

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

|                                  |  |  |  |  |  |
|----------------------------------|--|--|--|--|--|
| <input type="checkbox"/> Initial | <input checked="" type="checkbox"/> Amendment                              | <input type="checkbox"/> Withdrawal        | <input checked="" type="checkbox"/> Section 19(b)(2) | <input type="checkbox"/> Section 19(b)(3)(A) | <input type="checkbox"/> Section 19(b)(3)(B) |
|                                  |  |  | Rule   |  |  |
| <input type="checkbox"/> Pilot   | <input type="checkbox"/> Extension of Time Period<br>for Commission Action | <input type="text" value=""/> Date Expires | <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)         |  |

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

**Description**  
Provide a brief description of the proposed rule change (limit 250 characters).

**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 proposed rule change.

|            |   |           |   |
|------------|---|-----------|---|
| First Name | <input type="text" value="Sharon"/>   | Last Name | <input type="text" value="Zackula"/>        |
| Title      | <input type="text" value="Associate Vice President and Associate General Counsel"/> |           |   |
| E-mail     | <input type="text" value="sharon.zackula@finra.org"/>                               |           |   |
| Telephone  | <input type="text" value="(202) 728-8985"/>   | Fax       | <input type="text" value="(202) 728-8264"/> |

**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 officer.

|      |   |
|------|---|
| Date | <input type="text" value="04/08/2009"/>                                       |
| By   | <input type="text" value="Patrice Gliniecki"/>                                |
|      | (Name)  |
|      | <input type="text" value="Senior Vice President and Deputy General Counsel"/> |
|      | (Title)   |

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 EFFS 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 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 March 18, 2009, the Financial Industry Regulatory Authority, Inc. (“FINRA”) (f/k/a National Association of Securities Dealers, Inc. (“NASD”)) filed with the Securities and Exchange Commission (“SEC” or “Commission”) proposed rule change SR-FINRA-2009-010 to amend the FINRA Rule 6700 Series (except for Rules 6720 and 6740) to: (A) expand TRACE to include Agency debt securities, as defined in proposed Rule 6710(l), as TRACE-eligible securities and primary market transactions as reportable TRACE transactions, as defined in proposed Rule 6710(c); (B) require members to report transactions in Agency debt securities and primary market transactions; (C) require dissemination of information on transactions in Agency debt securities and primary market transactions, except List or fixed offering price transactions or Takedown transactions, as defined in proposed Rule 6710(q) and proposed Rule 6710(r), respectively; and (D) incorporate related technical and clarifying changes to the Rule 6700 Series. FINRA also proposed to amend FINRA Rule 7730 to provide for reporting fees and market data fees in connection with the reporting and dissemination of Agency debt securities and primary market transactions.

FINRA is filing this Partial Amendment No. 1 to make the following changes. On page 13 of Form 19b-4, and page 42 of Exhibit 1, in the paragraph beginning with the words, “For purposes of TRACE, ‘Asset-backed security’ is . . . .,” in the indented text, FINRA proposes to amend the phrase “asset-backed security as used in Securities Act Regulation AB” to add “, Section 1101(c)” immediately after the word “AB.” As amended, the indented text reads as follows:

asset-backed security as used in Securities Act Regulation AB, Section 1101(c), and other debt securities that are structured securities, synthetic asset-backed securities and/or instruments involving or based on the securitization of mortgages or other credits or assets. The term includes but is not limited to mortgage-backed securities, collateralized mortgage obligations, collateralized debt obligations, collateralized bond obligations, collateralized debt obligations of asset-backed securities and collateralized debt obligations of collateralized debt obligations.

On pages 15-16 of Form 19b-4, and pages 44-45 of Exhibit 1, FINRA proposes to correct the indented text, which sets forth the definition of TRACE-eligible security, by deleting the parenthetical -- “(excluding any security that is guaranteed by an Agency as defined in paragraph (k) or a Government-sponsored enterprise as defined in paragraph (n)).” As amended, the indented text referenced on pages 15-16 of Form 19b-4, and pages 44-45 of Exhibit 1 reads as follows:

"TRACE-eligible security" means a debt security that is U.S. dollar-denominated, issued by a United States (“U.S.”) or foreign private issuer, and either registered under the

Securities Act or issued pursuant to Section 4(2) of the Securities Act and purchased or sold pursuant to Securities Act Rule 144A; or is a debt security that is U.S. dollar-denominated and issued or guaranteed by an Agency as defined in paragraph (k) or a Government-sponsored enterprise as defined in paragraph (n). “TRACE-eligible security” does not include a debt security that is:

- (1) Issued by a foreign sovereign or is a U.S. Treasury security as defined in paragraph (p);
- (2) A restricted security as defined in Securities Act Rule 144(a)(3), except a restricted security that is issued pursuant to Section 4(2) of the Securities Act and purchased or sold in a transaction that is effected under Securities Act Rule 144A;
- (3) A Money market instrument as defined in paragraph (o); or
- (4) An Asset-backed security as defined in paragraph (m).

FINRA also corrects the proposed amended rule text of Rule 6710(a) to delete the same parenthetical -- “(excluding any security that is guaranteed by an Agency as defined in paragraph (k) or a Government-sponsored enterprise as defined in paragraph (n)).” The proposed correction to Rule 6710(a) is set forth in an Exhibit 4 and Exhibit 5 that are included in this Partial Amendment No. 1. Exhibit 4 shows the changes in Rule 6710(a) from the original rule text set forth in the proposed rule change and Exhibit 5 shows the changes from the current rule. In Exhibit 5, proposed new language is underlined, and proposed deletions are bracketed.

Finally, FINRA proposes to delete, in Rule 6710(j), the comma immediately after the word “Split-rated” and, in Rule 7730, in the right column of the chart regarding market data fees, in the third entry, the period immediately after the words, “Tax-Exempt Organizations.” The proposed amendments are reflected in Exhibit 4 and Exhibit 5 that are included in this Partial Amendment No. 1.

**EXHIBIT 4**

Exhibit 4 shows the changes in this Partial Amendment No. 1 to SR-FINRA-2009-010, with the proposed changes in the original filing shown as if adopted. Proposed additions in this Partial Amendment No. 1 appear underlined; proposed deletions in this Partial Amendment No. 1 appear in [brackets].

