price transparency in the Asset-Backed Securities market may enhance the ability of investors to identify and negotiate fair and competitive prices for these securities. In addition, dissemination may assist institutional and retail customers in determining the quality of

executions provided to them, which should incentivize broker-dealers to provide competitive executions in such securities.

**5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others**

Written comments were neither solicited nor received.

**6. Extension of Time Period for Commission Action**

FINRA does not consent at this time to an extension of the time period for Commission action specified in Section 19(b)(2) of the Act.<sup>39</sup>

**7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)**

Not applicable.

**8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission**

Not applicable.

**9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act**

Not applicable.

**10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act**

Not applicable.

**11. Exhibits**

Exhibit 1. Completed notice of proposed rule change for publication in the Federal Register.

Exhibit 4. Text of proposed rule change marked to show changes from rule text that includes the amendments to the FINRA Rule 6700 Series and FINRA Rule 7730

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<sup>39</sup> 15 U.S.C. 78s(b)(2).

proposed in SR-FINRA-2013-029, which were approved by the SEC on September 6, 2013, and proposed in SR-FINRA-2013-043, which were filed for immediate effectiveness on October 2, 2013, as if such amendments were effective.

Exhibit 5. Text of proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-FINRA-2013-046)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change Relating to TRACE Reporting and Dissemination of Transactions in Additional Asset-Backed Securities.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on , Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

FINRA is proposing to amend the FINRA Rule 6700 Series and the Trade Reporting and Compliance Engine (“TRACE”) dissemination protocols to disseminate additional Asset-Backed Securities transactions and, concomitantly, to reduce the reporting periods for such securities. FINRA also proposes to re-name as “Securitized Products” the broad group of securities currently defined as “Asset-Backed Securities,” to re-define the term “Asset-Backed Security” more narrowly to mean the specific securities that FINRA proposes to disseminate in the proposed rule change, to make other

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

definitional changes and to incorporate technical and conforming amendments to the FINRA Rule 6700 Series and FINRA Rule 7730 in connection with provisions that have expired and the amendments referenced above.

The text of the proposed rule change is available on FINRA's website at <http://www.finra.org>, at the principal office of FINRA and at the Commission's Public Reference Room.<sup>3</sup>

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, FINRA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

FINRA proposes to amend the FINRA Rule 6700 Series and the TRACE dissemination protocols to provide for the dissemination of transactions in an additional group of Asset-Backed Securities. Transactions in such Asset-Backed Securities effected

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<sup>3</sup> As part of the proposed rule change, FINRA submitted an Exhibit 4 and an Exhibit 5. The Exhibit 4 shows the text of the proposed rule change marked to show the proposed changes as compared to the FINRA Rule 6700 Series and FINRA Rule 7730 including amendments approved by the SEC as if such amendments were effective. See note 6. The Exhibit 5 shows the text of the proposed rule change marked to show the proposed changes as compared to the current rule text of the rules in accordance with the requirements of Form 19b-4.

pursuant to Rule 144A<sup>4</sup> under the Securities Act of 1933<sup>5</sup> (“Rule 144A transactions”) will also be disseminated.<sup>6</sup> Concomitantly, FINRA proposes to reduce the reporting period for such Asset-Backed Securities and incorporate two changes to the TRACE dissemination protocols. FINRA also proposes to re-name as Securitized Products the broad group of securities currently defined as Asset-Backed Securities in FINRA Rule 6710(m) and, in a proposed new definition in FINRA Rule 6710(cc), to re-define the term Asset-Backed Security more narrowly to mean the specific securities that FINRA proposes to disseminate in the proposed rule change (e.g., asset-backed securities collateralized by pools of credit card receivables, student loans, auto loans, etc.).<sup>7</sup> Also, in FINRA Rule 6710, FINRA proposes to add three new definitions and amend the

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<sup>4</sup> 17 CFR 230.144A.

<sup>5</sup> 15 U.S.C. 77a *et seq.* (hereinafter “Securities Act”).

<sup>6</sup> The SEC recently approved FINRA’s proposed rule change to disseminate transactions in TRACE-Eligible Securities effected as Rule 144A transactions (provided that securities of the same type are subject to dissemination if effected in non-Rule 144A transactions). See Securities Exchange Act Release No. 70345 (September 6, 2013), 78 FR 56251 (September 12, 2013) (Order Granting Approval of Proposed Rule Change Relating to the Dissemination of Transactions in TRACE-Eligible Securities that are Effected Pursuant to Securities Act Rule 144A); Securities Exchange Act Release No. 70691 (October 16, 2013), 78 FR 62788 (October 22, 2013) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to TRACE Fees for Securities Act Rule 144A Transaction Data) (together, “Rule 144A Dissemination Amendments”); and Regulatory Notice 13-35 (announcing June 30, 2014 as the effective date for SR-FINRA-2013-029 and SR-FINRA-2013-043). As a result, when the proposed rule change to disseminate the designated group of Asset-Backed Securities is approved and becomes effective, both Rule 144A and non-Rule 144A transactions in such Asset-Backed Securities will be disseminated.

<sup>7</sup> Except when the context requires otherwise, hereinafter, FINRA uses the terms Securitized Product and Asset-Backed Security as if adopted (i.e., Asset-Backed Security means a narrow class of Securitized Product as defined in proposed FINRA Rule 6710(cc) and Securitized Product means the broader group of products and instruments, including Asset-Backed Securities).

defined terms “List or Fixed Offering Price Transaction” and “Takedown Transaction” to apply to certain primary market transactions in Asset-Backed Securities.<sup>8</sup> Finally, in the FINRA Rule 6700 Series and FINRA Rule 7730, FINRA proposes to delete reporting provisions that have expired and incorporate additional technical and conforming amendments consistent with the above-referenced proposed amendments to the FINRA Rule 6700 Series.

Definitions.

Asset-Backed Security – Proposed FINRA Rule 6710(cc).

FINRA proposes to re-define Asset-Backed Security more narrowly to describe a specific class of Securitized Products that is the subject of the proposed rule change. FINRA believes that the proposed narrower definition of Asset-Backed Security is consistent with industry usage. In addition, to clarify the scope of the term, FINRA proposes to specifically exclude three types of instruments from the term Asset-Backed Security: (i) Agency Pass-Through Mortgage-Backed Securities traded to be announced (“TBA”)<sup>9</sup> or in Specified Pool Transactions;<sup>10</sup> (ii) SBA-Backed ABS<sup>11</sup> traded TBA or in Specified Pool Transactions; and (iii) Collateralized Mortgage Obligations (“CMOs”).<sup>12</sup>

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<sup>8</sup> The terms List or Fixed Offering Price and Takedown Transaction are defined in, respectively, FINRA Rule 6710(q) and FINRA Rule 6710(r).

<sup>9</sup> The terms Agency Pass-Through Mortgage-Backed Security and To Be Announced (“TBA”) are defined, respectively, in FINRA Rule 6710(v) and FINRA Rule 6710(u).

<sup>10</sup> The term Specified Pool Transaction is defined in FINRA Rule 6710(x).

<sup>11</sup> The term SBA-Backed ABS is defined in FINRA Rule 6710(bb).

<sup>12</sup> FINRA proposes to define the term Collateralized Mortgage Obligation in proposed FINRA Rule 6710(dd). See note 17.

As re-defined in proposed FINRA Rule 6710(cc), the term “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, but excludes: (i) an Agency Pass-Through Mortgage-Backed Security as defined in paragraph (v) traded To Be Announced (“TBA”) as defined in paragraph (u) or in a Specified Pool Transaction as defined in paragraph (x); (ii) an SBA-Backed ABS as defined in paragraph (bb) traded TBA or in a Specified Pool Transaction; and (iii) a Collateralized Mortgage Obligation as defined in paragraph (dd).

In addition, in proposed Supplementary Material .01 to FINRA Rule 6710, FINRA provides additional guidance regarding the scope of the defined term Asset-Backed Security.<sup>13</sup>

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<sup>13</sup> Proposed Supplementary Material .01 to FINRA Rule 6710 provides that Asset-Backed Security 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; home equity loans and home equity lines of credit; 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; 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)); collateralized debt obligations; collateralized bond obligations; collateralized loan obligations; and Non-Agency Backed Commercial Mortgage-Backed Securities as defined in paragraph (ff).

Securitized Product – Amended FINRA Rule 6710(m).

FINRA proposes to amend FINRA Rule 6710(m) to re-name as Securitized Products the broader group of securities currently defined as Asset-Backed Securities. The term Securitized Product is used widely to describe the broad group of securities, including various types of mortgage-backed securities that FINRA currently refers to in FINRA Rule 6710(m). FINRA’s proposal to adopt the term Securitized Product to apply to this wide range of structured and securitized instruments is consistent with industry usage.

