

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 14	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2015 - * 020 Amendment No. (req. for Amendments *) 1
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Filing by Financial Industry Regulatory Authority  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input type="checkbox"/>	Amendment * <input checked="" 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"/>
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule		
			<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"/>
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**Description**

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

**Contact Information**

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 \* Lisa Last Name \* Horrigan  
 Title \* Associate General Counsel  
 E-mail \* lisa.horrigan@finra.org  
 Telephone \* (202) 728-8190 Fax (202) 728-8264

**Signature**

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 09/22/2015  
 By Stephanie Dumont  
 (Name \*)

Senior Vice President and Director of Capital Markets Policy

Stephanie Dumont,

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.

On June 23, 2015, Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (the “Commission” or “SEC”) proposed rule change SR-FINRA-2015-020 (the “original filing”), pursuant to which FINRA proposed to expand its alternative trading system (“ATS”) transparency initiative to publish the remaining equity volume executed over-the-counter (“OTC”) by FINRA members (“non-ATS volume”).

As described more fully in the original filing, a firm’s non-ATS volume information would be derived directly from trade reports submitted to FINRA’s equity trade reporting facilities in which the firm appears as the executing party. Each firm’s non-ATS volume information would be published at the firm level – not the market participant identifier or “MPID” level (i.e., volume information for firms with multiple MPIDs would be aggregated). Weekly non-ATS volume information would be published on a delayed basis in accordance with the time frames specified for ATS volume publication under current FINRA rules, i.e., a two-week delay for Tier 1 NMS stocks and a four-week delay for all other NMS stocks and OTC equity securities. In addition, a firm’s aggregate non-ATS volume for each month would be published on a one-month delayed basis.<sup>1</sup> For firms executing fewer than on average 200 non-ATS transactions per day during the reporting period, FINRA would combine and publish such de minimis volume information for all similarly situated firms on an aggregated non-attributed basis.

The Commission published the proposed rule change for public comment in the Federal Register on July 9, 2015<sup>2</sup> and received two comment letters.<sup>3</sup>

FINRA is filing this Partial Amendment No. 1 to (1) respond to the comments the Commission received on the Federal Register publication, and (2) propose a technical change to the proposed rule text to clarify that the de minimis threshold also will be applied for purposes of the monthly non-ATS volume information. With this Partial

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<sup>1</sup> FINRA notes that the monthly volume information would cover a single calendar month, whereas the weekly information may span multiple months. For example, monthly volume information for September 2015 would cover trading between September 1 and September 30, whereas weekly volume information would cover trading during the weeks of August 31 through September 4 and September 28 through October 2.

<sup>2</sup> See Securities Exchange Act Release No. 75356 (July 2, 2015), 80 FR 39463 (July 9, 2015) (Notice of Filing of File No. SR-FINRA-2015-020).

<sup>3</sup> See Letters from Kerry Baker Relf, Head of Content Acquisition and Rights Management, Americas, Thomson Reuters, to Brett J. Fields, Secretary, SEC, dated July 20, 2015 (“Thomson Reuters Letter”); and Theodore R. Lazo, Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association, to Brett J. Fields, Secretary, SEC, dated July 30, 2015 (“SIFMA Letter”).

Amendment No. 1, FINRA is including (1) Exhibit 4 (see below), which reflects changes to the text of the proposed rule change pursuant to this Partial Amendment No. 1, marked to show additions to and deletions from the text as proposed in the original filing; and (2) Exhibit 5 (see below), which reflects the changes to the current rule text that are proposed in this proposed rule change, as amended by this Partial Amendment No. 1.

Summary of Comments and Responses Thereto

One commenter commended FINRA for bringing transparency to OTC trading market share while eliminating the fees associated with disseminating the data.<sup>4</sup> This commenter further noted that its buy-side and sell-side clients are interested in consuming both the ATS and broader OTC data and that providing non-ATS volume data without fees or other reporting obligations from the start will promote dissemination of the data.