\* \* \* \* \*

**6700. TRADE REPORTING AND COMPLIANCE ENGINE (TRACE)**

**6710. Definitions**

The terms used in this Rule 6700 Series shall have the same meaning as those defined in the FINRA By-Laws and rules unless otherwise specified. For the purposes of this Rule 6700 Series, the following terms have the following meaning:

(a) "TRACE-eligible security" means a debt security that is U.S. dollar-denominated, issued by a United States ("U.S.") or foreign private issuer, and either registered under the Securities Act or issued pursuant to Section 4(2) of the Securities Act and purchased or sold pursuant to Securities Act Rule 144A[ (excluding any security that is guaranteed by an Agency as defined in paragraph (k) or a Government-sponsored enterprise as defined in paragraph (n))]; or is a debt security that is U.S. dollar-denominated and issued or guaranteed by an Agency as defined in paragraph (k) or a Government-sponsored enterprise as defined in paragraph (n). "TRACE-eligible security" does not include a debt security that is:

(1) Issued by a foreign sovereign or is a U.S. Treasury security as defined in paragraph (p);

(2) A restricted security as defined in Securities Act Rule 144(a)(3), except a restricted security that is issued pursuant to Section 4(2) of the Securities

Act and purchased or sold in a transaction that is effected under Securities Act Rule 144A;

(3) A Money market instrument as defined in paragraph (o); or

(4) An Asset-backed security as defined in paragraph (m).

(b) "Trade Reporting and Compliance Engine" or "TRACE" means the automated system developed by FINRA that, among other things, accommodates reporting and dissemination of transaction reports where applicable in TRACE-eligible securities.

(c) "Reportable TRACE transaction" means any transaction in a TRACE-eligible security except transactions that are not reported as specified in Rule 6730(e).

(d) "Time of execution" for a transaction in a TRACE-eligible security means the time when the parties to the transaction agree to all of the terms of the transaction that are sufficient to calculate the dollar price of the trade. The time of execution for transactions involving TRACE-eligible securities that are trading "when issued" on a yield basis shall be when the yield for the transaction has been agreed to by the parties to the transaction. For a transaction in a TRACE-eligible security in which the actual yield for the transaction is established by determining the yield from one or more designated securities (e.g., a "benchmark security" such as a U.S. Treasury security maturing in 5 years, or a combination of such "benchmark securities") and adding the agreed upon "yield spread" (e.g., 150 basis points above the benchmark security), the "time of execution" occurs when the yield has been agreed to by the parties to the transaction.

(e) "Party to a transaction" means an introducing broker-dealer, if any, an executing broker-dealer, or a customer. "Customer" includes a broker-dealer that is not a FINRA member.

(f) "TRACE Participant" means any FINRA member that reports transactions to the TRACE system, directly or indirectly.

(g) "Introducing Broker" means the FINRA member that has been identified in the TRACE system as a party to the transaction, but does not execute or clear the transaction.

(h) "Investment Grade" means a TRACE-eligible security that, if rated by only one nationally recognized statistical rating organization ("NRSRO"), is rated in one of the four highest generic rating categories; or if rated by more than one NRSRO, is rated in one of the four highest generic rating categories by all or a majority of such NRSROs; provided that if the NRSROs assign ratings that are evenly divided between (i) the four highest generic ratings and (ii) ratings lower than the four highest generic ratings, FINRA will classify the TRACE-eligible security as Non-Investment Grade for purposes of TRACE. If a TRACE-eligible security is unrated, FINRA may classify the TRACE-eligible security as an Investment Grade security. FINRA will classify an unrated Agency debt security as defined in paragraph (l) as an Investment Grade security for purposes of the dissemination of transaction volume.

(i) "Non-Investment Grade" means a TRACE-eligible security that, if rated by only one NRSRO, is rated lower than one of the four highest generic rating categories; or if rated by more than one NRSRO, is rated lower than one of the four highest generic rating categories by all or a majority of such NRSROs. Except as provided in paragraph

(h), if a TRACE-eligible security is unrated, for purposes of TRACE, FINRA may otherwise classify the TRACE-eligible security as a Non-Investment Grade security.

(j) "Split-rated[,]" means an Investment Grade or a Non-Investment Grade security that is assigned ratings by multiple NRSROs that, for an Investment Grade security, are not in the same generic Investment Grade rating category, or, for a Non-Investment Grade security, are not in the same generic Non-Investment Grade rating category. After determining if a security is Investment Grade or Non-Investment Grade, FINRA will disregard any rating, if the security is Investment Grade, that is Non-Investment Grade, or, if the security is Non-Investment Grade, that is Investment Grade. With respect to an Investment Grade security, if multiple NRSROs assign ratings that are not in the same generic Investment Grade rating category, or, with respect to a Non-Investment Grade security, if multiple NRSROs assign ratings that are not in the same generic Non-Investment Grade rating category, FINRA will classify the TRACE-eligible security for purposes of TRACE by the generic rating that a majority or, if no majority, a plurality of the NRSROs assigns the security, provided that (i) if the NRSROs assign ratings that are evenly divided between two generic rating categories, FINRA will classify the TRACE-eligible security for purposes of TRACE by the lower of the ratings; or (ii) if each NRSRO assigns a different generic rating, FINRA will classify the TRACE-eligible security for purposes of TRACE by the lower or lowest of the ratings.

(k) "Agency" means a U.S. "executive agency" as defined in 5 U.S.C. 105 that is authorized to issue debt directly or through a related entity, such as a government corporation, or to guarantee the repayment of principal and/or interest of a debt security issued by another entity. The term excludes the U.S. Department of the Treasury



(“Treasury”) in the exercise of its authority to issue U.S. Treasury securities as defined in paragraph (p).

(l) “Agency debt security” means a debt security (i) issued or guaranteed by an Agency as defined in paragraph (k); or (ii) issued or guaranteed by a Government-sponsored enterprise as defined in paragraph (n). The term excludes a U.S. Treasury security as defined in paragraph (p) and an Asset-backed security as defined in paragraph (m), where an Agency or a Government-sponsored enterprise is the sponsor of the trust or other entity that issues the Asset-backed security, or is the guarantor of the Asset-backed security.