Proposed amended FINRA Rule 6710(m) also includes a technical amendment to change a reference to Section 3(a)(77)(A) of the Act<sup>14</sup> to Section 3(a)(79)(A) of the Act.<sup>15</sup> Section 3(a)(77) of the Act was renumbered in Section 101(b)(1) of the Jumpstart Our Business Startups Act (the “JOBS Act”).<sup>16</sup> Proposed amended FINRA Rule 6710(m) provides:

“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

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<sup>14</sup> 15 U.S.C. 78c(a)(77)(A).

<sup>15</sup> 15 U.S.C. 78c(a)(79)(A).

<sup>16</sup> 15 U.S.C. 78c(a)(77). The JOBS Act was enacted on April 5, 2012; Public Law 112-106, 126 Stat. 306 (2012).

a debt security for purposes of paragraph (a) and the Rule 6700 Series.

Other Definitions.

FINRA proposes to define Collateralized Mortgage Obligation, Agency-Backed Commercial Mortgage-Backed Security and Non-Agency-Backed Commercial Mortgage-Backed Security in, respectively, proposed FINRA Rule 6710(dd), proposed FINRA Rule 6710(ee) and proposed FINRA Rule 6710(ff) to provide additional clarity regarding various classes of securities that are included in, or excluded from, the terms Securitized Product and Asset-Backed Security and the various dissemination and reporting requirements applicable to these different types of Securitized Products.<sup>17</sup>

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<sup>17</sup> In proposed FINRA Rule 6710(dd), Collateralized Mortgage Obligation is defined as:

a type of Securitized Product structured in multiple classes (or tranches) 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, and includes a real estate mortgage investment conduit (“REMIC”) and an Agency-Backed Commercial Mortgage-Backed Security as defined in paragraph (ee).

In proposed FINRA Rule 6710(ee), Agency-Backed Commercial Mortgage-Backed Security is defined as:

a type of Securitized Product that is classified as a Collateralized Mortgage Obligation for purposes of the Rule 6700 Series and Rule 7730 and is 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 on commercial property.

Dissemination.

Currently, FINRA requires that virtually all transactions in U.S. dollar-denominated debt securities, except U.S. Treasury securities, foreign sovereign securities and municipal securities, be reported to TRACE, and most transactions reported are subject to dissemination immediately upon receipt of a transaction report.

Securitized Products were the last major group of securities to be added to TRACE. After studying the liquidity and trading characteristics of various classes of Securitized Products, FINRA began to disseminate Securitized Products in phases, beginning with the dissemination of two very significant segments: TBA transactions and Specified Pool transactions in Agency Pass-Through Mortgage-Backed Securities and SBA-Backed ABS.<sup>18</sup>

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In proposed FINRA Rule 6710(ff), Non-Agency-Backed Commercial Mortgage-Backed Security is defined as:

a type of Securitized Product that is classified as an Asset-Backed Security for purposes of the Rule 6700 Series and Rule 7730 and is issued by an entity other than an Agency as defined in paragraph (k) or a Government-Sponsored Enterprise (“GSE”) as defined in paragraph (n), representing ownership interest in a pool (or pools) of mortgage loans on commercial property.

<sup>18</sup> On November 12, 2012, FINRA began disseminating transactions in Agency Pass-Through Mortgage-Backed Securities traded TBA (“MBS TBA transactions”), which are the most liquid Securitized Products. See Securities Exchange Act Release No. 66829 (April 18, 2012), 77 FR 24748 (April 25, 2012) (SEC Approval Order, File No. SR-FINRA-2012-020). See also Regulatory Notice 12-26 (May 2012) and Regulatory Notice 12-48 (November 2012).

On July 22, 2013, FINRA began disseminating Agency Pass-Through Mortgage-Backed Securities and SBA-Backed ABS traded in Specified Pool Transactions, which are correlated in pricing to MBS TBA transactions and TBA transactions in SBA-Backed ABS. See Securities Exchange Act Release No. 68084 (October 23, 2012), 77 FR 65436 (October 26, 2012) (SEC Approval Order of File No. SR-FINRA-2012-042) and Regulatory Notice 12-56 (December 2012).

FINRA proposes that transactions in Asset-Backed Securities be disseminated, including Rule 144A transactions in such securities, to increase transparency in the bond market, and particularly in the market for Asset-Backed Securities.<sup>19</sup> FINRA has reviewed substantial amounts of transaction data for Asset-Backed Securities since reporting began on May 16, 2011. The Asset-Backed Securities market is considered a largely institutional market.<sup>20</sup> In 2012, the average daily par value traded in Asset-Backed Securities was \$5.8 billion, which was approximately the same size of the market in publicly traded Non-Investment Grade corporate bonds.<sup>21</sup> Consistent with the institutional nature of Asset-Backed Securities transactions, although the size of the Asset-Backed Securities market is comparable to the market for publicly-traded Non-Investment Grade corporate bonds, there are substantially fewer trades in Asset-Backed Securities.

Based on the characteristics of the market, FINRA believes that the proposed additional price transparency in the Asset-Backed Securities market will enhance the ability of investors to identify and negotiate fair and competitive prices for Asset-Backed Securities. Dissemination of Asset-Backed Securities transactions may assist both buy

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<sup>19</sup> See supra note 6, Rule 144A Dissemination Amendments.

The proposed rule change to disseminate Asset-Backed Securities would be the third group of Securitized Products to be disseminated. FINRA continues to review the fourth subclass of Securitized Products – CMOs and Agency-Backed Commercial Mortgage-Backed Securities – and, at a later date, may propose that transactions in such Securitized Products be disseminated.

<sup>20</sup> There appear to be few retail customer transactions in the market; only 10 percent of all Asset-Backed Securities transactions with customers are for less than \$100,000. (For purposes of assessing the level of retail and institutional customer participation in TRACE-Eligible Securities, FINRA considers a trade of less than \$100,000 to be a reasonable proxy for retail customer participation.)

<sup>21</sup> The term Non-Investment Grade is defined in FINRA Rule 6710(i).

and sell-side market participants in price discovery when pricing and trading such securities. In addition, in some types of Asset-Backed Securities, such as Asset-Backed Securities backed by auto loans, disseminating the pricing of one Asset-Backed Security will aid in pricing a different Asset-Backed Security where both securities are substantially similar and, to some degree, fungible (e.g., both Asset-Backed Securities are backed by pools of auto loans having approximately the same average duration and the same average coupon rate, and the borrowers, on average, posing the same level of credit risk). Also, FINRA believes that dissemination of such transactions will assist all market participants in determining the quality of their executions and firms in complying with their regulatory obligations. Further, transparency in this sector may improve the quality of pricing for valuation purposes, which is critical for both dealers and institutions.

After dissemination begins, FINRA will observe the trading in Asset-Backed Securities to monitor the impact of price transparency in the market for Asset-Backed Securities as FINRA previously has done when initiating dissemination in any group of TRACE-Eligible Securities.

#### Reporting Reduction of Time to Report.

Members must report transactions in corporate bonds, Agency Debt Securities<sup>22</sup> and MBS TBA transactions for good delivery (“MBS TBA GD”) no later than 15 minutes from the time of execution, and transaction information is disseminated immediately upon receipt of a transaction report.<sup>23</sup> This 15-minute timeframe has proven

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<sup>22</sup> The term Agency Debt Security is defined in FINRA Rule 6710(1).

<sup>23</sup> FINRA implemented 15-minute reporting for MBS TBA GD on May 18, 2013.

effective in providing timely and meaningful transaction data to market participants.<sup>24</sup>

In connection with the proposal to disseminate Asset-Backed Securities transactions, FINRA proposes to reduce the period to report such transactions. Initially, the reporting period will be reduced from the end of the day on the trade date during TRACE System Hours to no later than 45 minutes from the time of execution as provided in proposed FINRA Rule 6730(a)(3)(B)(i)b.<sup>25</sup> After approximately six months, the reporting period will be reduced again from no later than 45 minutes from the time of execution to no later than 15 minutes from the time of execution as provided in proposed FINRA Rule 6730(a)(3)(B)(ii).<sup>26</sup>

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<sup>24</sup> FINRA has adopted longer periods to report transactions in a limited number of Securitized Products that are traded infrequently and by a limited group of market participants. MBS TBA transactions not for good delivery (“MBS TBA NGD”) must be reported no later than 60 minutes from the time of execution. SBA-Backed ABS traded in TBA transactions and all Specified Pool Transactions (involving either Agency Pass-Through Mortgage-Backed Securities or SBA-Backed ABS) must be reported no later than 120 minutes from the time of execution initially, and, after a pilot program expires on January 24, 2014, no later than 60 minutes from the time of execution.