The other commenter generally supported the proposed rule change, but reiterated concerns on potential information leakage that it raised in its comment letter on Regulatory Notice 14-48.<sup>5</sup> Specifically, the commenter asserted that the two-week publication time frame may result in unintended information leakage, and in particular disclosure of large institutional trades, which could enable reverse engineering of those trades if published within two weeks. The commenter repeated its suggestion that FINRA aggregate non-ATS volume information on a monthly, not weekly, basis and publish the data on a four week-delay.

The commenter asserted that, although the proposed time frames for publishing non-ATS data are identical to the time frames currently used for publication of ATS data, there is a fundamental difference between ATS volume information and a firm's non-ATS volume information. Specifically, the commenter argued that the non-ATS data would provide, in many cases, the identity of the specific counterparty, i.e., the member firm.

FINRA recognizes that for non-ATS trades, there may be a more direct link to the specific firm trading, or facilitating trading of, the security than in the ATS context. However, there would be nothing in the published non-ATS volume data to indicate whether the executing firm was acting for its own proprietary account or as agent or riskless principal on behalf of a customer or another broker-dealer. As such, although the volume is attributed to a firm, that firm may be acting on behalf of other parties. Additionally, the published non-ATS volume data would identify only the executing party and not the contra party to the trade. Accordingly, FINRA does not believe that users of the published non-ATS volume data would reasonably be able to determine

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<sup>4</sup> See Thomson Reuters Letter.

<sup>5</sup> See SIFMA Letter. As discussed in the original filing, FINRA solicited comment on the proposal to publish non-ATS volume information in Regulatory Notice 14-48 (November 2014) prior to submitting the proposed rule change.

with any certainty the identity of the actual parties to the transaction or the capacity in which the executing firm is acting.

The commenter also argued that in cases where the firm is an active market maker or is trading a large position on behalf of a customer – especially in less liquid stocks – the two-week publication time frame and weekly aggregation disclosure could allow reverse engineering of trading. As a result, the commenter remains concerned about the potential for information leakage, particularly for block positioners or market participants that engage in trading activity that requires the buildup or unwinding of large positions. The commenter, however, did not provide any specifics regarding how this might be manifested in the published non-ATS volume data or how likely this is to actually occur.

As an initial matter, FINRA notes that generally the more liquid NMS stocks are in Tier 1 (e.g., NMS stocks in the S&P 500 Index, Russell 1000 Index and certain exchange-traded products).<sup>6</sup> Pursuant to the proposed rule change, only volume information relating to non-ATS transactions in Tier 1 NMS stocks would be published on a two-week delay. The non-ATS volume in remaining NMS stocks, as well as OTC equity securities, would be published on a four-week delay. Thus, FINRA believes that under the proposed rule change, the potential for information leakage with respect to less liquid stocks already is mitigated.

In addition, FINRA believes that the proposal to publish aggregated non-attributed data for firms with de minimis volume significantly reduces the potential for reverse engineering. As discussed in the original filing, if a firm has fewer than on average 200 non-ATS transactions a day in a given security, the firm's volume will be aggregated with the volume of other firms with de minimis volume in that security. The de minimis threshold is based on the number – not size – of transactions. For example, a firm that executes a million shares in 10 non-ATS trades of 100,000 shares each would have its non-ATS volume in that security aggregated and published on a non-attributed basis with other de minimis firms. It would not be possible to identify whether any specific firm had any trades below the threshold and thus was included in the de minimis group for the security.

