

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 26	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2017 - * 006	Amendment No. (req. for Amendments *)
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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"/>
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Description

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

Proposed Rule Change to Amend Rule 6191 to Implement an Anonymous, Grouped Masking Methodology for Over-the-Counter Activity in Connection with Website Data Publication of Appendix B Data Pursuant to the Regulation NMS Plan to Implement a Tick Size Pilot Program

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 * Racquel	Last Name * Russell
Title * Associate General Counsel	
E-mail * racquel.russell@finra.org	
Telephone * (202) 728-8363	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 03/03/2017	Senior Vice President and Director of Capital Markets Policy
By Stephanie M. Dumont	Stephanie Dumont,
(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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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

Add Remove View

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

Add Remove View

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”),¹ Financial Industry Regulatory Authority, Inc. (“FINRA”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend Rule 6191 to implement an anonymous, grouped masking methodology for over-the-counter (“OTC”) activity in connection with website data publication of Appendix B data pursuant to the Regulation NMS Plan to Implement a Tick Size Pilot Program (“Plan”).

The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The Chief Legal Officer of FINRA authorized the filing of the proposed rule change with the SEC pursuant to delegated authority. No other action by FINRA is necessary for the filing of the proposed rule change.

If the Commission approves the proposed rule change, the effective date of the proposed rule change will be 120 days following Commission approval.

¹ 15 U.S.C. 78s(b)(1).

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

(a) Purpose

Rule 6191(b) (Compliance with Data Collection Requirements)² implements the data collection and website publication requirements of the Plan.³ Rule 6191(b)(2)(B) provides, among other things, that FINRA will publish data pursuant to Appendix B.I. and B.II. of the Plan on its website within 120 calendar days following month end at no charge,⁴ and that such publication will not identify the Trading Center that generated the

² See, e.g., Securities Exchange Act Release No. 76484 (November 19, 2015), 80 FR 73858 (November 25, 2015) (Notice of Filing of File No. SR-FINRA-2015-048); see also Securities Exchange Act Release No. 77164 (February 17, 2016), 81 FR 9043 (February 23, 2016) (Notice of Filing of Partial Amendment No. 1 and Order Granting Accelerated Approval of File No. SR-FINRA-2015-048) (“Accelerated Approval Order”).

³ The Participants filed the Plan to comply with an order issued by the Commission on June 24, 2014. See Letter from Brendon J. Weiss, Vice President, Intercontinental Exchange, Inc., to Secretary, Commission, dated August 25, 2014 (“SRO Tick Size Plan Proposal”). See Securities Exchange Act Release No. 72460 (June 24, 2014), 79 FR 36840 (June 30, 2014). See also Securities Exchange Act Release No. 74892 (May 6, 2015), 80 FR 27513 (May 13, 2015) (“Approval Order”).

⁴ On November 30, 2016, the SEC granted exemptive relief to the Participants, and FINRA filed proposed rule changes, to, among other things, delay the publication of website data pursuant to Appendices B and C to the Plan until February 28, 2017, and to delay the ongoing website publication by ninety days such that it would be published within 120 calendar days following the end of the month. See, e.g., Letter from David S. Shillman, Associate Director, Division of Trading and Markets, Commission, to Marcia E. Asquith, Senior Vice President and Corporate Secretary, FINRA dated November 30, 2016; see also Securities Exchange Act Release No. 79424 (November 29, 2016), 81 FR 87603 (December 5, 2016) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2016-042). FINRA recently filed a proposed rule change to revert to the 30-day delay with regard to Appendix C data website publication. See File No. SR-FINRA-2017-005 (Proposed Rule Change to Amend FINRA Rule 6191 to Modify the Date of Appendix B Website Data Publication Pursuant to the Regulation NMS Plan to Implement a Tick Size Pilot Program).

data. Rule 6191(b)(3)(C) provides, among other things, that FINRA will publish data pursuant to Appendix B.IV. to the Plan on its website within 120 calendar days following month end at no charge, and that such publication will not identify the OTC Trading Center that generated the data.