(m) “Asset-backed security” means asset-backed security as used in Securities Act Regulation AB, Section 1101(c), and other debt securities that are structured securities, synthetic asset-backed securities, and/or instruments involving or based on the securitization of mortgages or other credits or assets. The term includes but is not limited to mortgage-backed securities, collateralized mortgage obligations, collateralized debt obligations, collateralized bond obligations, collateralized debt obligations of asset-backed securities and collateralized debt obligations of collateralized debt obligations.

(n) “Government-sponsored enterprise” (“GSE”) has the same meaning as defined in 2 U.S.C. 622(8).

(o) “Money market instrument” means a debt security that at issuance has a maturity of one year or less.

(p) “U.S. Treasury security” means a security issued by the U.S. Department of the Treasury to fund the operations of the federal government or to retire outstanding U.S. Treasury securities.

(q) "List or fixed offering price transaction" means a primary market sale transaction sold on the first day of trading of a new issue: (i) by a sole underwriter, syndicate manager, syndicate member or selling group member at the published or stated list or fixed offering price, or (ii) in the case of a primary market sale transaction effected pursuant to Securities Act Rule 144A, by an initial purchaser, syndicate manager, syndicate member or selling group member at the published or stated fixed offering price.

(r) "Takedown transaction" means a primary market sale transaction sold on the first day of trading of a new issue: (i) by a sole underwriter or syndicate manager to a syndicate or selling group member at a discount from the published or stated list or fixed offering price, or (ii) in the case of a primary market sale transaction effected pursuant to Securities Act Rule 144A, by an initial purchaser or syndicate manager to a syndicate or selling group member at a discount from the published or stated fixed offering price.

\* \* \* \* \*

### **6730. Transaction Reporting**

#### **(a) When and How Transactions are Reported**

Each member that is a Party to a transaction in a TRACE-eligible security must report the transaction. A member must report transaction information within 15 minutes of the time of execution, except as otherwise provided below, or the transaction report will be "late." The member must transmit the report to TRACE during the hours the TRACE system is open, which are 8:00 a.m. Eastern Time through 6:29:59 p.m. Eastern Time, unless otherwise announced by FINRA ("TRACE system hours"). Specific trade reporting obligations during a 24-hour cycle are set forth below.

(1) through (4) No Change.

**(5) Reporting List or Fixed Offering Price Transactions and Takedown Transactions**

(A) A List or fixed offering price transaction or a Takedown transaction that is priced on a business day at or after 12:00 a.m. Eastern Time through 5:00 p.m. Eastern Time, must be reported the same day during TRACE system hours.

(B) If a List or fixed offering price transaction or a Takedown transaction is priced:

(i) on a business day after 5:00 p.m. Eastern Time but before the TRACE system closes, a member may report the transaction the next business day at any time during TRACE system hours, indicate "as/of" and provide the actual transaction date.

(ii) on a business day at or after 6:30 p.m. Eastern Time through 11:59:59 p.m. Eastern Time, a member must report the transaction the next business day at any time during TRACE system hours, indicate "as/of" and provide the actual transaction date.

(iii) on a Saturday, Sunday, or a federal or religious holiday on which the TRACE system is closed, at any time during that day (determined using Eastern Time), a member must report the next business day at any time during TRACE system hours.

The transaction must be reported as follows: the date of execution

must be the first business day (the same day the report must be made); the execution time must be "12:01:00 a.m. Eastern Time" (stated in military time as "00:01:00"); and the modifier, "special price," must be selected. In addition, the transaction must not be designated "as/of". When the reporting method chosen provides a "special price memo" field, the member must enter the actual date and time of the transaction in the field.

(6) Members have an ongoing obligation to report transaction information promptly, accurately, and completely. The member may employ an agent for the purpose of submitting transaction information. However, the primary responsibility for the timely, accurate, and complete reporting of transaction information remains the non-delegable duty of the member obligated to report the transaction.

(7) A member may be required to report as soon as practicable to the Market Regulation Department on a paper form, the transaction information required under Rule 6730 if electronic submission into TRACE is not possible. Transactions that can be reported into TRACE, including transactions executed on a Saturday, Sunday or holiday as provided in paragraph (a)(4) and paragraph (a)(5) above, and transactions that can be submitted on the trade date or on a subsequent date on an "as/of" basis, shall not be reported on a paper form.

(b) No Change.

**(c) Transaction Information To Be Reported**

Each TRACE trade report shall contain the following information:

(1) through (12) No Change.

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

(1) through (3) No Change.

**(4) Modifiers; Indicators**

(A) through (C) No Change.

**(D) Primary Market Transaction Indicators**

When a member reports a transaction, the member must select an indicator to identify the transaction as (i) a secondary market transaction; (ii) a primary market transaction that is a List or fixed offering price transaction or a Takedown transaction; or (iii) other type of primary market transaction.

**(e) Reporting Requirements For Certain Transactions and Transfers of Securities**

The following shall not be reported:

(1) Reserved.

(2) through (6) No Change.

(f) No Change.

\* \* \* \* \*

**6750. Dissemination of Transaction Information**

(a) No Change.

**(b) Transaction Information Not Disseminated**

FINRA will not disseminate information on a transaction in a TRACE-eligible security that is:

- (1) effected pursuant to Securities Act Rule 144A; or
- (2) a List or fixed offering price transaction or a Takedown transaction.

**6760. Obligation To Provide Notice**

**(a) Members Required to Provide Information and Notice**

(1) In order to facilitate trade reporting and dissemination of transactions in TRACE-eligible securities, a member that is the managing underwriter, or if a managing underwriter is not appointed, an underwriter, or, if there are no underwriters, an initial purchaser, of a distribution or offering, excluding a secondary distribution or offering, of a debt security that, upon issuance will be a TRACE-eligible security ("new issue"), must obtain and provide information to FINRA Operations as required below. If a managing underwriter (or a lead initial purchaser) is not appointed by the issuer, an underwriter, or, if there are no underwriters, an initial purchaser must provide the information required under this Rule. If a managing underwriter (or a lead initial purchaser) is not appointed, and there are multiple underwriters (or initial purchasers), the underwriters (or initial purchasers) may submit a single notice (and any information) to FINRA Operations.

- (2) No Change.