<sup>25</sup> See proposed FINRA Rule 6730(a)(3)(B)(i). Like the reporting requirements currently in effect for other TRACE-Eligible Securities, FINRA also proposes exceptions to the 45-minute timeframe for transactions executed near the end of the business day or when the TRACE system is not open. See proposed FINRA Rule 6730(a)(3)(B)(i)a., c., and d.

<sup>26</sup> The transitional phase for reducing reporting timeframes in proposed FINRA Rule 6730(a)(3)(B)(i) will expire after approximately 180 days. To accommodate member requests that, if possible, rule changes requiring technology changes occur on a Friday, proposed FINRA Rule 6730(a)(3)(B)(i) provides that the ABS Transitional Phase will expire on a Friday (i.e., on the 180<sup>th</sup> day, if a Friday, or, if the 180<sup>th</sup> day is not a Friday, on the Friday next occurring that the TRACE system is open).

Proposed FINRA Rule 6730(a)(3)(B)(ii) incorporates by reference Rule 6730(a)(1)(A) through (D), which require members to report transactions no later than 15 minutes from the time of execution, subject to the same exceptions for transactions executed near the end of the business day or when the TRACE system is not open.

Reducing the time to report Asset-Backed Securities transactions will provide more timely price and other transaction information to the market. Reducing the time to report in two phases will provide members a period to adjust policies and procedures and make required technical changes. FINRA notes that even under the end-of-day reporting requirements currently in place, members report approximately 63% of all Asset-Backed Securities transactions within 45 minutes of the time of execution, and approximately 50% of such transactions within 15 minutes of the time of execution.<sup>27</sup>

List or Fixed Offering Price and Takedown Transactions.

Many Asset-Backed Securities are underwritten using a syndicated process that is similar to the offering process for corporate bonds. In syndicated offerings, there may be a number of transactions that occur at the list or fixed offering price (or the takedown price). Under the FINRA Rule 6700 Series and FINRA Rule 7730, FINRA provides more flexible treatment for TRACE-Eligible Securities transactions (except Securitized Products) that are effected in accordance with the fixed price and other requirements of a List or Fixed Offering Price Transaction, as defined in FINRA Rule 6710(q), or those of a Takedown Transaction, as defined in FINRA Rule 6710(r). The advantages of reporting under the provisions are three-fold: a member may report a List or Fixed Offering Price Transaction or a Takedown Transaction as late as T + 1 during TRACE system hours as provided in FINRA Rule 6730(a)(2); such transactions are not disseminated as provided in FINRA Rule 6750(b)(3); and a member is not charged a reporting fee for such transactions as provided in FINRA Rule 7730(b)(1)(C).

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<sup>27</sup> The data is based on Asset-Backed Securities transactions reported from December 1, 2011 through April 30, 2013.

In light of the similarity of the offering process used to distribute corporate bonds and many Asset-Backed Securities, FINRA proposes to amend FINRA Rule 6710(q) and FINRA Rule 6710(r) to afford members that effect primary market Asset-Backed Securities transactions that meet all the requirements of a List or Fixed Offering Price Transaction or a Takedown Transaction the more flexible treatment set forth in FINRA Rule 6730(a)(2), FINRA Rule 6750(b)(3), and FINRA Rule 7730(b)(1)(C) for such transactions.<sup>28</sup>

Dissemination Protocols.

FINRA proposes to amend the TRACE dissemination protocols to disseminate Asset-Backed Securities transactions subject to a \$10 million dissemination cap and not to include certain information in disseminated Asset-Backed Securities transaction data.

Dissemination Caps.

Currently, there are TRACE dissemination caps in place, under which the actual size (volume) of a transaction over a specified par value is not displayed in disseminated TRACE transaction data. A range of dissemination caps is in effect for various types of TRACE-Eligible Securities.<sup>29</sup>

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<sup>28</sup> All primary market transactions in other classes of Securitized Products will continue to be specifically excluded from the definitions of List or Fixed Offering Price Transaction and Takedown Transaction, because, in general, such Securitized Products are structured, offered and sold quite differently than corporate bonds (e.g., a large number of Securitized Products sales are for forward delivery, and most such securities are not underwritten using a syndicated process generating a large number of transactions occurring at the same price).

<sup>29</sup> The dissemination caps applicable to transactions in various types of TRACE-Eligible Securities are: (a) \$5 million (for Investment Grade corporate bonds and Agency Debt Securities); (b) \$1 million (for Non-Investment Grade corporate bonds); (c) \$25 million (for MBS TBA GD); and (d) \$10 million (for MBS TBA NGD, Agency Pass-Through Mortgage-Backed Securities traded in Specified Pool transactions, and SBA-Backed ABS traded in TBA and Specified Pool transactions). The

FINRA analyzed the distribution of Asset-Backed Securities transactions, including Rule 144A transactions in such securities, to determine an appropriate dissemination cap, and proposes setting a \$10 million dissemination cap for such transactions. For a transaction in an Asset-Backed Security of less than \$10 million (original par or principal value), the actual size will be disseminated, and for a transaction in an Asset-Backed Security greater than \$10 million, "\$10MM+" will be disseminated.<sup>30</sup> FINRA will monitor the effects of the \$10MM+ dissemination cap on the Asset-Backed Securities market. The proposed dissemination cap size of \$10 million is comparable to the dissemination caps for Non-Investment Grade corporate bonds, measured by the percentage of transactions and the par value to be disseminated subject to the dissemination caps, and more conservative than the dissemination caps in place for Investment Grade corporate bond transactions.<sup>31</sup> FINRA believes that it is important to be conservative at the onset of dissemination and will observe the effects of the \$10 million dissemination cap on the market. FINRA may propose modifications to the dissemination cap size in the future if warranted.

Other Dissemination Protocols.

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term Investment Grade is defined in FINRA Rule 6710(h).

<sup>30</sup> Approximately 17.6 percent of trades and approximately 75.6 percent of original par or principal value traded in Asset-Backed Securities transactions (other than Rule 144A transactions) will be disseminated subject to the \$10MM+ dissemination cap. For Rule 144A transactions in Asset-Backed Securities, approximately 28.5 percent of trades and approximately 88.1 percent of original par or principal value traded will be disseminated subject to the \$10MM+ dissemination cap. The information is based on transactions reported from May 16, 2011 through December 2012.

<sup>31</sup> Based on transactions reported from TRACE inception through December 2012.

FINRA proposes that the dissemination protocols currently in use for most TRACE-Eligible Securities transactions be modified in two ways when applied to disseminated Asset-Backed Securities transactions. Current standard data elements that are disseminated for TRACE-Eligible Securities include, among other things, a dealer/customer indicator (indicating the type of contra party) and a buy/sell indicator.<sup>32</sup> However, the Asset-Backed Securities market differs from the corporate bond market in that it is smaller and largely institutional. Noting the smaller number of participants in the Asset-Backed Securities market, market participants raised concerns regarding protecting the confidentiality of dealer and customer trading strategies, identities and positions in certain types of Asset-Backed Securities.

FINRA has considered these factors and proposes not to disseminate the dealer/customer and buy/sell indicators to address such concerns. FINRA believes that dissemination of Asset-Backed Securities transactions without these items will protect sensitive information regarding the trading strategies, identities and positions of investors and will not expose dealers to additional risk in providing liquidity, while providing market participants sufficient information about Asset-Backed Securities transactions.

Additional Data Availability Under FINRA Rule 7730.

FINRA compiles disseminated real-time data for transactions, which is organized in three data sets: the Corporate Bond Data Set, the Agency Data Set and the ABS Data Set as provided in FINRA Rule 7730. In addition, in the Rule 144A Dissemination

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<sup>32</sup> Additional standard data elements include the CUSIP, the time and date of the transaction, price, and the size (subject to dissemination caps).

Specified Pool Transactions are disseminated subject to modified dissemination protocols. See Securities Exchange Act Release No. 68084 (October 23, 2012), 77 FR 65436 (October 26, 2012) (SEC Approval Order of File No. SR-FINRA-2012-042) and Regulatory Notice 12-56 (December 2012).

Amendments, FINRA established a Rule 144A Data Set.<sup>33</sup> Historic TRACE Data is similarly organized.<sup>34</sup>

Currently, Asset-Backed Securities data – organized as the ABS Data Set, and for Historic TRACE Data, as the Historic ABS Data Set – includes all Securitized Products transactions that are disseminated (i.e., all TBA transactions and all Specified Pool Transactions).