In consultation with SEC staff, FINRA is proposing new supplementary material to Rule 6191 to implement the aggregation methodology described further below. Specifically, FINRA is proposing to provide for an anonymous, grouped masking methodology for Appendix B.I., B.II. and B.IV. data in furtherance of the Plan's requirement that the data made publicly available will not identify the Trading Center that generated the data.⁵ The proposed methodology also is intended to mitigate confidentiality concerns previously raised by commenters⁶ regarding the publication of data related to OTC activity. Chicago Stock Exchange, Inc. ("CHX") is the designated examining authority ("DEA") for a relatively small number of OTC Trading Centers; thus, FINRA also will incorporate the firms for which CHX is the DEA into the anonymous, grouped masking methodology and publish OTC-wide statistics for Appendix B.I., B.II. and B.IV. data on the FINRA website.⁷

⁵ See Section VII.(A) of the Plan (Collection of Trading Center Pilot Data).

⁶ See infra note 19.

⁷ In connection with the instant filing, FINRA and CHX requested exemptive relief from the Plan to permit the publication on the FINRA website of data relating to OTC activity pursuant to Appendix B.I., B.II. and B.IV. on an aggregated basis using an anonymous, grouped masking methodology. See Letter from Marcia E. Asquith, Executive Vice President, Board and External Relations, FINRA, to Robert W. Errett, Deputy Secretary, Commission, dated March 2, 2017.

Grouping Methodology

For purposes of the data to be made available on the FINRA website pursuant to the Plan, FINRA proposes to aggregate individual OTC Trading Center Appendix B data within groupings of Trading Centers by ATS and non-ATS categories, using an undisclosed methodology for assigning each Trading Center to a group. FINRA believes that an anonymous, grouped masking methodology for purposes of publishing the required data related to OTC activity will support the Plan's requirement that the data to be made publicly available will not identify the Trading Center that generated the data.⁸ In furtherance of this objective, the details of the methodology used to formulate the anonymous groupings will not be disclosed. FINRA believes that the proposed approach strikes an appropriate balance between mitigating confidentiality concerns while supporting the public availability of useful Plan data.

Trading Center group assignments will not be published and generally will remain unchanged for the duration of the data publication period, with the exception of the entrance of a new Trading Center (new FINRA member). The anonymized identifier used for each group will remain unchanged for the duration of the data publication period and the same groups and group identifiers will be used for all Appendix B data sets. The number of Trading Centers assigned to each group will not specifically be disclosed; however, each group will contain between five and 25 market participant identifiers (MPIDs). In addition, for each day's statistics, the number of MPIDs in each group with activity in any Pilot Security for that day will be disclosed. Disclosing the number of active MPIDs each day is intended to inform evaluators of the data of whether the

⁸ See Section VII.(A) of the Plan.

number of Trading Centers reflected in the statistics each day has changed — for example, because a Trading Center in the group didn't register activity on a given day.⁹

Appendix B.I. Data Aggregation Methodology

FINRA proposes to aggregate the Appendix B.I. data to be made publicly available on the FINRA website by aggregating statistics within each group by Pilot Security for each trading day. The methodology used for computing the statistics at the group level will be the same methodology used to compute these statistics at the Trading Center level in the non-public version of the data (and in the public version of the exchange data).¹⁰ Specifically, FINRA would calculate group-level sums for statistics that are quantity counts¹¹ and use all underlying data within a group to calculate statistics requiring averages or weighted averages.¹² Data will be aggregated separately for each order type and subcategory, and will not be aggregated across order types or subcategories.

⁹ FINRA will disclose the number of MPIDs in each group with activity in any Pilot Security for that day either within each Appendix B data set or in an associated file.

¹⁰ See Tick Size Appendix B and C Statistics FAQs (available at <http://www.finra.org/sites/default/files/Tick-Size-Pilot-Appendix-B-and-C-FAQ.pdf>).

¹¹ See, e.g., Appendix B.I.a(7) (cumulative number of orders).

¹² See, e.g., Appendix B.I.a(28) (the share weighted average realized spread for executions of orders); and Appendix B.I.a(29) (the received share-weighted average percentage for shares not displayable as of order receipt). FINRA will calculate averages for all price variables and percentages.