**(b) Notices**

For such new issues, the managing underwriter, or if a managing underwriter is not appointed, an underwriter, or, if there are no underwriters, an initial purchaser must provide to FINRA Operations: (1) the CUSIP number; (2) the issuer name; (3) the coupon rate; (4) the maturity; (5) whether Securities Act Rule 144A applies; (6) the time

the new issue is priced; (7) a brief description of the issue (e.g., senior subordinated note, senior note); and, (8) information, as determined by FINRA, to implement the provisions of Rule 6750 and such other information FINRA deems necessary to properly implement the reporting and dissemination of a TRACE-eligible security, or if any of items (2) through (8) has not been determined or a CUSIP number will not be assigned, such other information as FINRA deems necessary. The managing underwriter, or if a managing underwriter is not appointed, an underwriter, or, if there are no underwriters, an initial purchaser must obtain the CUSIP number and provide it and the information listed as (2) through (8) prior to the commencement of primary market transactions. The managing underwriter, or if a managing underwriter is not appointed, an underwriter, or, if there are no underwriters, an initial purchaser must make a good faith determination that the security is a TRACE-eligible security before submitting the information to FINRA Operations.

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

\* \* \* \* \*

**7730. Trade Reporting and Compliance Engine (TRACE)**

The following charges shall be paid by participants for the use of the Trade Reporting and Compliance Engine ("TRACE"):

| <b>System Fees</b>                                | <b>Transaction Reporting Fees</b>                   | <b>Market Data Fees</b>                        |
|---|---|--|
| Level I Trade Report Only<br>Web Browser Access — | Trades up to and including<br>\$200,000 par value — | BTDS Professional Real-<br>Time Data Display — |

|  |   |  |
|--|---|--|
| <p>\$20/month per user ID</p> <p>Level II Full Service Web Browser Access —</p> <p>Subscription for a single user ID or the first user ID - \$50/month (includes one Data Set); \$80/month (includes two Data Sets)</p> <p>Subscription for additional user IDs - \$80/month per user ID (includes one Data Set); \$140/month per user ID (includes two Data Sets)</p> | <p>\$0.475/trade;</p> <p>Trades between \$201,000 and \$999,999 par value — \$0.002375 times the number of bonds traded/trade;</p> <p>Trades of \$1,000,000 par value or more — \$2.375/trade</p> | <p>\$60/month per terminal per Data Set of Real-Time TRACE transaction data, or a flat fee of \$7,500/month per Data Set of Real-Time TRACE transaction data, entitling Professionals to make unlimited internal use of such Data Set(s) on any number of interrogation or display devices</p> |
| <p>CTCI/Third Party —</p> <p>\$25/month/per firm</p>   | <p>Cancel/Correct —</p> <p>\$1.50/trade</p>   | <p>Vendor Real-Time Data Feed — \$1,500/month per Data Set of Real-Time TRACE transaction data for receipt of continuous Real-Time TRACE transaction data in such Data Sets,</p>   |



|  |   |   |
|--|---|---|
|  |   | <p>except for qualifying Tax-Exempt Organizations, or \$250/month per Data Set of Snapshot Real-Time TRACE transaction data for daily receipt of such Data Set(s)</p> |
|  | <p>"As/of" Trade Late —<br/>\$3/trade</p> | <p>Vendor Real-Time Data Feed — \$400/month per Data Set of Real-Time TRACE transaction data for such Data Set(s) for qualifying Tax-Exempt Organizations[.]</p>      |
|  |   | <p>BTDS Non-Professional Real-Time Data Display —<br/>No charge</p>   |

**(a) System Related Fees**

There are three methods by which a member may report corporate bond transactions that are reportable to FINRA pursuant to the Rule 6700 Series. A member may choose among the following methods to report data to FINRA: (1) a TRACE web browser; (2) a Computer-to-Computer Interface ("CTCI") (either one dedicated solely to TRACE or a multi-purpose line); or (3) a third-party reporting intermediary. Fees will be charged based on the reporting methodology selected by the member.

**(1) Web Browser Access**

A member that elects to report TRACE data to FINRA via a TRACE web browser shall be charged:

(A) for Level I Trade Report Only Web Browser Access, \$20 per month per user ID;

(B) for Level II Full Service Web Browser Access, which includes access to Real-Time TRACE transaction data:

(i) for a subscription for a single user ID or the first user ID, \$50 per month (including one Data Set), or \$80 per month (including two Data Sets); and

(ii) for subscriptions for additional user IDs, \$80 per month per user ID, (including one Data Set) or \$140 per month per user ID (including two Data Sets).

(2) and (3) No Change.

**(b) Transaction Reporting Fees**

For each transaction in a security that is reportable to FINRA pursuant to the Rule

6700 Series, the following charges shall be assessed against each member responsible for reporting the transaction:

**(1) Trade Reporting Fee**

A member shall be charged a Trade Reporting Fee based upon a sliding scale ranging from \$0.475 to \$2.375 per transaction based on the size of the reported transaction. Trades up to and including \$200,000 par value will be charged a \$0.475 fee per trade; trades between \$201,000 par value and \$999,999 par value will be charged a fee of \$0.002375 multiplied by the number of bonds traded per trade; and trades of \$1,000,000 par value or more will be charged a fee of \$2.375 per trade. A member that is required to report a List or fixed offering price transaction or a Takedown transaction shall not be charged the fees in this subparagraph (1) for such transactions.

**(2) and (3) No Change.**

**(c) Market Data Fees**

Real-Time TRACE transaction data disseminated by FINRA comprises the following databases (“Data Set(s)”): corporate bonds (“Corporate Bonds Data Set”) and Agency debt securities (“Agency Data Set”). Market data fees are charged for each Data Set. Professionals and Non-Professionals may subscribe to receive one or both Data Sets of Real-Time TRACE transaction data disseminated by FINRA in one or more of the following ways for the charges specified, as applicable. Members, vendors and other redistributors shall be required to execute appropriate agreements with FINRA.

**(1) Professional Fees**

Professionals may subscribe for the following:

(A) Bond Trade Dissemination Service ("BTDS") Professional Real-Time Data Display Fee of \$60 per month, per terminal per Data Set for each interrogation or display device receiving a Data Set of Real-Time TRACE transaction data, or a flat fee of \$7,500 per month per Data Set entitling Professionals to make unlimited internal use of such Data Set(s) of Real-Time TRACE transaction data on any number of interrogation or display devices.