FINRA proposes to include the transaction information from disseminated Asset-Backed Securities transactions in the ABS Data Set (to be renamed the “SP Data Set”) and the Historic ABS Data Set (to be renamed the “Historic SP Data Set”).<sup>35</sup> Asset-Backed Securities that are traded in Rule 144A transactions will be included in, respectively, the Rule 144A Data Set, when available, and the Historic Rule 144A Data Set, when available.

FINRA does not propose to amend the fees currently in effect for the SP Data Set and the Historic SP Data Set. Similarly, when the Rule 144A Data Set and the Historic Rule 144A Data Set become available, disseminated information regarding Rule 144A

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<sup>33</sup> See supra note 6, Rule 144A Dissemination Amendments.

<sup>34</sup> FINRA also established a Historic Rule 144A Data Set as part of the Rule 144A Dissemination Amendments. See supra note 6, Rule 144A Dissemination Amendments.

<sup>35</sup> The ABS Data Set and the Historic ABS Data Set will be re-named, respectively, the SP Data Set and the Historic SP Data Set, as part of the amendments to the Rule 6700 Series and Rule 7730 in connection with re-naming as Securitized Products the broad group of securities currently referred to as Asset-Backed Securities and redefining the term Asset-Backed Securities more narrowly, as discussed, infra. A transaction in a disseminated TRACE-Eligible Security becomes available as part of Historic TRACE Data no earlier than 18 months after the specific transaction is reported to TRACE.

transactions in Asset-Backed Securities will be included in such data sets without any change to the applicable fees.<sup>36</sup>

Other Amendments.

The reporting requirements for Securitized Products that are MBS TBA GD and MBS TBA NGD are set forth in FINRA Rule 6730(a)(3)(D) and FINRA Rule 6730(a)(3)(E), respectively, and include references to two pilot programs that have expired. Reporting requirements for certain other Securitized Products in FINRA Rule 6730(a)(3) cross-reference these reporting provisions. FINRA proposes to eliminate the provisions that have expired and all cross-references thereto in FINRA Rule 6730(a) and make conforming changes.<sup>37</sup>

Finally, FINRA proposes conforming and technical amendments to the FINRA Rule 6700 Series and FINRA Rule 7730 to reflect the proposed definitions, Securitized Product and Asset-Backed Security, and generally the use of the term Securitized Product in lieu of Asset-Backed Security; to make similar changes in FINRA Rule 7730 to delete the terms ABS Data Set and Historic ABS Data Set and substitute the terms SP Data Set and Historic SP Data Set; and, to make other technical and conforming amendments consistent with the amendments described herein to the FINRA Rule 6700 Series.

FINRA will announce the effective date of the proposed rule change in a Regulatory Notice to be published no later than 60 days following Commission approval. The effective date will be no later than 270 days following publication of the Regulatory Notice announcing Commission approval.

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<sup>36</sup> See supra note 6, Rule 144A Dissemination Amendments.

<sup>37</sup> See proposed amendments to FINRA Rule 6730(a)(3)(D) through (G).

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>38</sup> which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. FINRA believes that the proposed rule change will increase transparency in the Asset-Backed Securities market, which may enhance the ability of investors to engage in meaningful price discovery to identify and negotiate fair and competitive prices for Asset-Backed Securities. In addition, the proposed dissemination of Asset-Backed Securities transaction data will allow investors to compare their executions with executions in the same and similar securities in the market and may facilitate their assessment of the quality of the executions provided to them. Similarly, additional transparency in such securities transactions may assist broker-dealers in complying with their regulatory obligations regarding best execution. Finally, for broker-dealers and institutional investors that hold positions in such Asset-Backed Securities, the proposed increased transparency may enable them to improve the accuracy of their valuation of such positions. These enhancements in pricing, increased capabilities to compare execution quality in transactions, and more accurate valuation of positions that may result from the additional market transparency are designed to deter or prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and, in general, protect investors and the public interest.

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<sup>38</sup> 15 U.S.C. 78o-3(b)(6).

B. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Based on the characteristics of the market, FINRA believes that additional price transparency in the Asset-Backed Securities market may enhance the ability of investors to identify and negotiate fair and competitive prices for these securities. In addition, dissemination may assist institutional and retail customers in determining the quality of executions provided to them, which should incentivize broker-dealers to provide competitive executions in such securities.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2013-046 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-FINRA-2013-046. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All

submissions should refer to File Number SR-FINRA-2013-046 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>39</sup>

Elizabeth M. Murphy

Secretary

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<sup>39</sup> 17 CFR 200.30-3(a)(12).

**Exhibit 4**

Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets. The amendments to the rule text in SR-FINRA-2013-029 and SR-FINRA-2013-043 are incorporated herein as if effective.<sup>1</sup>

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**6000. QUOTATION AND TRANSACTION REPORTING FACILITES**

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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) through (k) No Change.

(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 a Securitized Product [an Asset-Backed Security] 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 [Asset-Backed Security].

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<sup>1</sup> See Securities Exchange Act Release No. 70345 (September 6, 2013), 78 FR 56251 (September 12, 2013) (Order Approving File No. SR-FINRA-2013-029); Securities Exchange Act Release No. 70691 (October 16, 2013), 78 FR 62788 (October 22, 2013) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2013-043); and Regulatory Notice 13-35 (announcing June 30, 2014 as the effective date for SR-FINRA-2013-029 and SR-FINRA-2013-043).

(m) “Securitized Product” [“Asset-Backed Security”] 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)([77]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 [Rule 6710] paragraph (a) and the Rule 6700 Series.

(n) No Change.

(o) “Money Market Instrument” means 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 [Rule 6710] paragraph (k), or a Government-Sponsored Enterprise, as defined in [Rule 6710] paragraph (n), a maturity of one calendar year and one day or less.

(p) No Change.

(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 [except an Asset-Backed Security] as defined in [Rule 6710] 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 [except an Asset-Backed Security] as defined in [Rule 6710] 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) through (u) No Change.

(v) “Agency Pass-Through Mortgage-Backed Security” means a type of Securitized Product [Asset-Backed Security] 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) through (z) No Change.

(aa) “Remaining Principal Balance” or “RPB” means, for a Securitized Product [an Asset-Backed Security] 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 [an Asset-Backed Security] 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, but excludes: (i) an Agency Pass-Through Mortgage-Backed Security as defined in paragraph (v) traded To Be Announced (“TBA”) as defined in paragraph (u) or in a Specified Pool Transaction as defined in paragraph (x); (ii) an SBA-Backed ABS as defined in paragraph (bb) traded TBA or in a Specified Pool Transaction; and (iii) a Collateralized Mortgage Obligation as defined in paragraph (dd).

(dd) “Collateralized Mortgage Obligation” (“CMO”) means a type of Securitized Product structured in multiple classes (or tranches) 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, and includes a real estate mortgage investment conduit (“REMIC”) and an Agency-Backed Commercial Mortgage-Backed Security as defined in paragraph (ee).

(ee) “Agency-Backed Commercial Mortgage-Backed Security” means a type of Securitized Product that is classified as a Collateralized Mortgage Obligation for

purposes of the Rule 6700 Series and Rule 7730 and is 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 on commercial property.

(ff) “Non-Agency-Backed Commercial Mortgage-Backed Security” means a type of Securitized Product that is classified as an Asset-Backed Security for purposes of the Rule 6700 Series and Rule 7730 and is issued by an entity other than an Agency as defined in paragraph (k) or a Government-Sponsored Enterprise (“GSE”) as defined in paragraph (n), representing ownership interest in a pool (or pools) of mortgage loans on commercial property.

**••• 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; home equity loans and home equity lines of credit; 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; 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)); collateralized debt obligations; collateralized bond obligations; collateralized loan

obligations; and Non-Agency-Backed Commercial Mortgage-Backed Securities as defined in paragraph (ff).

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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) through (2) No Change.

#### **(3) Reporting Requirements — Securitized Product [Asset-Backed Securities] Transactions**

Transactions in Securitized Products [Asset-Backed Securities] must be reported as provided in this paragraph (a)(3).

##### **(A) General Reporting Requirements**

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 Securitized Products [Asset-Backed Securities] executed on:

(i) through (iii) No Change.