Accordingly, a firm would have to execute on average at least 200 separate non-ATS trades per day (at least 1000 for the week) in a security for its volume to be attributed. FINRA believes that reverse engineering where a firm has this level of trading would be challenging. Further, even where the firm has met that threshold, its non-ATS volume would be aggregated for the week (i.e., weekly, not daily, volume

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<sup>6</sup> See, e.g., “SEC Approves Proposals to Address Extraordinary Volatility in Individual Stocks and Broader Stock Market,” dated June 1, 2012, available at [www.sec.gov/News/PressRelease/Detail/PressRelease/1365171482422](http://www.sec.gov/News/PressRelease/Detail/PressRelease/1365171482422) (noting that the LULD price bands would be narrower for “more liquid securities – those in the S&P 500 Index, Russell 1000 Index, and certain exchange-traded products”).

would be published), and if the firm uses multiple MPIDs, its volume would be further aggregated across all of the firm's MPIDs. Finally, as noted above, publication is delayed from two to four weeks depending on the security category. FINRA believes that these protections reduce any potential for information leakage with respect to large block transactions.

The following example may assist firms in understanding how the de minimis threshold will be applied. Suppose that Firm 1 has non-ATS volume in just three Tier 1 NMS stocks for the week:

	Security A	Security B	Security C	Firm 1 Total Tier 1 Stocks
# Trades	800	20,000	4,200	25,000
# Shares	800,000	1,000,000	10,000	1,810,000
Attributed to Firm 1 in published data?	No	Yes	Yes	Yes

At the firm aggregate level, FINRA would attribute to Firm 1 the total non-ATS volume in all three securities – 25,000 trades and 1,810,000 shares. At the security level, however, FINRA only would attribute to Firm 1 the volume in Securities B and C. Because Firm 1 had fewer than an average of 200 trades a day in Security A, Firm 1's volume in that security would be aggregated and published on a non-attributed basis with the other de minimis firms. If the other de minimis firms had a total of 10,000 trades and 200,000 shares in Security A, the published data for Security A would reflect a de minimis volume of 10,800 trades and 1,000,000 shares; users of the data would not know that Firm 1 contributed to that volume. By comparing Firm 1's aggregate total for Tier 1 stocks and Firm 1's attributed volume in Securities B and C, users of the data could deduce that Firm 1 had de minimis volume, but would not know in which security (or securities).

Finally, with respect to the commenter's suggestion to publish monthly versus weekly data, as discussed above, FINRA believes that the proposed rule change mitigates the potential for information leakage resulting from the publication of weekly data, particularly on the four-week delayed basis proposed for less liquid securities. Moreover, FINRA believes that aggregation of trading volumes on a monthly, rather than weekly, basis would lessen the value and utility of the published data (e.g., users of the data would not be able to understand weekly market trends). In this regard, FINRA notes that the other commenter indicated that it anticipates enhancing both the granularity and timeliness of its market share analytics product as a result of this proposal.<sup>7</sup> This commenter also stated that "[a]s we continue the constructive dialogue

<sup>7</sup> See Thomson Reuters Letter.

around the future of US equities market structure, we believe that the data made available as a result of these proposals, as well as data already available on the SEC's Market Structure Data and Analysis website will allow us to use empirical data to drive regulatory policy decisions.” Similarly, a commenter on Regulatory Notice 14-48 noted that the non-ATS data can be used by market participants, regulators and academics to better understand and track trends in OTC trading generally, and can also help investors better evaluate the routing and execution practices of individual firms.<sup>8</sup> Weekly publication of non-ATS volume, together with the weekly ATS data, would enable the public to understand a firm’s trading volume off exchanges – a major intended goal of the proposal.

FINRA anticipates that the public would use the published ATS and non-ATS volume information to better understand issues such as the impact of ATS and non-ATS trading volumes on price efficiency or order routing behavior. The publication of weekly data would enable the public to study those trends at a relatively higher frequency and thus make more reliable conclusions about historical trends. Also, given the speed and frequency of information arrival in financial markets, monthly data might mask the deviations in short-term routing trends and render the published data less useful.

For the reasons set forth above, FINRA declines to modify the proposed rule change as suggested by the commenter.