Table 1 – Illustrative Sample B.I. data aggregation¹³

Date	Trading Center	Ticker Symbol	# of Active MPIDs in Masked Group Across All Pilot Stocks	Order Type	Cumulative Number of Orders	Cumulative Number of Shares of Orders	Cumulative Number of Shares of Orders Executed at an Away Trading Center	Share Weighted Average Realized Spread for Execution of Orders on Trading Center only
Unmasked Data								
20160926	ABCD	ZZZZ	n/a	18	2	100000	75000	-0.01
20160926	EFGH	ZZZZ	n/a	18	2	100000	100000	0.01
20160926	IJKL	ZZZZ	n/a	18	4	750000	35000	0.011
Masked Data								
20160926	G1	ZZZZ	5	18	8	950000	210000	0.0090

Appendix B.II. Data Aggregation Methodology

Appendix B.II. data includes order-level statistics; thus, FINRA proposes that all individual orders be displayed for all Trading Centers within a group, with each order attributed to the group rather than the underlying Trading Center. In addition, Appendix B.II. order information would be displayed in pure chronological order based on time of order receipt to help minimize confidentiality concerns that may occur if other ordering methods were used, such as showing the original chronological order per Trading Center.

¹³ For purposes of illustration, this table reflects only a sample of the data — specifically, the fields described in Appendix B.I.a.(1), (2), (3), (7), (8), (13) and (28). The published data would reflect all fields described in Appendix B.I. to the Plan and as further specified in FINRA Rule 6191 and related rule filings, the Tick Size Appendix B and C Statistics FAQs (available at <http://www.finra.org/sites/default/files/Tick-Size-Pilot-Appendix-B-and-C-FAQ.pdf>), and in FINRA’s Appendix B and C Requirements and Finra.org File Specifications document (available at <http://www.finra.org/sites/default/files/Appendix-B-and-C-Reporting-Specifications.pdf>).

Table 2 - Illustrative Sample B.II. data aggregation¹⁴

Date	Trading Center	Issue	# of Active MPIDs in Masked Group Across All Pilot Stocks	Order Received Time	Order Type	Order Shares Quantity	B/S Code	Limit Price
Unmasked Data								
20160906	ABCD	ZZZZ	n/a	93605.41	10	500	B	(null)
20160906	ABCD	ZZZZ	n/a	94114.99	11	100	S	52.45
20160906	ABCD	ZZZZ	n/a	101140.05	11	900	S	52.31
20160906	EFGH	ZZZZ	n/a	93605.42	10	600	B	(null)
20160906	EFGH	ZZZZ	n/a	94114.99	11	100	S	52.45
20160906	EFGH	ZZZZ	n/a	101140.07	11	700	S	52.37
Masked Data								
20160906	G1	ZZZZ	5	93605.41	10	500	B	(null)
20160906	G1	ZZZZ	5	93605.42	10	600	B	(null)
20160906	G1	ZZZZ	5	94114.99	11	100	S	52.45
20160906	G1	ZZZZ	5	94114.99	11	100	S	52.45
20160906	G1	ZZZZ	5	101140.05	11	900	S	52.31
20160906	G1	ZZZZ	5	101140.07	11	700	S	52.37

Appendix B.IV. Data Aggregation Methodology

FINRA proposes to aggregate Appendix B.IV. data by aggregating statistics within each group by trading day by summing the statistics of all market maker activity represented within the group. The number of market makers would be displayed as the unique number of market makers¹⁵ across all Trading Centers within the group.

¹⁴ For purposes of illustration, this table reflects only a sample of the data — specifically, the fields required by items a. through h. of Appendix B.II. The published data would reflect all fields described in Appendix B.II. to the Plan and as further specified in FINRA Rule 6191 and related rule filings, the Tick Size Appendix B and C Statistics FAQs (available at <http://www.finra.org/sites/default/files/Tick-Size-Pilot-Appendix-B-and-C-FAQ.pdf>), and in FINRA’s Appendix B and C Requirements and Finra.org File Specifications document (available at <http://www.finra.org/sites/default/files/Appendix-B-and-C-Reporting-Specifications.pdf>).