(B) Vendor Real-Time Data Feed Fee of \$1,500 per month per Data Set for receipt of continuous Real-Time TRACE transaction data for any person or organization (other than a Tax-Exempt Organization) that receives a feed of such Data Set(s) of Real-Time TRACE transaction data, or \$250 per month per Data Set for daily receipt of such Data Set(s) of Snapshot Real-Time TRACE transaction data, which shall consist of one TRACE price per security per day. These fees entitle use of such Data Set(s) in one or more of the following ways: internal operational and processing systems, internal monitoring and surveillance systems, internal price validation, internal portfolio valuation services, internal analytical programs leading to purchase/sale or other trading decisions, and other related activities, and the repackaging of market data in such Data Set(s) for delivery and dissemination outside the organization, such as indices or other derivative products. (These fees do not include per terminal charges for each interrogation or display device receiving Data Set(s) of Real-Time TRACE transaction data.)<sup>2</sup>

(C) Vendor Real-Time Data Feed Fee of \$400 per month per Data Set for Real-Time TRACE transaction data received by a Tax-Exempt Organization as defined in Rule 7730 for the Tax-Exempt Organization to use solely to provide Non-Professionals access to such Data Sets(s) of Real-Time TRACE transaction data at no charge.

(D) No Change.

**(2) Non-Professional Fees**

There shall be no charge paid by a Non-Professional for receiving all or any portion of one or both Data Sets of Real-Time TRACE transaction data disseminated through TRACE.

**(3) Definitions**

(A) No Change.

i. through iv. No Change.

(B) and (C) No Change.

**(4) No Change.**

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<sup>1</sup> No Change.

<sup>2</sup> Under the Vendor Real-Time Data Feed Fee and service, Real-Time TRACE transaction data (or a Data Set(s) of such data) may not be used in any interrogation display devices or any systems that permit end users to determine individual transaction pricing.

**EXHIBIT 5**

Exhibit 5 shows the text of the proposed rule change. Proposed new language appears underlined; proposed deletions appear in [brackets].

\* \* \* \* \*

**6700. TRADE REPORTING AND COMPLIANCE ENGINE (TRACE)**

**6710. Definitions**

The terms used in this Rule 6700 Series shall have the same meaning as those defined in the FINRA By-Laws and rules unless otherwise specified. For the purposes of this Rule 6700 Series, the following terms have the following meaning:

(a) "TRACE-eligible security" means a debt security that is U.S. dollar-denominated, issued by a United States ("U.S.") or foreign private issuer, and either registered under the Securities Act or issued pursuant to Section 4(2) of the Securities Act and purchased or sold pursuant to Securities Act Rule 144A; or is a debt security that is U.S. dollar-denominated and issued or guaranteed by an Agency as defined in paragraph (k) or a Government-sponsored enterprise as defined in paragraph (n). "TRACE-eligible security" does not include a debt security that is:

(1) Issued by a foreign sovereign or is a U.S. Treasury security as defined in paragraph (p);

(2) A restricted security as defined in Securities Act Rule 144(a)(3), except a restricted security that is issued pursuant to Section 4(2) of the Securities Act and purchased or sold in a transaction that is effected under Securities Act Rule 144A;

(3) A Money market instrument as defined in paragraph (o); or

(4) An Asset-backed security as defined in paragraph (m).

[The term "TRACE-eligible security" shall mean all United States dollar denominated debt securities that are depository eligible securities under NASD Rule 11310(d); Investment Grade or Non-Investment Grade; issued by United States and/or foreign private issuers; issuers; and: (1) registered under the Securities Act; or (2) issued pursuant to Section 4(2) of the Securities Act and purchased or sold pursuant to Securities Act Rule 144A. The term "TRACE-eligible security" excludes debt issued by government-sponsored entities, mortgage- or asset-backed securities, collateralized mortgage obligations, and money market instruments. For purposes of the Rule 6700 Series, the term "money market instrument" means a debt security that at issuance has a maturity of one year or less.]

(b) [The term] "Trade Reporting and Compliance Engine" or "TRACE" [shall] means the automated system developed by FINRA that, among other things, accommodates reporting and dissemination of transaction reports where applicable in TRACE-eligible securities.

(c) [The term] "R[r]eportable TRACE transaction" [shall] means any [secondary market] transaction in a TRACE-eligible security except transactions [exempt from reporting] that are not reported as specified in Rule 6730(e).

(d) [The term] "T[t]ime of execution" for a transaction in a TRACE-eligible security [shall be] means the time when the parties to the transaction agree to all of the terms of the transaction that are sufficient to calculate the dollar price of the trade. The time of execution for transactions involving TRACE-eligible securities that are trading

"when issued" on a yield basis shall be when the yield for the transaction has been agreed to by the parties to the transaction. For a transaction in a TRACE-eligible security in which the actual yield for the transaction is established by determining the yield from one or more designated securities (e.g., a "benchmark security" such as a U.S. Treasury security maturing in 5 years, or a combination of such "benchmark securities") and adding the agreed upon "yield spread" (e.g., 150 basis points above the benchmark security), the "time of execution" occurs when the yield has been agreed to by the parties to the transaction.

(e) [The term] "P[p]arty to a a[the] transaction" [shall] means an introducing broker-dealer, if any, an executing broker-dealer, or a customer. [For purposes of this Rule,] "C[c]ustomer" includes a broker-dealer that is not a FINRA member.

(f) [The term] "TRACE Participant" [shall] means any FINRA member that reports transactions to the TRACE system, directly or indirectly.

(g) [The term] "Introducing Broker" [shall] means the FINRA member that has been identified in the TRACE system as a party to the transaction, but does not execute or clear the transaction.

(h) [The term] "Investment Grade" [shall] means a TRACE-eligible security that, if rated by only one nationally recognized statistical rating organization ("NRSRO"), is rated in one of the four highest generic rating categories; or if rated by more than one NRSRO, is rated in one of the four highest generic rating categories by all or a majority of such NRSROs; provided that if the NRSROs assign ratings that are evenly divided between (i) the four highest generic ratings and (ii) ratings lower than the four highest generic ratings, FINRA will classify the TRACE-eligible security as Non-Investment



Grade for purposes of TRACE. If a TRACE-eligible security is unrated, [for purposes of TRACE,] FINRA may [otherwise] classify the TRACE-eligible security as an Investment Grade security.[and further classify it as being in one of the four highest generic rating categories.] FINRA will classify an unrated Agency debt security as defined in paragraph (l) as an Investment Grade security for purposes of the dissemination of transaction volume.