##### **(B) [Reserved.]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 follows:

(i) During the transitional phase for reducing reporting timeframes for Asset-Backed Securities (“ABS Transitional Phase”), which shall expire at 11:59:59 p.m. Eastern Time [insert date that is 180 days following the effective date of the ABS Transitional Phase (provided that if the 180<sup>th</sup> day is not a Friday, insert date of the Friday next occurring (that the TRACE system is open) after the 180<sup>th</sup> day], such transactions must be reported as follows:

a. 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 45 minutes after the TRACE system opens.

b. 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 45 minutes of the Time of Execution, except as provided in paragraph (a)(3)(B)(i)c. below.

c. Transactions executed on a business day less than 45 minutes before 6:30:00 p.m. Eastern Time must be reported no later than 45 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 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 45 minutes after the TRACE system opens, designated “as/of” and include the date of execution.

(ii) After the ABS Transitional Phase expires, Asset-Backed Securities transactions must be reported as provided in paragraph (a)(1)(A) through paragraph (a)(1)(D).

**(C) Collateralized Mortgage Obligation [and Real Estate Mortgage Investment Conduit] Transactions Before Issuance**

Transactions in Securitized Products [Asset-Backed Securities] that are [c]Collateralized [m]Mortgage [o]Obligations (“CMOs”) [or real estate mortgage investment conduits (“REMICs”)] that are executed before the issuance of the security must be reported the earlier of:

(i) through (ii) No Change.

In either case, 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 [Asset-Backed Securities] that are Agency Pass-Through Mortgage-Backed Securities traded TBA [to be announced (“TBA”)] for good delivery (“GD”) (“MBS TBA transactions GD”) must be reported as provided in paragraph (a)(1)(A) through paragraph (a)(1)(D). [this paragraph (a)(3)(D).]

[i] During a pilot program for MBS TBA transactions GD (“MBS TBA GD Pilot Program”), which shall expire at 11:59:59 p.m. Eastern Time May 17, 2013, such transactions must be reported as follows:]

[a. 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 45 minutes after the TRACE system opens.]

[b. 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 45 minutes of the Time of Execution, except as provided in paragraph (a)(3)(D)(i)c. below.]

[c. Transactions executed on a business day less than 45 minutes before 6:30:00 p.m. Eastern Time must be reported no later than 45 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 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 45 minutes after the TRACE system opens, designated “as/of” and include the date of execution.]

[(ii) After the MBS TBA GD Pilot Program expires, 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 [Asset-Backed Securities] that are Agency Pass-Through Mortgage-Backed Securities traded TBA [to be announced (“TBA”)] not for good delivery (“NGD”) (“MBS TBA transactions NGD”) must be reported as provided in this paragraph (a)(3)(E).

[(i) During a pilot program for MBS TBA transactions NGD (“MBS TBA NGD Pilot Program”), which shall expire at

11:59:59 p.m. Eastern Time May 17, 2013, such transactions must be reported as follows:]

[a. 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 120 minutes after the TRACE system opens.]

[b. 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 120 minutes of the Time of Execution, except as provided in paragraph (a)(3)(E)(i)c. below.]

[c. Transactions executed on a business day less than 120 minutes before 6:30:00 p.m. Eastern Time must be reported no later than 120 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 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 120 minutes after the TRACE system opens, designated “as/of” and include the date of execution.]

[(ii) After the MBS TBA NGD Pilot Program expires, MBS TBA transactions NGD must be reported as follows:]

(i)[a.] 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)[b.] 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)[(ii)c.] below.

(iii)[c.] 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)[d.] 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 this paragraph (a)(3)(F).

(i) During a pilot program for MBS Specified Pool transactions (“MBS Specified Pool Pilot Program”), which shall expire at 11:59:59 p.m. Eastern Time January 24, 2014, such transactions must be reported as follows: [provided in paragraph (a)(3)(E)(i)a. through paragraph (a)(3)(E)(i)d.]

a. 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 120 minutes after the TRACE system opens.

b. 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 120 minutes of the Time of Execution, except as provided in paragraph (a)(3)(F)(i)c. below.

c. Transactions executed on a business day less than 120 minutes before 6:30:00 p.m. Eastern Time must be reported no later than 120 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 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 120 minutes after the TRACE system opens, designated “as/of” and include the date of execution.

(ii) After the MBS Specified Pool Pilot Program expires, MBS Specified Pool transactions must be reported as provided in paragraph (a)(3)(E)(i) through paragraph (a)(3)(E)(iv). [paragraph (a)(3)(E)(ii)a. through paragraph (a)(3)(E)(ii)d.]

**(G) SBA-Backed ABS**

SBA-Backed ABS traded TBA [to be announced (“TBA”)] or in Specified Pool Transactions must be reported as provided in this paragraph (a)(3)(G).

(i) During a pilot program for SBA-Backed ABS traded TBA or in Specified Pool Transactions (“SBA-Backed ABS Pilot Program”), which shall expire at 11:59:59 p.m. Eastern Time January 24, 2014, such transactions must be reported as provided in paragraph (a)(3)(F[E])(i)a. through paragraph (a)(3)(F[E])(i)d.

(ii) After the SBA-Backed ABS Pilot Program expires, 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). [(a)(3)(E)(ii)a. through paragraph (a)(3)(E)(ii)d.]

(4) through (6) No Change.

(b) through (c) No Change.

**(d) Procedures for Reporting Price, Capacity, Volume**

(1) No Change.

**(2) Size (Volume)**

**(A) General**

For a transaction in a TRACE-Eligible Security, except a Securitized Product [an Asset-Backed Security], report the total par value or principal value of the security traded.

(B) Securitized Products [Asset-Backed Securities]

(i) For a transaction in a Securitized Product [an Asset-Backed Security] traded TBA [To Be Announced] (“TBA transaction”), report the original face value of such security.

(ii) For a transaction, other than a TBA transaction, in a Securitized Product [an Asset-Backed Security] 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 [an Asset-Backed Security] 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 [an Asset-Backed Security] 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) No Change.

**(4) Modifiers; Indicators**

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

(A) through (C) No Change.

**(D) Securitized Product [Asset-Backed Security] Indicators**

Select the indicator:

(i) through (iv) No Change.

(e) through (f) No Change.

**••• Supplementary Material: -----**

**.01 Scope of Factor Reporting Requirement.** For transactions, other than TBA transactions, in Securitized Products [Asset-Backed Securities] 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.

\* \* \* \* \*

**6750. Dissemination of Transaction Information**

(a) No Change.

**(b) Transaction Information Not Disseminated**

FINRA will not disseminate information on a transaction in a TRACE-Eligible Security that is:

(1) through (3) No Change.

(4) a Collateralized Mortgage Obligation. [an Asset-Backed Security, except:]

[(A) an Agency Pass-Through Mortgage-Backed Security; and ]

[(B) an SBA-Backed ABS.]

**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 [an Asset-Backed Security] 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) No Change.

**(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 [an Asset-Backed Security], 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) No Change.

(2) If one or more transactions in a [c]Collateralized [m]Mortgage [o]Obligation (CMO) [or a real estate mortgage investment conduit (REMIC)] 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 [or REMIC] 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).

\* \* \* \* \*

**7000. CLEARING, TRANSACTION AND ORDER DATA REQUIREMENTS,  
AND FACILITY CHARGES**

\* \* \* \* \*

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

\* \* \* \* \*

**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”):

<b>System Fees</b>	<b>Transaction Reporting Fees</b>	<b>Data Fees</b>
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. (For [Asset-Backed Securities] <u>Securitized Products</u> where par value is not used to determine the size (volume) of a transaction, for purposes of trade reporting fees, size (volume) is the lesser of original face value or Remaining Principal Balance (or the equivalent) at the	Market Data: Professional Real-Time Data Display — \$60/month per display application per Data Set of Real-Time TRACE transaction data, except as may be subject to a waiver set forth below, or a flat fee of \$7,500/month per Data Set of Real-Time TRACE
Level II Full Service Web Browser Access — Subscription for a single user ID or the first user ID — \$50/month (includes one Data Set); \$80/month (includes		

<p>two Data Sets);                  \$110/month (includes three Data Sets);                  \$140/month (includes four Data Sets)                  Subscription for additional user IDs — \$80/month per user ID (includes one Data Set); \$140/month per user ID (includes two Data Sets);                  \$200/month (includes three Data Sets);                  \$260/month (includes four Data Sets)</p>	<p>Time of Execution of the transaction.)                  Trades over \$200,000 and up to and including \$999,999.99 par value — \$0.000002375 times the par value of the transaction (i.e., \$0.002375/\$1000). (See note above regarding certain [Asset-Backed Securities] <u>Securitized Products</u>.)                  Trades of \$1,000,000 par value or more — \$2.375/trade. (See note above regarding certain [Asset-Backed Securities] <u>Securitized Products</u>.)                  All transactions in [Asset-Backed Securities] <u>Securitized Products</u> that are Agency Pass-Through Mortgage-Backed Securities</p>	<p>transaction data, entitling Professionals to make unlimited internal use of such Data Set(s) through any number of display applications.</p>
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	traded to be announced (“TBA”) or SBA-Backed ABS traded TBA (each a “TBA transaction”) — \$1.50/trade.	
CTCI/FIX/Third Party — \$25/month/per firm	Cancel/Correct — \$1.50/trade	Market Data: Vendor Real-Time Data Feed — \$1,500/month per Data Set of Real-Time TRACE transaction data for receipt of continuous Real-Time TRACE transaction data, except for qualifying Tax-Exempt Organizations, or \$250/month per Data Set of Snapshot Real-Time TRACE transaction data for daily receipt of such Data Set(s).
	“As/of” Trade Late —	Market Data: Vendor