¹⁵ As provided in FINRA Rule 6191.11, FINRA will provide a count of the number of Market Makers used in the participation calculations. Thus, if a single unique Market Maker traded on multiple Trading Centers within the same masking

Table 3 - Illustrative Sample B.IV. data aggregation¹⁶

Date	Trading Center	# of Active MPIDs in Masked Group Across All Pilot Stocks	# Unique MMs Buy Side	# Unique MMs Sell Side	Share Participation (Buy)	Share Participation (Sell)
Unmasked Data						
20160906	ABCD	n/a	2	1	700000	225000
20160906	EFGH	n/a	1	1	200	5000
20160906	IJKL	n/a	4	1	35000	500000
Masked Data						
20160906	G1	5	5	2	735200	730000

As noted in Item 2 of this filing, if the Commission approves the proposed rule change, the effective date of the proposed rule change will be 120 days following 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,¹⁷ 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

group, for the Appendix B.IV. count of unique Market Makers on a given trading day, FINRA will count this activity as attributed to one unique Market Maker.

¹⁶ For purposes of illustration, this table reflects only a sample of the data — specifically, the fields required by items a. and b. of Appendix B.IV and FINRA Rule 6191.11. The published data would reflect all fields described in Appendix B.IV. to the Plan and as further specified in FINRA Rule 6191 and related rule filings, the Tick Size Appendix B and C Statistics FAQs (available at <http://www.finra.org/sites/default/files/Tick-Size-Pilot-Appendix-B-and-C-FAQ.pdf>), and in FINRA’s Appendix B and C Requirements and Finra.org File Specifications document (available at <http://www.finra.org/sites/default/files/Appendix-B-and-C-Reporting-Specifications.pdf>).

¹⁷ 15 U.S.C. 78o-3(b)(6).

interest, and Section 15A(b)(9) of the Act,¹⁸ which requires that FINRA rules not impose any burden on competition that is not necessary or appropriate.

The Plan is designed to allow the Commission, market participants, and the public to study and assess the impact of increment conventions on the liquidity and trading of the common stock of small-capitalization companies. FINRA consulted extensively with SEC staff in connection with the instant proposal to design a grouped masking methodology that is consistent with the objectives of Section VII(A) of the Plan to make Appendix B data publicly available while not identifying the Trading Center that generated the data.

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. FINRA notes that the proposed rule change implements the provisions of the Plan.

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

The Commission previously received comment letters from FIF and Citadel Securities expressing concern over FINRA’s intent to publish Appendix B data on a Trading Center-by-Trading Center basis.¹⁹ FIF stated that publishing Appendix B.I. and

¹⁸ 15 U.S.C. 78o-3(b)(9).

¹⁹ See Letters from William Hebert, Managing Director, Financial Information Forum (“FIF”), to Robert W. Errett, Deputy Secretary, Commission, dated December 21, 2016 (“FIF letter”); and Adam C. Cooper, Senior Managing Director and Chief Legal Officer, Citadel Securities, to Brent J. Fields, Secretary, Commission, dated December 21, 2016 (“Citadel letter”). See also Securities Exchange Act Release No. 79424 (November 29, 2016), 81 FR 87603 (December 5, 2016) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2016-042).

B.II. statistics on FINRA's website in a disaggregated format does not satisfy the requirements of the Plan or Rule 6191 that the publicly available data will not identify the trading center that generated the data.²⁰ Similarly, Citadel Securities stated that market participants would be able to determine the identity of Trading Centers in violation of the Plan if the Appendix B data were to be published in a disaggregated format.²¹

In consultation with SEC staff, FINRA is filing the instant proposed rule change to mitigate the confidentiality concerns raised by commenters by providing for an anonymized, grouped masking methodology for Appendix B data for all OTC activity in furtherance of the objectives of the Plan.

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.²²

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.

²⁰ See FIF letter.

²¹ See Citadel letter.

²² 15 U.S.C. 78s(b)(2).