(i) [The term] "Non-Investment Grade" [shall] mean a TRACE-eligible security that, if rated by only one NRSRO, is rated lower than one of the four highest generic rating categories; or if rated by more than one NRSRO, is rated lower than one of the four highest generic rating categories by all or a majority of such NRSROs. Except as provided in paragraph (h), [I]if a TRACE-eligible security is unrated, for purposes of TRACE, FINRA may otherwise classify the TRACE-eligible security as a Non-Investment Grade security. [and further classify it as being in one of the generic rating categories below the four highest such categories. If FINRA does not have sufficient information to make a judgment regarding the classification of an unrated TRACE-eligible security, for purposes of TRACE, FINRA will classify the TRACE-eligible security as having been rated B (or the equivalent rating of one or more NRSROs).]<sup>[1]</sup>

(j) [The term] "S[s]plit-rated[,]" [shall] mean an Investment Grade or a Non-Investment Grade security that is assigned ratings by multiple NRSROs that, for an

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<sup>[1]</sup> "B" is a rating of Standard & Poor's, a division of the McGraw-Hill Companies, Inc. ("S&P"). S&P is a nationally recognized statistical rating organization. S&P's ratings are proprietary to S&P and are protected by copyright and other intellectual property laws. S&P's licenses ratings to FINRA. Ratings may not be copied or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, redistributed or resold, or stored for subsequent use for any such purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person without S&P's prior written consent.]

Investment Grade security, are not in the same generic Investment Grade rating category, or, for a Non-Investment Grade security, are not in the same generic Non-Investment Grade rating category. After determining if a security is Investment Grade or Non-Investment Grade, FINRA will disregard any rating, if the security is Investment Grade, that is Non-Investment Grade, or, if the security is Non-Investment Grade, that is Investment Grade. With respect to an Investment Grade security, if multiple NRSROs assign ratings that are not in the same generic Investment Grade rating category, or, with respect to a Non-Investment Grade security, if multiple NRSROs assign ratings that are not in the same generic Non-Investment Grade rating category, FINRA will classify the TRACE-eligible security for purposes of TRACE by the generic rating that a majority or, if no majority, a plurality of the NRSROs assigns the security, provided that (i) if the NRSROs assign ratings that are evenly divided between two generic rating categories, FINRA will classify the TRACE-eligible security for purposes of TRACE by the lower of the ratings; or (ii) if each NRSRO assigns a different generic rating, FINRA will classify the TRACE-eligible security for purposes of TRACE by the lower or lowest of the ratings.

(k) “Agency” means a U.S. “executive agency” as defined in 5 U.S.C. 105 that is authorized to issue debt directly or through a related entity, such as a government corporation, or to guarantee the repayment of principal and/or interest of a debt security issued by another entity. The term excludes the U.S. Department of the Treasury (“Treasury”) in the exercise of its authority to issue U.S. Treasury securities as defined in paragraph (p).

(l) “Agency debt security” means a debt security (i) issued or guaranteed by an Agency as defined in paragraph (k); or (ii) issued or guaranteed by a Government-sponsored enterprise as defined in paragraph (n). The term excludes a U.S. Treasury security as defined in paragraph (p) and an Asset-backed security as defined in paragraph (m), where an Agency or a Government-sponsored enterprise is the sponsor of the trust or other entity that issues the Asset-backed security, or is the guarantor of the Asset-backed security.

(m) “Asset-backed security” means asset-backed security as used in Securities Act Regulation AB, Section 1101(c), and other debt securities that are structured securities, synthetic asset-backed securities, and/or instruments involving or based on the securitization of mortgages or other credits or assets. The term includes but is not limited to mortgage-backed securities, collateralized mortgage obligations, collateralized debt obligations, collateralized bond obligations, collateralized debt obligations of asset-backed securities and collateralized debt obligations of collateralized debt obligations.

(n) “Government-sponsored enterprise” (“GSE”) has the same meaning as defined in 2 U.S.C. 622(8).

(o) “Money market instrument” means a debt security that at issuance has a maturity of one year or less.

(p) “U.S. Treasury security” means a security issued by the U.S. Department of the Treasury to fund the operations of the federal government or to retire outstanding U.S. Treasury securities.

(q) “List or fixed offering price transaction” means a primary market sale transaction sold on the first day of trading of a new issue: (i) by a sole underwriter,

syndicate manager, syndicate member or selling group member at the published or stated list or fixed offering price, or (ii) in the case of a primary market sale transaction effected pursuant to Securities Act Rule 144A, by an initial purchaser, syndicate manager, syndicate member or selling group member at the published or stated fixed offering price.

(r) “Takedown transaction” means a primary market sale transaction sold on the first day of trading of a new issue: (i) by a sole underwriter or syndicate manager to a syndicate or selling group member at a discount from the published or stated list or fixed offering price, or (ii) in the case of a primary market sale transaction effected pursuant to Securities Act Rule 144A, by an initial purchaser or syndicate manager to a syndicate or selling group member at a discount from the published or stated fixed offering price.

\* \* \* \* \*

### **6730. Transaction Reporting**

#### **(a) When and How Transactions are Reported**

Each member that is a Party to a transaction in a TRACE-eligible security must report the transaction. A member [that is required to report transaction information pursuant to paragraph (b) below] must report [such] transaction information within 15 minutes of the time of execution, except as otherwise provided below, or the transaction report will be "late." The member must transmit the report to TRACE during the hours the TRACE system is open[ (“TRACE system hours”)], which are 8:00 a.m. Eastern Time through 6:29:59 p.m. Eastern Time[.], unless otherwise announced by FINRA (“TRACE system hours”). Specific trade reporting obligations during a 24-hour cycle are set forth below.

**(1) through (4) No Change.**

**(5) Reporting List or Fixed Offering Price Transactions and Takedown Transactions**

(A) A List or fixed offering price transaction or a Takedown transaction that is priced on a business day at or after 12:00 a.m. Eastern Time through 5:00 p.m. Eastern Time, must be reported the same day during TRACE system hours.

(B) If a List or fixed offering price transaction or a Takedown transaction is priced:

(i) on a business day after 5:00 p.m. Eastern Time but before the TRACE system closes, a member may report the transaction the next business day at any time during TRACE system hours, indicate "as/of" and provide the actual transaction date.