	\$3/trade	<p>Real-Time Data Feed                      — \$400/month per                      Data Set of Real-Time                      TRACE transaction                      data for qualifying                      Tax-Exempt                      Organizations.</p>
		<p>Market Data: Non-                      Professional Real-Time                      Data Display — No                      charge.</p>
		<p>Historic TRACE Data:                      Set-Up Fee — a single                      fee of \$2,000 for                      development and set-up                      to receive Historic                      TRACE Data, except                      for qualifying Tax-                      Exempt Organizations.</p>
		<p>Historic TRACE Data:                      Set-Up Fee — a single                      fee of \$1,000 for                      development and set-up</p>

		<p>to receive Historic TRACE Data for qualifying Tax-Exempt Organizations.</p>
		<p>Historic TRACE Data:            Fee — \$2,000/calendar year per Data Set for receipt of Historic TRACE Data, except for qualifying Tax-Exempt Organizations.            The data is enabled for internal use and internal and/or external display application.            Bulk re-distribution of data is not permitted.</p>
		<p>Historic TRACE Data:            Bulk Re-Distribution Fee — except for qualifying Tax-Exempt Organizations,            \$1/CUSIP per calendar</p>

		<p>year (or part thereof)  within a single Data Set  of Historic TRACE  Data per each recipient  of re-distributed data;  maximum fee per Data  Set of \$1,000/calendar  year (or part thereof)  per each recipient of re-  distributed data.</p>
		<p>Historic TRACE Data:  Bulk Re-Distribution  Fee — for qualifying  Tax-Exempt  Organizations,  \$500/calendar year per  Data Set for receipt of  Historic TRACE Data.  The data is enabled for  internal use and  internal and/or external  display application.  Bulk re-distribution of</p>

		<p>data is permitted with certain restrictions.</p>
		<p>FINRA ADDS:            TRACE Data Delivery            Plus            A variable monthly fee charged per MPID subscriber, based upon the average number of transactions per month to which the MPID subscriber was a party in the prior calendar year, and the number of Plus reports received by the MPID subscriber per month (see paragraph (g))</p>
		<p>FINRA ADDS:            TRACE Data Delivery            SFTP            \$250 per MPID – one time set-up fee; and</p>

		\$200 per MPID per month
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(a) No Change.

**(b) Transaction Reporting Fees**

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

**(1) Trade Reporting Fee**

(A) Except for a transaction in [an Asset-Backed Security] a Securitized Product, as defined in Rule 6710(m), that is an Agency Pass-Through Mortgage-Backed Security, as defined in Rule 6710(v), traded to be announced (“TBA”), as defined in Rule 6710(u) or that is an SBA-Backed ABS, as defined in Rule 6710(bb), traded TBA (each a “TBA transaction”), 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. For [Asset-Backed Securities] Securitized Products where par value is not used to determine the size (volume) of a transaction, for purposes of trade reporting fees, the size (volume) of a transaction is the lesser of the original face value or the Remaining Principal Balance, as defined in Rule 6710(aa).

(B) through (C) No Change.

(2) through (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 Bond Data Set”), Agency Debt Securities (“Agency Data Set”), [Asset-Backed Securities] Securitized Products (“[ABS] SP Data Set”), and transactions in TRACE-Eligible Securities effected pursuant to Securities Act Rule 144A (“Rule 144A transactions”) (“Rule 144A Data Set”). Market data fees are charged for each Data Set. Professionals and Non-Professionals may subscribe to receive one or more 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) through (2) No Change.

**(d) Historic TRACE Data**

Historic TRACE Data comprises the following Data Set(s): corporate bonds (“Historic Corporate Bond Data Set”), Agency Debt Securities (“Historic Agency Data Set”), [Asset-Backed Securities] Securitized Products (“Historic [ABS] SP Data Set”), and Rule 144A transactions (“Historic Rule 144A Data Set”). Historic TRACE Data fees, except the Set-Up Fee, are charged for each Data Set. Professionals and Non-Professionals may receive Historic TRACE Data provided by FINRA in one or more of the following ways for the charges specified, as applicable. Recipients of Historic TRACE Data shall be required to execute appropriate agreements with FINRA.

**(1) Professional Fees**

Professionals may subscribe for the following:

**(A) Persons or Organizations Other Than Qualifying Tax-Exempt Organizations**

(i) No Change.

(ii) Data Fee — \$2,000 per calendar year per Data Set for receipt of Historic TRACE Data. (The 2003 Historic Corporate Bond Data Set also includes the 2002 Historic Corporate Bond Data Set. The 2011 Historic Agency Data Set also includes the 2010 Historic Agency Data Set. The 2012 Historic [ABS]SP Data Set also includes the 2011 Historic [ABS]SP Data Set. The 2003 Historic Rule 144A Data Set also includes the 2002 Historic Rule 144A Data Set.) Historic TRACE Data is enabled for internal use and internal and/or external display application. Bulk re-distribution of such data is not permitted.

(iii) No Change.

**(B) Qualifying Tax-Exempt Organizations**

A Tax-Exempt Organization qualifies for development and set-up and to receive Historic TRACE Data under this paragraph (d)(1)(B) if it does not re-distribute such data in bulk, or it re-distributes such data in bulk or otherwise at no charge solely to Non-Professionals or other Tax-Exempt Organizations that agree to be subject to the same restrictions.

(i) No Change.

(ii) Data and Bulk Re-Distribution Fee — \$500 per calendar year per Data Set for receipt of Historic TRACE Data. (The 2003 Historic Corporate Bond Data Set also includes the 2002 Historic Corporate Bond Data Set. The 2011 Historic Agency Data Set also includes the 2010 Historic Agency Data Set. The 2012 Historic [ABS]SP Data Set also includes the 2011 Historic [ABS]SP Data Set. The 2003 Historic Rule 144A Data Set also includes the 2002 Historic Rule 144A Data Set.) Historic TRACE Data is enabled for internal use and internal and/or external display application, and bulk redistribution, and may be re-distributed subject to the restrictions in paragraph (d)(1)(B).

(2) No Change.

(e) No Change.

**(f) Definitions**

(1) through (3) No Change.

(4) “Historic TRACE Data” as used in Rule 7730 means historic transaction-level data with elements to be determined from time to time by FINRA in its discretion and as stated in a Regulatory Notice or other equivalent publication. Historic TRACE Data will be delayed a minimum of 18 months and will not include MPID information. Historic TRACE Data includes the following Data Sets:

(A) through (B) No Change.

(C) Historic [ABS] SP Data Set – includes all historic transactions in [Asset-Backed Securities] Securitized Products as defined in Rule 6710(m) reported to TRACE, if transactions in the type of [Asset-Backed Security] Securitized Products are subject to real-time dissemination under Rule 6750, but excludes historic Rule 144A transactions in [Asset-Backed Securities] Securitized Products; and

(D) No Change.

(g) No Change.

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<sup>1</sup> No Change.

<sup>2</sup> No Change.

\* \* \* \* \*

**Exhibit 5**

Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.

\* \* \* \* \*

**6000. QUOTATION AND TRANSACTION REPORTING FACILITIES**

\* \* \* \* \*

**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) through (k) No Change.

(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 a Securitized Product [an Asset-Backed Security] 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 [Asset-Backed Security].

(m) “Securitized Product” [“Asset-Backed Security”] 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)([77]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 [Rule 6710] paragraph (a) and the Rule 6700 Series.

(n) No Change.

(o) “Money Market Instrument” means 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 [Rule 6710] paragraph (k), or a Government-Sponsored Enterprise, as defined in [Rule 6710] paragraph (n), a maturity of one calendar year and one day or less.

(p) No Change.

(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 [except an Asset-Backed Security] as defined in [Rule 6710] 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 [except an Asset-Backed Security] as defined in [Rule 6710] 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) through (u) No Change.

