

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * SECURITIES AND EXCHANGE COMMISSION File No.* SR - - *
 WASHINGTON, D.C. 20549 Form 19b-4 Amendment No. (req. for Amendments *)

Filing by Financial Industry Regulatory Authority
 Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<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) *	Section 3C(b)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
Section 806(e)(2) *	
<input type="checkbox"/>	

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<input type="checkbox"/>

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 * Last Name *

Title *

E-mail *

Telephone * Fax

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 Senior Vice President and Director of Capital Markets Policy

By Policy

(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.

On July 20, 2015, FINRA filed with the Securities and Exchange Commission (“SEC” or “Commission”) SR-FINRA-2015-026, a proposed rule change to require an indicator when a TRACE report does not reflect a commission or mark-up/mark-down (“Proposal”). The SEC published the Proposal in the Federal Register for notice and comment on August 7, 2015,¹ and comment period expired on August 28, 2015.²

FINRA is filing this Partial Amendment No. 1 to propose three exceptions to the requirement that members append the No Remuneration indicator to trade reports that do not reflect either a commission, mark-up or mark-down. Specifically, FINRA proposes that the No Remuneration indicator not be required for a “List or Fixed Offering Price Transaction” or a “Takedown Transaction.” FINRA also proposes to except inter-dealer transactions.

This Partial Amendment No. 1 makes the following changes to the Proposal:

1. In Form 19b-4, before the first full paragraph on page 8, and in Exhibit 1, before the first full paragraph on page 21, FINRA proposes to insert the following paragraphs:

FINRA proposes to provide three exceptions to the requirement that members append the No Remuneration indicator to trade reports that do not reflect either a commission, mark-up or mark-down. Specifically, the No Remuneration indicator would not be required when the transaction is a “List or Fixed Offering Price Transaction,” as defined in Rule 6710(q), or a “Takedown Transaction,” as defined in Rule 6710(r). List or Fixed Offering Price and Takedown Transactions both are primary market sale transactions, generally by underwriters, syndicate members and selling group members. These transactions are not currently subject to dissemination, and, at this time, FINRA has no plans for future dissemination of these transactions.³ Therefore, use of the No Remuneration indicator would not provide additional transparency to the market.

FINRA also proposes to except inter-dealer transactions. The commissions and mark-ups/mark-downs that are the focus of the proposed rule are assessed on transactions between dealers and their customers, not on inter-dealer transactions. For example, where a dealer trades with another dealer to facilitate a customer transaction, whether as principal or agent, any commission or

¹ See Securities Exchange Act Release No. 75588 (August 3, 2015), 80 FR 47546 (August 7, 2015) (SR-FINRA-2015-026).

² Id.

³ FINRA notes that the price for these types of transactions is already set forth in the applicable offering documents, and so there is no appreciable benefit to disseminating transaction reports that utilize the same price as that of the offering documents.

mark-up assessed to the customer would be reflected in the dealer's trade report of the purchase or sale transaction with the customer.⁴ Similarly, where a dealer satisfies a customer order through its inventory, the use of the indicator would be required if no remuneration is reflected in the trade report and this trade would be disseminated publicly. Given that interdealer transactions typically do not involve remuneration, excluding such transactions from the requirement to append the No Remuneration indicator better focuses the use of the indicator on the types of transactions that would provide the additional price transparency sought to be made available by the Proposal.⁵ FINRA also notes that this change would further align the Proposal with a similar MSRB proposal, recently approved by the Commission, that limits the use of the MSRB's "non-transaction based compensation arrangement indicator" to transactions with customers.⁶

2. In Form 19b-4, before Item 4 on page 10, and in Exhibit 1, before the first full paragraph on page 23, FINRA proposes to insert the following paragraph:

FINRA believes the proposed exceptions for List or Fixed Offering Price Transactions, Takedown Transactions and inter-dealer transactions also are consistent with the Act. Specifically, the exception for List or Fixed Offering Price and Takedown Transactions is appropriate because these are primary market transactions reported for regulatory purposes only and, therefore, are not subject to dissemination. Thus, including such transactions within the scope of the rule would not provide any additional regulatory or transparency benefit. FINRA also believes that the exception for inter-dealer trades is appropriate because the commissions, mark-ups and mark-downs intended to be captured by the proposal

⁴ FINRA notes that, to the extent an interdealer trade is executed to facilitate a customer transaction, the dealer that ultimately transacts with the customer could either be acting as agent or as principal in the interdealer trade. In general, however, principal transactions represent the vast majority of TRACE transactions.