(ii) on a business day at or after 6:30 p.m. Eastern Time through 11:59:59 p.m. Eastern Time, a member must report the transaction the next business day at any time during TRACE system hours, indicate "as/of" and provide the actual transaction date.

(iii) on a Saturday, Sunday, or a federal or religious holiday on which the TRACE system is closed, at any time during that day (determined using Eastern Time), a member must report the next business day at any time during TRACE system hours.

The transaction must be reported as follows: the date of execution

must be the first business day (the same day the report must be made); the execution time must be "12:01:00 a.m. Eastern Time" (stated in military time as "00:01:00"); and the modifier, "special price," must be selected. In addition, the transaction must not be designated "as/of". When the reporting method chosen provides a "special price memo" field, the member must enter the actual date and time of the transaction in the field.

(5)6 Members have an ongoing obligation to report transaction information promptly, accurately, and completely. The member may employ an agent for the purpose of submitting transaction information[;]. [h]However, the primary responsibility for the timely, accurate, and complete reporting of transaction information remains the non-delegable duty of the member obligated to report the transaction.

(6)7 A member may be required to report as soon as practicable to the Market Regulation Department on a paper form, the transaction information required under Rule 6730 if electronic submission into TRACE is not possible. Transactions that can be reported into TRACE, including transactions executed on a Saturday, Sunday or holiday as provided in paragraph (a)(4) and paragraph (a)(5) above, and [trades]transactions that can be submitted on the trade date or on a subsequent date on an "as/of" basis, shall not be reported on a paper form.

**(b)** No Change.

**(c) Transaction Information To Be Reported**

Each TRACE trade report shall contain the following information:

(1) through (12) No Change.

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

(1) through (3) No Change.

**(4) Modifiers; Indicators**

(A) through (C) No Change.

**(D) Primary Market Transaction Indicators**

When a member reports a transaction, the member must select an indicator to identify the transaction as (i) a secondary market transaction; (ii) a primary market transaction that is a List or fixed offering price transaction or a Takedown transaction; or (iii) other type of primary market transaction.

**(e) Reporting Requirements For Certain Transactions and Transfers of Securities**

The following shall not be reported:

(1) [Transactions that are part of a primary distribution by an issuer]Reserved.

(2) through (6) No Change.

(f) No Change.

\* \* \* \* \*

**6750. Dissemination of Transaction Information**

(a) No Change.

**(b) Transaction Information Not Disseminated[Securities Act Rule 144A Securities]**

FINRA will not disseminate information on a transaction in a TRACE-eligible security that is:

- (1) effected pursuant to Securities Act Rule 144A; or
- (2) a List or fixed offering price transaction or a Takedown transaction.

**6760. [Managing Underwriter or Group of Underwriters]Obligation To [Obtain CUSIP and ]Provide Notice**

**(a) Members Required to Provide Information and Notice**

(1) In order to facilitate trade reporting and dissemination of [secondary] transactions in TRACE-eligible securities, [the]a member that is the managing underwriter, or if a managing underwriter is not appointed, an underwriter, or, if there are no underwriters, an initial purchaser, [the members that are the group of underwriters] of a distribution or offering, excluding a secondary distribution or offering, of a debt security that, upon issuance will be a TRACE-eligible security ("new issue"), must obtain and provide information to [the TRACE Operations Center]FINRA Operations as required below. If a managing underwriter (or a lead initial purchaser) is not appointed[, ] by the issuer, an underwriter, or, if there are no underwriters, an initial purchaser [the group of underwriters] must provide the information required under this Rule. If a managing underwriter (or a lead initial purchaser) is not appointed, and there are multiple underwriters (or initial purchasers), the underwriters (or initial purchasers) may submit a single notice (and any information) to FINRA Operations.



(2) No Change.

**(b) Notices**

For such new issues, the managing underwriter, or if a managing underwriter is not appointed, an underwriter, or, if there are no underwriters, an initial purchaser[group of underwriters] must provide to [the TRACE Operations Center]FINRA Operations: (1) the CUSIP number; (2) the issuer name; (3) the coupon rate; (4) the maturity; (5) whether Securities Act Rule 144A applies; (6) the time the new issue is priced; ~~(6)7~~ a brief description of the issue (e.g., senior subordinated note, senior note); and, ~~(8)7~~ information, as determined by FINRA, to implement the provisions of Rule 6750[(a)] and such other information FINRA deems necessary to properly implement the reporting and dissemination of a TRACE-eligible security, or if any of items (2) through ~~(8)7~~ has not been determined or a CUSIP number will not be assigned, such other information as FINRA deems necessary. The managing underwriter, or if a managing underwriter is not appointed, an underwriter, or, if there are no underwriters, an initial purchaser [group of underwriters] must obtain the CUSIP number and provide it and the information listed as (2) through ~~(8)7~~ prior to the commencement of primary market transactions. [not later than 5:00 p.m. Eastern Time on the business day preceding the day that the registration statement becomes effective, or, if registration is not required, the day before the securities will be priced. If an issuer notifies a managing underwriter or group of underwriters, or the issuer and the managing underwriter or group of underwriters determine, that the TRACE-eligible securities of the issuer shall be priced, offered and sold the same business day in an intra-day offering under Securities Act Rule 415 or Section 4(2) of the Securities Act and Securities Act Rule 144A, the managing

underwriter or group of underwriters shall provide the information not later than 5:00 p.m. Eastern Time on the day that the securities are priced and offered, provided that if such securities are priced and offered on or after 5:00 p.m. Eastern Time, the managing underwriter or group of underwriters shall provide the information not later than 5:00 p.m. Eastern Time on the next business day.] The managing underwriter, or if a managing underwriter is not appointed, an underwriter, or, if there are no underwriters, an initial purchaser [group of underwriters] must make a good faith determination that the security is a TRACE-eligible security before submitting the information to [the TRACE Operations Center]FINRA Operations.