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 5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-FINRA-2017-006)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change to Amend Rule 6191 to Implement an Anonymous, Grouped Masking Methodology for Over-the-Counter Activity in Connection with Website Data Publication of Appendix B Data Pursuant to the Regulation NMS Plan to Implement a Tick Size Pilot Program

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² 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 Rule 6191 to implement an anonymous, grouped masking methodology for over-the-counter (“OTC”) activity in connection with website data publication of Appendix B data pursuant to the Regulation NMS Plan to Implement a Tick Size Pilot Program (“Plan”).

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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

Rule 6191(b) (Compliance with Data Collection Requirements)³ implements the data collection and website publication requirements of the Plan.⁴ Rule 6191(b)(2)(B) provides, among other things, that FINRA will publish data pursuant to Appendix B.I. and B.II. of the Plan on its website within 120 calendar days following month end at no

³ See, e.g., Securities Exchange Act Release No. 76484 (November 19, 2015), 80 FR 73858 (November 25, 2015) (Notice of Filing of File No. SR-FINRA-2015-048); see also Securities Exchange Act Release No. 77164 (February 17, 2016), 81 FR 9043 (February 23, 2016) (Notice of Filing of Partial Amendment No. 1 and Order Granting Accelerated Approval of File No. SR-FINRA-2015-048) (“Accelerated Approval Order”).

⁴ The Participants filed the Plan to comply with an order issued by the Commission on June 24, 2014. See Letter from Brendon J. Weiss, Vice President, Intercontinental Exchange, Inc., to Secretary, Commission, dated August 25, 2014 (“SRO Tick Size Plan Proposal”). See Securities Exchange Act Release No. 72460 (June 24, 2014), 79 FR 36840 (June 30, 2014). See also Securities Exchange Act Release No. 74892 (May 6, 2015), 80 FR 27513 (May 13, 2015) (“Approval Order”).

charge,⁵ and that such publication will not identify the Trading Center that generated the data. Rule 6191(b)(3)(C) provides, among other things, that FINRA will publish data pursuant to Appendix B.IV. to the Plan on its website within 120 calendar days following month end at no charge, and that such publication will not identify the OTC Trading Center that generated the data.

In consultation with SEC staff, FINRA is proposing new supplementary material to Rule 6191 to implement the aggregation methodology described further below. Specifically, FINRA is proposing to provide for an anonymous, grouped masking methodology for Appendix B.I., B.II. and B.IV. data in furtherance of the Plan's requirement that the data made publicly available will not identify the Trading Center that generated the data.⁶ The proposed methodology also is intended to mitigate confidentiality concerns previously raised by commenters⁷ regarding the publication of data related to OTC activity. Chicago Stock Exchange, Inc. ("CHX") is the designated

⁵ On November 30, 2016, the SEC granted exemptive relief to the Participants, and FINRA filed proposed rule changes, to, among other things, delay the publication of website data pursuant to Appendices B and C to the Plan until February 28, 2017, and to delay the ongoing website publication by ninety days such that it would be published within 120 calendar days following the end of the month. See, e.g. Letter from David S. Shillman, Associate Director, Division of Trading and Markets, Commission, to Marcia E. Asquith, Senior Vice President and Corporate Secretary, FINRA dated November 30, 2016; see also Securities Exchange Act Release No. 79424 (November 29, 2016), 81 FR 87603 (December 5, 2016) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2016-042). FINRA recently filed a proposed rule change to revert to the 30-day delay with regard to Appendix C data website publication. See File No. SR-FINRA-2017-005 (Proposed Rule Change to Amend FINRA Rule 6191 to Modify the Date of Appendix B Website Data Publication Pursuant to the Regulation NMS Plan to Implement a Tick Size Pilot Program).

⁶ See Section VII.(A) of the Plan (Collection of Trading Center Pilot Data).