(v) “Agency Pass-Through Mortgage-Backed Security” means a type of Securitized Product [Asset-Backed Security] 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) through (z) No Change.

(aa) “Remaining Principal Balance” or “RPB” means, for a Securitized Product [an Asset-Backed Security] 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 [an Asset-Backed Security] 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, but excludes: (i) an Agency Pass-Through Mortgage-Backed Security as defined in paragraph (v) traded To Be Announced (“TBA”) as defined in paragraph (u) or in a Specified Pool Transaction as defined in paragraph (x); (ii) an SBA-Backed ABS as defined in paragraph (bb) traded TBA or in a Specified Pool Transaction; and (iii) a Collateralized Mortgage Obligation as defined in paragraph (dd).

(dd) “Collateralized Mortgage Obligation” (“CMO”) means a type of Securitized Product structured in multiple classes (or tranches) 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, and includes a real estate mortgage investment conduit (“REMIC”) and an Agency-Backed Commercial Mortgage-Backed Security as defined in paragraph (ee).

(ee) “Agency-Backed Commercial Mortgage-Backed Security” means a type of Securitized Product that is classified as a Collateralized Mortgage Obligation for purposes of the Rule 6700 Series and Rule 7730 and is 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 on commercial property.

(ff) “Non-Agency-Backed Commercial Mortgage-Backed Security” means a type of Securitized Product that is classified as an Asset-Backed Security for purposes of the

Rule 6700 Series and Rule 7730 and is issued by an entity other than an Agency as defined in paragraph (k) or a Government-Sponsored Enterprise (“GSE”) as defined in paragraph (n), representing ownership interest in a pool (or pools) of mortgage loans on commercial property.

**••• 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; home equity loans and home equity lines of credit; 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; 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)); collateralized debt obligations; collateralized bond obligations; collateralized loan obligations; and Non-Agency-Backed Commercial Mortgage-Backed Securities as defined in paragraph (ff).

\* \* \* \* \*

**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) through (2) No Change.

**(3) Reporting Requirements — Securitized Product [Asset-Backed Securities] Transactions**

Transactions in Securitized Products [Asset-Backed Securities] must be reported as provided in this paragraph (a)(3).

**(A) General Reporting Requirements**

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 Securitized Products [Asset-Backed Securities] executed on:

(i) through (iii) No Change.

**(B) [Reserved.]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 follows:

(i) During the transitional phase for reducing reporting timeframes for Asset-Backed Securities (“ABS Transitional Phase”), which shall expire at 11:59:59 p.m. Eastern Time [insert date that is 180 days following the effective date of the ABS Transitional Phase (provided that if the 180<sup>th</sup> day is not a Friday,

insert date of the Friday next occurring (that the TRACE system is open) after the 180<sup>th</sup> day], such transactions must be reported as follows:

a. 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 45 minutes after the TRACE system opens.

b. 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 45 minutes of the Time of Execution, except as provided in paragraph (a)(3)(B)(i)c. below.

c. Transactions executed on a business day less than 45 minutes before 6:30:00 p.m. Eastern Time must be reported no later than 45 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 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 45 minutes after the TRACE system opens, designated “as/of” and include the date of execution.

(ii) After the ABS Transitional Phase expires, Asset-Backed Securities transactions must be reported as provided in paragraph (a)(1)(A) through paragraph (a)(1)(D).

**(C) Collateralized Mortgage Obligation [and Real Estate Mortgage Investment Conduit] Transactions Before Issuance**

Transactions in Securitized Products [Asset-Backed Securities] that are [c]Collateralized [m]Mortgage [o]Obligations (“CMOs”) [or real estate mortgage investment conduits (“REMICs”)] that are executed before the issuance of the security must be reported the earlier of:

(i) through (ii) No Change.

In either case, 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 [Asset-Backed Securities] that are Agency Pass-Through Mortgage-Backed Securities traded TBA [to be announced (“TBA”)] for good delivery (“GD”) (“MBS TBA transactions GD”) must be reported as provided in paragraph (a)(1)(A) through paragraph (a)(1)(D). [this paragraph (a)(3)(D).]

(i) During a pilot program for MBS TBA transactions GD (“MBS TBA GD Pilot Program”), which shall expire at 11:59:59

p.m. Eastern Time May 17, 2013, such transactions must be reported as follows:]

[a. 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 45 minutes after the TRACE system opens.]

[b. 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 45 minutes of the Time of Execution, except as provided in paragraph (a)(3)(D)(i)c. below.]

[c. Transactions executed on a business day less than 45 minutes before 6:30:00 p.m. Eastern Time must be reported no later than 45 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 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 45 minutes after the TRACE system opens, designated “as/of” and include the date of execution.]

[(ii) After the MBS TBA GD Pilot Program expires, 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 [Asset-Backed Securities] that are Agency Pass-Through Mortgage-Backed Securities traded TBA [to be announced (“TBA”)] not for good delivery (“NGD”) (“MBS TBA transactions NGD”) must be reported as provided in this paragraph (a)(3)(E).

[(i) During a pilot program for MBS TBA transactions NGD (“MBS TBA NGD Pilot Program”), which shall expire at 11:59:59 p.m. Eastern Time May 17, 2013, such transactions must be reported as follows:]

[a. 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 120 minutes after the TRACE system opens.]

[b. 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 120 minutes of the Time of Execution, except as provided in paragraph (a)(3)(E)(i)c. below.]

[c. Transactions executed on a business day less than 120 minutes before 6:30:00 p.m. Eastern Time must be reported no later than 120 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 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 120 minutes after the TRACE system opens, designated “as/of” and include the date of execution.]

[(ii) After the MBS TBA NGD Pilot Program expires, MBS TBA transactions NGD must be reported as follows:]

(i)[a.] 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.

(i)[b.] 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)[(ii)c.] below.

(iii)[c.] 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)[d.] 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 this paragraph (a)(3)(F).

(i) During a pilot program for MBS Specified Pool transactions (“MBS Specified Pool Pilot Program”), which shall expire at 11:59:59 p.m. Eastern Time January 24, 2014, such

transactions must be reported as follows: [provided in paragraph (a)(3)(E)(i)a. through paragraph (a)(3)(E)(i)d.]

a. 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 120 minutes after the TRACE system opens.

b. 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 120 minutes of the Time of Execution, except as provided in paragraph (a)(3)(F)(i)c. below.

c. Transactions executed on a business day less than 120 minutes before 6:30:00 p.m. Eastern Time must be reported no later than 120 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 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 120 minutes after the TRACE system opens, designated “as/of” and include the date of execution.

(ii) After the MBS Specified Pool Pilot Program expires, MBS Specified Pool transactions must be reported as provided in paragraph (a)(3)(E)(i) through paragraph (a)(3)(E)(iv). [paragraph (a)(3)(E)(ii)a. through paragraph (a)(3)(E)(ii)d.]

**(G) SBA-Backed ABS**

SBA-Backed ABS traded TBA [to be announced (“TBA”)] or in Specified Pool Transactions must be reported as provided in this paragraph (a)(3)(G).

(i) During a pilot program for SBA-Backed ABS traded TBA or in Specified Pool Transactions (“SBA-Backed ABS Pilot Program”), which shall expire at 11:59:59 p.m. Eastern Time January 24, 2014, such transactions must be reported as provided in paragraph (a)(3)(F[E])(i)a. through paragraph (a)(3)(F[E])(i)d.

(ii) After the SBA-Backed ABS Pilot Program expires, 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). [(a)(3)(E)(ii)a. through paragraph (a)(3)(E)(ii)d.]

(4) through (6) No Change.

(b) through (c) No Change.

**(d) Procedures for Reporting Price, Capacity, Volume**

(1) No Change.

**(2) Size (Volume)**

(A) General

For a transaction in a TRACE-Eligible Security, except a Securitized Product [an Asset-Backed Security], report the total par value or principal value of the security traded.

(B) Securitized Products [Asset-Backed Securities]

(i) For a transaction in a Securitized Product [an Asset-Backed Security] traded TBA [To Be Announced] (“TBA transaction”), report the original face value of such security.

(ii) For a transaction, other than a TBA transaction, in a Securitized Product [an Asset-Backed Security] 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 [an Asset-Backed Security] 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 [an Asset-Backed Security] 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) No Change.

**(4) Modifiers; Indicators**

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

(A) through (C) No Change.

**(D) Securitized Product [Asset-Backed Security] Indicators**

Select the indicator:

(i) through (iv) No Change.

(e) through (f) No Change.

**••• Supplementary Material: -----**

**.01 Scope of Factor Reporting Requirement.** For transactions, other than TBA transactions, in Securitized Products [Asset-Backed Securities] 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.