#### Clarification and Proposed Technical Change

FINRA is clarifying two points with respect to the application of the de minimis threshold. First, the de minimis threshold applies for purposes of the monthly volume data as well as weekly. Specifically, if a firm averages fewer than 200 non-ATS trades a day for the month, its monthly volume would be aggregated with that of other de minimis firms and published on a non-attributed basis. To ensure that this is clear in the rule text, FINRA is proposing to amend subparagraphs (B) and (C) of proposed Rules 6110(b)(2) and 6610(b)(2) to read “during the applicable Trading Information period” instead of “during the Trading Information week.”

Second, FINRA is clarifying that, for the weekly non-ATS data, the de minimis threshold will be calculated separately for Tier 1 NMS stocks, other NMS stocks and OTC equity securities, and for the monthly non-ATS data, the de minimis threshold will be calculated separately for NMS stocks (not broken down by tier) and OTC equity securities.

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<sup>8</sup> See Letter from John Ramsay, Chief Market Policy and Regulatory Officer, IEX Services LLC to Marcia E. Asquith, Corporate Secretary, FINRA, dated February 12, 2015.

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**EXHIBIT 4**

Exhibit 4 shows the changes proposed in this Partial Amendment No. 1, with the proposed changes in the published filing shown as if adopted. Proposed new language in this Partial Amendment No. 1 is underlined; proposed deletions in this Partial Amendment No. 1 are in brackets.

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**6000. QUOTATION AND TRANSACTION REPORTING FACILITIES**

**6100. QUOTING AND TRADING IN NMS STOCKS**

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

(a) No Change.

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

(1) No Change.

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

(A) No Change.

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

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

(3) No Change

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**6600. OTC REPORTING FACILITY**

**6610. General**

(a) No Change.

(b) Trading Information for OTC Transactions in OTC Equity Securities

Executed Outside of Alternative Trading Systems

(1) No Change.

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

as follows:

(A) No Change.

(B) Trading Information will be aggregated for members that have executed on average fewer than 200 transactions per day across all OTC Equity Securities during the applicable Trading Information [week] period.

(C) Trading Information will be aggregated for members that have executed on average fewer than 200 transactions per day in an OTC Equity Security during the applicable Trading Information [week] period.

(3) No Change.

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**EXHIBIT 5**

Exhibit 5 shows the text of the proposed rule change, as amended by this Partial Amendment No. 1. Proposed new language is underlined.

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**6000. QUOTATION AND TRANSACTION REPORTING FACILITIES**

**6100. QUOTING AND TRADING IN NMS STOCKS**

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

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

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

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

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

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

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

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

as follows:

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

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

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

(3) "Trading Information" includes:

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

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

“Trading Information” for purposes of this Rule shall not include any transactions executed within an alternative trading system, which information is published under Rule 4552.

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## **6600. OTC REPORTING FACILITY**

### **6610. General**

(a) Members are required to report transactions (other than transactions executed on or through an exchange) in OTC Equity Securities, including secondary market transactions in non-exchange-listed Direct Participation Program securities, and Restricted Equity Securities to the OTC Reporting Facility in compliance with the Rule 6600 and 7300 Series, as well as all other applicable rules and regulations.

(b) Trading Information for OTC Transactions in OTC Equity Securities Executed Outside of Alternative Trading Systems

(1) FINRA will publish on its public web site the Trading Information for each member with the trade reporting obligation under Rule 6622(b) on the following timeframes:

(A) no earlier than four weeks following the end of the Trading Information week, Trading Information for OTC Equity Securities; and

(B) no earlier than one month following the end of the Trading Information month, aggregate volume totals across all OTC Equity Securities.

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

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

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

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

(3) "Trading Information" includes:

(A) the number of shares of an OTC Equity Security executed by the member with the trade reporting obligation under Rule 6622(b) and reported to FINRA;

(B) the number of trades in an OTC Equity Security executed by the member with the trade reporting obligation under Rule 6622(b) and reported to FINRA.

“Trading Information” for purposes of this Rule shall not include any transactions executed within an alternative trading system, which information is published under Rule 4552.

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