⁷ See infra note 20.

examining authority (“DEA”) for a relatively small number of OTC Trading Centers; thus, FINRA also will incorporate the firms for which CHX is the DEA into the anonymous, grouped masking methodology and publish OTC-wide statistics for Appendix B.I., B.II. and B.IV. data on the FINRA website.⁸

Grouping Methodology

For purposes of the data to be made available on the FINRA website pursuant to the Plan, FINRA proposes to aggregate individual OTC Trading Center Appendix B data within groupings of Trading Centers by ATS and non-ATS categories, using an undisclosed methodology for assigning each Trading Center to a group. FINRA believes that an anonymous, grouped masking methodology for purposes of publishing the required data related to OTC activity will support the Plan’s requirement that the data to be made publicly available will not identify the Trading Center that generated the data.⁹ In furtherance of this objective, the details of the methodology used to formulate the anonymous groupings will not be disclosed. FINRA believes that the proposed approach strikes an appropriate balance between mitigating confidentiality concerns while supporting the public availability of useful Plan data.

Trading Center group assignments will not be published and generally will remain unchanged for the duration of the data publication period, with the exception of the entrance of a new Trading Center (new FINRA member). The anonymized identifier

⁸ In connection with the instant filing, FINRA and CHX requested exemptive relief from the Plan to permit the publication on the FINRA website of data relating to OTC activity pursuant to Appendix B.I., B.II. and B.IV. on an aggregated basis using an anonymous, grouped masking methodology. See Letter from Marcia E. Asquith, Executive Vice President, Board and External Relations, FINRA, to Robert W. Errett, Deputy Secretary, Commission, dated March 2, 2017.

⁹ See Section VII.(A) of the Plan.

used for each group will remain unchanged for the duration of the data publication period and the same groups and group identifiers will be used for all Appendix B data sets. The number of Trading Centers assigned to each group will not specifically be disclosed; however, each group will contain between five and 25 market participant identifiers (MPIDs). In addition, for each day's statistics, the number of MPIDs in each group with activity in any Pilot Security for that day will be disclosed. Disclosing the number of active MPIDs each day is intended to inform evaluators of the data of whether the number of Trading Centers reflected in the statistics each day has changed — for example, because a Trading Center in the group didn't register activity on a given day.¹⁰

Appendix B.I. Data Aggregation Methodology

FINRA proposes to aggregate the Appendix B.I. data to be made publicly available on the FINRA website by aggregating statistics within each group by Pilot Security for each trading day. The methodology used for computing the statistics at the group level will be the same methodology used to compute these statistics at the Trading Center level in the non-public version of the data (and in the public version of the exchange data).¹¹ Specifically, FINRA would calculate group-level sums for statistics that are quantity counts¹² and use all underlying data within a group to calculate statistics

¹⁰ FINRA will disclose the number of MPIDs in each group with activity in any Pilot Security for that day either within each Appendix B data set or in an associated file.

¹¹ See Tick Size Appendix B and C Statistics FAQs (available at <http://www.finra.org/sites/default/files/Tick-Size-Pilot-Appendix-B-and-C-FAQ.pdf>).

¹² See, e.g., Appendix B.I.a(7) (cumulative number of orders).

requiring averages or weighted averages.¹³ Data will be aggregated separately for each order type and subcategory, and will not be aggregated across order types or subcategories.

Table 1 – Illustrative Sample B.I. data aggregation¹⁴

Date	Trading Center	Ticker Symbol	# of Active MPIDs in Masked Group Across All Pilot Stocks	Order Type	Cumulative Number of Orders	Cumulative Number of Shares of Orders	Cumulative Number of Shares of Orders Executed at an Away Trading Center	Share Weighted Average Realized Spread for Execution of Orders on Trading Center only
Unmasked Data								
20160926	ABCD	ZZZZ	n/a	18	2	100000	75000	-0.01
20160926	EFGH	ZZZZ	n/a	18	2	100000	100000	0.01
20160926	IJKL	ZZZZ	n/a	18	4	750000	35000	0.011
Masked Data								
20160926	G1	ZZZZ	5	18	8	950000	210000	0.0090

Appendix B.II. Data Aggregation Methodology

Appendix B.II. data includes order-level statistics; thus, FINRA proposes that all individual orders be displayed for all Trading Centers within a group, with each order

¹³ See, e.g., Appendix B.I.a(28) (the share weighted average realized spread for executions of orders); and Appendix B.I.a(29) (the received share-weighted average percentage for shares not displayable as of order receipt). FINRA will calculate averages for all price variables and percentages.