\* \* \* \* \*

**6750. Dissemination of Transaction Information**

(a) No Change.

**(b) Transaction Information Not Disseminated**

FINRA will not disseminate information on a transaction in a TRACE-Eligible Security that is:

(1) through (3) No Change.

(4) a Collateralized Mortgage Obligation. [an Asset-Backed Security, except:]

[(A) an Agency Pass-Through Mortgage-Backed Security; and]

[(B) an SBA-Backed ABS.]

**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 [an Asset-Backed Security] 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) No Change.

**(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 [an Asset-Backed Security], 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) No Change.

(2) If one or more transactions in a [c]Collateralized [m]Mortgage [o]Obligation (CMO) [or a real estate mortgage investment conduit (REMIC)] 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 [or REMIC] 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).

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**7000. CLEARING, TRANSACTION AND ORDER DATA REQUIREMENTS,  
AND FACILITY CHARGES**

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

\* \* \* \* \*

**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”):

<b>System Fees</b>	<b>Transaction Reporting Fees</b>	<b>Data Fees</b>
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. (For [Asset-Backed Securities] <u>Securitized Products</u> where par value is not used to determine the size (volume) of a transaction, for purposes of trade reporting fees, size (volume) is the lesser of original face value or Remaining Principal Balance (or the equivalent) at the	Market Data: Professional Real-Time Data Display — \$60/month per display application per Data Set of Real-Time TRACE transaction data, except as may be subject to a waiver set forth below, or a flat fee of \$7,500/month per Data Set of Real-Time TRACE
Level II Full Service Web Browser Access — Subscription for a single user ID or the first user ID — \$50/month (includes one Data Set); \$80/month (includes		

<p>two Data Sets)</p> <p>Subscription for additional user IDs — \$80/month per user ID (includes one Data Set); \$140/month per user ID (includes two Data Sets)</p>	<p>Time of Execution of the transaction.)</p> <p>Trades over \$200,000 and up to and including \$999,999.99 par value — \$0.000002375 times the par value of the transaction (i.e., \$0.002375/\$1000). (See note above regarding certain [Asset-Backed Securities] <u>Securitized Products</u>.)</p> <p>Trades of \$1,000,000 par value or more — \$2.375/trade. (See note above regarding certain [Asset-Backed Securities] <u>Securitized Products</u>.)</p> <p>All transactions in [Asset-Backed Securities] <u>Securitized Products</u> that are Agency Pass-Through</p>	<p>transaction data, entitling Professionals to make unlimited internal use of such Data Set(s) through any number of display applications.</p>
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	Mortgage-Backed Securities traded to be announced (“TBA”) (“TBA transactions”) — \$1.50/trade.	
CTCI/FIX/Third Party — \$25/month/per firm	Cancel/Correct — \$1.50/trade	Market Data: Vendor Real-Time Data Feed — \$1,500/month per Data Set of Real-Time TRACE transaction data for receipt of continuous Real-Time TRACE transaction data in such Data Sets, except for qualifying Tax-Exempt Organizations, or \$250/month per Data Set of Snapshot Real-Time TRACE transaction data for daily receipt of such Data Set(s).
	“As/of” Trade Late —	Market Data: Vendor

	\$3/trade	Real-Time Data Feed — \$400/month per Data Set of Real-Time TRACE transaction data for such Data Set(s) for qualifying Tax-Exempt Organizations.
		Market Data: Non- Professional Real-Time Data Display — No charge.
		Historic TRACE Data: Set-Up Fee — a single fee of \$2,000 for development and set-up to receive Historic TRACE Data, except for qualifying Tax- Exempt Organizations.
		Historic TRACE Data: Set-Up Fee — a single fee of \$1,000 for

		<p>development and set-up to receive Historic TRACE Data for qualifying Tax-Exempt Organizations.</p>
		<p>Historic TRACE Data: Fee — \$2,000/calendar year per Data Set for receipt of Historic TRACE Data, except for qualifying Tax-Exempt Organizations. The data is enabled for internal use and internal and/or external display application. Bulk re-distribution of data is not permitted.</p>
		<p>Historic TRACE Data: Bulk Re-Distribution Fee — except for qualifying Tax-Exempt Organizations,</p>

		<p>\$1/CUSIP per calendar year (or part thereof) within a single Data Set of Historic TRACE Data per each recipient of re-distributed data; maximum fee per Data Set of \$1,000/calendar year (or part thereof) per each recipient of re-distributed data.</p>
		<p>Historic TRACE Data: Bulk Re-Distribution Fee — for qualifying Tax-Exempt Organizations, \$500/calendar year per Data Set for receipt of Historic TRACE Data. The data is enabled for internal use and internal and/or external display application.</p>

		<p>Bulk re-distribution of data is permitted with certain restrictions.</p>
		<p>FINRA ADDS:          TRACE Data Delivery          Plus          A variable monthly fee charged per MPID subscriber, based upon the average number of transactions per month to which the MPID subscriber was a party in the prior calendar year, and the number of Plus reports received by the MPID subscriber per month (see paragraph (g))</p>
		<p>FINRA ADDS:          TRACE Data Delivery          SFTP          \$250 per MPID – one</p>

		time set-up fee; and \$200 per MPID per month
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(a) No Change.

**(b) Transaction Reporting Fees**

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

**(1) Trade Reporting Fee**

(A) Except for a transaction in [an Asset-Backed Security] a Securitized Product, as defined in Rule 6710(m), that is an Agency Pass-Through Mortgage-Backed Security, as defined in Rule 6710(v), traded to be announced (“TBA”), as defined in Rule 6710(u) (“TBA transaction”), 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. For [Asset-Backed Securities] Securitized Products where par value is not used to determine the size (volume) of a transaction, for purposes of trade reporting fees, the size (volume) of a transaction is the lesser of the original face value or the Remaining Principal Balance, as defined in Rule 6710(aa).

(B) through (C) No Change.

(2) through (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 Bond Data Set”), Agency Debt Securities (“Agency Data Set”) and [Asset-Backed Securities] Securitized Products (“[ABS] SP Data Set”). Market data fees are charged for each Data Set. Professionals and Non-Professionals may subscribe to receive one or more 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) through (2) No Change.

**(d) Historic TRACE Data**

Historic TRACE Data comprises the following Data Set(s): corporate bonds (“Historic Corporate Bond Data Set”), Agency Debt Securities (“Historic Agency Data Set”) and [Asset-Backed Securities] Securitized Products (“Historic [ABS] SP Data Set”). Historic TRACE Data fees, except the Set-Up Fee, are charged for each Data Set. Professionals and Non-Professionals may receive Historic TRACE Data provided by FINRA in one or more of the following ways for the charges specified, as applicable. Recipients of Historic TRACE Data shall be required to execute appropriate agreements with FINRA.

**(1) Professional Fees**

Professionals may subscribe for the following:

- (A) Persons or Organizations Other Than Qualifying Tax-Exempt Organizations

(i) No Change.

(ii) Data Fee — \$2,000 per calendar year per Data Set for receipt of Historic TRACE Data. (The 2003 Historic Corporate Bond Data Set also includes the 2002 Historic Corporate Bond Data Set, the 2011 Historic Agency Data Set also includes the 2010 Historic Agency Data Set, and the 2013 Historic [ABS]SP Data Set also includes the 2012 Historic [ABS]SP Data Set.) Historic TRACE Data is enabled for internal use and internal and/or external display application. Bulk re-distribution of such data is not permitted.

(iii) No Change.

(B) Qualifying Tax-Exempt Organizations

A Tax-Exempt Organization qualifies for development and set-up and to receive Historic TRACE Data under this paragraph (d)(1)(B) if it does not re-distribute such data in bulk, or it re-distributes such data in bulk or otherwise at no charge solely to Non-Professionals or other Tax-Exempt Organizations that agree to be subject to the same restrictions.

(i) No Change.

(ii) Data and Bulk Re-Distribution Fee — \$500 per calendar year per Data Set for receipt of Historic TRACE Data. (The 2003 Historic Corporate Bond Data Set also includes the 2002 Historic Corporate Bond Data Set, the 2011 Historic Agency Data Set also includes the 2010 Historic Agency Data Set, and the 2013 Historic [ABS]SP Data Set also includes the 2012 Historic

[ABS]SP Data Set.) Historic TRACE Data is enabled for internal use and internal and/or external display application, and bulk redistribution, and may be re-distributed subject to the restrictions in paragraph (d)(1)(B).

(2) No Change.

(e) through (g) No Change.

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<sup>1</sup> No Change.

<sup>2</sup> No Change.

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