FINRA also notes that a trade between two dealers may involve an interdealer broker, in which case a mark-up/mark-down or commission could be charged in connection with that interdealer trade. However, FINRA notes that the vast majority of interdealer trades occur without remuneration.

⁵ FINRA also notes that, while only dealer sale transactions are subject to dissemination, all transactions with customers are disseminated.

⁶ See Securities Exchange Act Release No. 75039 (May 22, 2015), 80 FR 31084 (June 1, 2015) (SR-MSRB-2015-02) (approving an MSRB proposal to, among other things, require dealers to include a new indicator on their trade reports that would be disseminated publicly to distinguish customer transactions that do not include a dealer compensation component and those that include a markup, mark-down, or a commission).

are assessed on transactions between a dealer and its customer (and typically not on transactions between a dealer and another dealer). FINRA therefore believes that the exception for inter-dealer trades better focuses the use of the indicator on the types of transactions that provide the additional price transparency sought to be made available by the Proposal. As noted above, the inter-dealer exclusion also would more closely align the scope of FINRA's proposal with a recently approved similar MSRB proposal.

EXHIBIT 4

Exhibit 4 shows the changes proposed in this Partial Amendment No. 1, with the proposed changes in the original filing shown as if adopted. Proposed additions in this Partial Amendment No. 1 appear underlined; proposed deletions appear in brackets.

* * * * *

6000. QUOTATION AND TRANSACTION REPORTING FACILITIES

* * * * *

6700. TRADE REPORTING AND COMPLIANCE ENGINE (TRACE)

* * * * *

6730. Transaction Reporting

(a) through (c) No Change.

(d) Procedures for Reporting Price, Capacity, Volume

(1) Price

For principal transactions, report the price, which must include the mark-up or mark-down. (However, if a price field is not available, report the contract amount and, if applicable, the accrued interest.) For agency transactions, report the price, which must exclude the commission. (However, if a price field is not available, report the contract amount and, if applicable, the accrued interest.)

Report the total dollar amount of the commission if one is assessed on the transaction. Notwithstanding the foregoing, a member is not required to include a commission, mark-up or mark-down where one is not assessed on a trade-by-trade basis at the time of the transaction or where the amount is not known at the time the trade report is due. [In all cases, a] A member must use the “No Remuneration” indicator [as provided] described in paragraph (d)(4)(F) where a

trade report does not reflect either a commission, mark-up or mark-down, except for an inter-dealer transaction, a “List or Fixed Offering Price Transaction,” as defined in Rule 6710(q), or a “Takedown Transaction,” as defined in Rule 6710(r).

(2) through (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 (E) No Change.

(F) No Remuneration Indicator

Where a trade report does not reflect either a commission, mark-up or mark-down, select the “No Remuneration” indicator, subject to the exceptions provided in paragraph (d)(1) above.

(e) through (f) No Change.

••• Supplementary Material: -----

.01 through .02 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)

* * * * *

6730. Transaction Reporting

(a) through (b) No Change.

(c) Transaction Information To Be Reported

Each TRACE trade report shall contain the following information:

(1) through (10) No Change.

(11) The commission (total dollar amount), if applicable;

(12) through (13) No Change.

(d) Procedures for Reporting Price, Capacity, Volume

(1) Price

For principal transactions, report the price, which must include the mark-up or mark-down. (However, if a price field is not available, report the contract amount and, if applicable, the accrued interest.) For agency transactions, report the price, which must exclude the commission. (However, if a price field is not available, report the contract amount and, if applicable, the accrued interest.)

Report the total dollar amount of the commission if one is assessed on the transaction. Notwithstanding the foregoing, a member is not required to include a

commission, mark-up or mark-down where one is not assessed on a trade-by-trade basis at the time of the transaction or where the amount is not known at the time the trade report is due. A member must use the “No Remuneration” indicator described in paragraph (d)(4)(F) where a trade report does not reflect either a commission, mark-up or mark-down, except for an inter-dealer transaction, a “List or Fixed Offering Price Transaction,” as defined in Rule 6710(q), or a “Takedown Transaction,” as defined in Rule 6710(r).

(2) through (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 (E) No Change.

(F) No Remuneration Indicator

Where a trade report does not reflect either a commission, mark-up or mark-down, select the “No Remuneration” indicator, subject to the exceptions provided in paragraph (d)(1) above.

(e) through (f) No Change.

••• Supplementary Material: -----

.01 through .02 No Change.

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