¹⁴ For purposes of illustration, this table reflects only a sample of the data — specifically, the fields described in Appendix B.I.a.(1), (2), (3), (7), (8), (13) and (28). The published data would reflect all fields described in Appendix B.I. to the Plan and as further specified in FINRA Rule 6191 and related rule filings, the Tick Size Appendix B and C Statistics FAQs (available at <http://www.finra.org/sites/default/files/Tick-Size-Pilot-Appendix-B-and-C-FAQ.pdf>), and in FINRA’s Appendix B and C Requirements and Finra.org File Specifications document (available at <http://www.finra.org/sites/default/files/Appendix-B-and-C-Reporting-Specifications.pdf>).

attributed to the group rather than the underlying Trading Center. In addition, Appendix B.II. order information would be displayed in pure chronological order based on time of order receipt to help minimize confidentiality concerns that may occur if other ordering methods were used, such as showing the original chronological order per Trading Center.

Table 2 - Illustrative Sample B.II. data aggregation¹⁵

Date	Trading Center	Issue	# of Active MPIDs in Masked Group Across All Pilot Stocks	Order Received Time	Order Type	Order Shares Quantity	B/S Code	Limit Price
Unmasked Data								
20160906	ABCD	ZZZZ	n/a	93605.41	10	500	B	(null)
20160906	ABCD	ZZZZ	n/a	94114.99	11	100	S	52.45
20160906	ABCD	ZZZZ	n/a	101140.05	11	900	S	52.31
20160906	EFGH	ZZZZ	n/a	93605.42	10	600	B	(null)
20160906	EFGH	ZZZZ	n/a	94114.99	11	100	S	52.45
20160906	EFGH	ZZZZ	n/a	101140.07	11	700	S	52.37
Masked Data								
20160906	G1	ZZZZ	5	93605.41	10	500	B	(null)
20160906	G1	ZZZZ	5	93605.42	10	600	B	(null)
20160906	G1	ZZZZ	5	94114.99	11	100	S	52.45
20160906	G1	ZZZZ	5	94114.99	11	100	S	52.45
20160906	G1	ZZZZ	5	101140.05	11	900	S	52.31
20160906	G1	ZZZZ	5	101140.07	11	700	S	52.37

Appendix B.IV. Data Aggregation Methodology

FINRA proposes to aggregate Appendix B.IV. data by aggregating statistics within each group by trading day by summing the statistics of all market maker activity

¹⁵ For purposes of illustration, this table reflects only a sample of the data — specifically, the fields required by items a. through h. of Appendix B.II. The published data would reflect all fields described in Appendix B.II. to the Plan and as further specified in FINRA Rule 6191 and related rule filings, the Tick Size Appendix B and C Statistics FAQs (available at <http://www.finra.org/sites/default/files/Tick-Size-Pilot-Appendix-B-and-C-FAQ.pdf>), and in FINRA’s Appendix B and C Requirements and Finra.org File Specifications document (available at <http://www.finra.org/sites/default/files/Appendix-B-and-C-Reporting-Specifications.pdf>).

represented within the group. The number of market makers would be displayed as the unique number of market makers¹⁶ across all Trading Centers within the group.

Table 3 - Illustrative Sample B.IV. data aggregation¹⁷

Date	Trading Center	# of Active MPIDs in Masked Group Across All Pilot Stocks	# Unique MMs Buy Side	# Unique MMs Sell Side	Share Participation (Buy)	Share Participation (Sell)
Unmasked Data						
20160906	ABCD	n/a	2	1	700000	225000
20160906	EFGH	n/a	1	1	200	5000
20160906	IJKL	n/a	4	1	35000	500000
Masked Data						
20160906	G1	5	5	2	735200	730000

If the Commission approves the proposed rule change, the effective date of the proposed rule change will be 120 days following Commission approval.

¹⁶ As provided in FINRA Rule 6191.11, FINRA will provide a count of the number of Market Makers used in the participation calculations. Thus, if a single unique Market Maker traded on multiple Trading Centers within the same masking group, for the Appendix B.IV. count of unique Market Makers on a given trading day, FINRA will count this activity as attributed to one unique Market Maker.

¹⁷ For purposes of illustration, this table reflects only a sample of the data — specifically, the fields required by items a. and b. of Appendix B.IV and FINRA Rule 6191.11. The published data would reflect all fields described in Appendix B.IV. to the Plan and as further specified in FINRA Rule 6191 and related rule filings, the Tick Size Appendix B and C Statistics FAQs (available at <http://www.finra.org/sites/default/files/Tick-Size-Pilot-Appendix-B-and-C-FAQ.pdf>), and in FINRA’s Appendix B and C Requirements and Finra.org File Specifications document (available at <http://www.finra.org/sites/default/files/Appendix-B-and-C-Reporting-Specifications.pdf>).

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,¹⁸ 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, and Section 15A(b)(9) of the Act,¹⁹ which requires that FINRA rules not impose any burden on competition that is not necessary or appropriate.

The Plan is designed to allow the Commission, market participants, and the public to study and assess the impact of increment conventions on the liquidity and trading of the common stock of small-capitalization companies. FINRA consulted extensively with SEC staff in connection with the instant proposal to design a grouped masking methodology that is consistent with the objectives of Section VII(A) of the Plan to make Appendix B data publicly available while not identifying the Trading Center that generated the data.

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. FINRA notes that the proposed rule change implements the provisions of the Plan.

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

The Commission previously received comment letters from FIF and Citadel Securities expressing concern over FINRA's intent to publish Appendix B data on a

¹⁸ 15 U.S.C. 78o-3(b)(6).

¹⁹ 15 U.S.C. 78o-3(b)(9).

Trading Center-by-Trading Center basis.²⁰ FIF stated that publishing Appendix B.I. and B.II. statistics on FINRA’s website in a disaggregated format does not satisfy the requirements of the Plan or Rule 6191 that the publicly available data will not identify the trading center that generated the data.²¹ Similarly, Citadel Securities stated that market participants would be able to determine the identity of Trading Centers in violation of the Plan if the Appendix B data were to be published in a disaggregated format.²²

In consultation with SEC staff, FINRA is filing the instant proposed rule change to mitigate the confidentiality concerns raised by commenters by providing for an anonymized, grouped masking methodology for Appendix B data for all OTC activity in furtherance of the objectives of the Plan.

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

²⁰ See Letters from William Hebert, Managing Director, Financial Information Forum (“FIF”), to Robert W. Errett, Deputy Secretary, Commission, dated December 21, 2016 (“FIF letter”); and Adam C. Cooper, Senior Managing Director and Chief Legal Officer, Citadel Securities, to Brent J. Fields, Secretary, Commission, dated December 21, 2016 (“Citadel letter”). See also Securities Exchange Act Release No. 79424 (November 29, 2016), 81 FR 87603 (December 5, 2016) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2016-042).

²¹ See FIF letter.

²² See Citadel letter.

(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. Please include File Number SR-FINRA-2017-006 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Robert W. Errett, Deputy Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-FINRA-2017-006. 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-2017-006 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.²³

Robert W. Errett
Deputy Secretary

²³ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

* * * * *

6100. QUOTING AND TRADING IN NMS STOCKS

* * * * *

6191. Compliance with Regulation NMS Plan to Implement a Tick Size Pilot Program

(a) through (b) No Change.

••• **Supplementary Material:** -----

.01 through **.14** No Change.

.15 Appendix B data to be made publicly available on the FINRA website pursuant to the Plan will combine over-the-counter data for firms for which Chicago Stock Exchange, Inc. is the designated examining authority, and such data will be aggregated within groupings of five to 25 Trading Centers each. The groupings methodology will distinguish between alternative trading systems (“ATs”) and non-ATs, but no other details of the methodology used to formulate the groupings will be disclosed to maintain confidentiality of the published data. Trading Center group assignments will not be published and will remain unchanged for the duration of the data publication period (subject to modifications, as appropriate, to account for industry entrants).

.1[5]6 This Rule shall be in effect during a pilot period to coincide with the pilot period for the Plan (including any extensions to the pilot period for the Plan).

* * * * *