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

\* \* \* \* \*

**7730. Trade Reporting and Compliance Engine (TRACE)**

The following charges shall be paid by participants for the use of the Trade Reporting and Compliance Engine ("TRACE"):

| <b>System Fees</b>  | <b>Transaction Reporting Fees</b>                                     | <b>Market Data Fees</b>  |
|---|---|--|
| Level I Trade Report Only<br>Web Browser Access —<br>\$20/month per user ID | Trades up to and including<br>\$200,000 par value —<br>\$0.475/trade; | BTDS Professional Real-<br>Time Data Display —<br>\$60/month per terminal <u>per</u><br><u>Data Set of Real-Time</u> |
| Level II Full Service Web<br>Browser Access —                               | Trades between \$201,000<br>and \$999,999 par value —                 | <u>TRACE transaction data</u> , or<br>a flat fee of \$7,500/month  |

|   |   |  |
|---|---|--|
| <p><u>Subscription for a single user ID or the first user ID - \$50/month (includes one Data Set); \$80/month (includes two Data Sets)</u></p> <p><u>Subscription for additional user IDs - \$80/month per user ID (includes one Data Set); \$140/month per user ID (includes two Data Sets)</u></p> <p>[, except that the charge for the first such user ID shall be \$50/month]</p> | <p>\$0.002375 times the number of bonds traded/trade;</p> <p>Trades of \$1,000,000 par value or more —</p> <p>\$2.375/trade</p> | <p><u>per Data Set of Real-Time TRACE transaction data</u>, entitling Professionals to make unlimited internal use of <u>such Data Set(s)</u> [Real-Time TRACE transaction data] on any number of interrogation or display devices</p> |
| <p>CTCI/Third Party — \$25/month/per firm</p>   | <p>Cancel/Correct — \$1.50/trade</p>  | <p>Vendor Real-Time Data Feed — \$1,500/month <u>per Data Set of Real-Time TRACE transaction data</u> for receipt of continuous Real-Time TRACE transaction data <u>in such Data Sets</u>, except for qualifying Tax-</p>              |

|  |                                       |   |
|--|---------------------------------------|---|
|  |                                       | <p>Exempt Organizations, or \$250/month <u>per Data Set of Snapshot Real-Time TRACE transaction data</u> for daily receipt of <u>such Data Set(s)</u> [Snapshot Real-Time TRACE transaction data]</p>             |
|  | <p>"As/of" Trade Late — \$3/trade</p> | <p>Vendor Real-Time Data Feed — \$400/month <u>per Data Set of Real-Time TRACE transaction data</u> for <u>such Data Set(s)</u> [Real-Time TRACE transaction data] for qualifying Tax-Exempt Organizations[.]</p> |
|  |                                       | <p>BTDS Non-Professional Real-Time Data Display — No charge</p>   |

**(a) System Related Fees**

There are three methods by which a member may report corporate bond transactions that are reportable to FINRA pursuant to the Rule 6700 Series. A member may choose among the following methods to report data to FINRA: (1) a TRACE web browser; (2) a Computer-to-Computer Interface ("CTCI") (either one dedicated solely to TRACE or a multi-purpose line); or (3) a third-party reporting intermediary. Fees will be charged based on the reporting methodology selected by the member.

**(1) Web Browser Access**

[The charge to be paid by a] A member that elects to report TRACE data to FINRA via a TRACE web browser shall be charged: [as follows:]

(A) for Level I Trade Report Only Web Browser Access, \$20 per month per user ID;

(B) for Level II Full Service Web Browser Access, which includes access to Real-Time TRACE transaction data:

(i) for a subscription for a single user ID or the first user ID, \$50 per month (including one Data Set), or \$80 per month (including two Data Sets); and

(ii) for subscriptions for additional user IDs, \$80 per month per user ID, (including one Data Set) or \$140 per month per user ID (including two Data Sets).

[\$20 per month, per user ID for Level I Web Trade Report Only Browser Access and \$80 per month, per user ID for Level II Full Service Web Browser

Access, except that the charge for the first such user ID for Level II Full Service Web Browser Access shall be \$50 per month.]

(2) and (3) No Change.

**(b) Transaction Reporting Fees**

For each transaction in [corporate bonds] a security that is reportable to FINRA pursuant to the Rule 6700 Series, the following charges shall be assessed against each[the] member responsible for reporting the transaction:

**(1) Trade Reporting Fee**

A member shall be charged a Trade Reporting Fee based upon a sliding scale ranging from \$0.475 to \$2.375 per transaction based on the size of the reported transaction. Trades up to and including \$200,000 par value will be charged a \$0.475 fee per trade; trades between \$201,000 par value and \$999,999 par value will be charged a fee of \$0.002375 multiplied by the number of bonds traded per trade; and trades of \$1,000,000 par value or more will be charged a fee of \$2.375 per trade. A member that is required to report a List or fixed offering price transaction or a Takedown transaction shall not be charged the fees in this subparagraph (1) for such transactions.

(2) and (3) No Change.

**(c) Market Data Fees**

Real-Time TRACE transaction data disseminated by FINRA comprises the following databases (“Data Set(s)”): corporate bonds (“Corporate Bonds Data Set”) and Agency debt securities (“Agency Data Set”). Market data fees are charged for each Data Set. Professionals and Non-Professionals may subscribe to receive one or both Data Sets

of Real-Time TRACE transaction data disseminated by FINRA in one or more of the following ways for the charges specified, as applicable. Members, vendors and other redistributors shall be required to execute appropriate agreements with FINRA.

**(1) Professional Fees**

Professionals may subscribe for the following:

(A) Bond Trade Dissemination Service ("BTDS") Professional Real-Time Data Display Fee of \$60 per month, per terminal per Data Set [charge] for each interrogation or display device receiving a Data Set of Real-Time TRACE transaction data, or a flat fee of \$7,500 per month per Data Set entitling Professionals to make unlimited internal use of such Data Set(s) of Real-Time TRACE transaction data on any number of interrogation or display devices.

(B) Vendor Real-Time Data Feed Fee of \$1,500 per month per Data Set for receipt of continuous Real-Time TRACE transaction data for any person or organization (other than a Tax-Exempt Organization) that receives a feed of such Data Set(s) of Real-Time TRACE transaction data, [feed,] or \$250 per month per Data Set for daily receipt of such Data Set(s) of Snapshot Real-Time TRACE transaction data, which shall consist of one TRACE price per security per day. These fees entitle use of such Data Set(s) in one or more of the following ways: internal operational and processing systems, internal monitoring and surveillance systems, internal price validation, internal portfolio valuation services, internal analytical programs leading to purchase/sale or other trading decisions,

and other related activities, and the repackaging of market data in such Data Set(s) for delivery and dissemination outside the organization, such as indices or other derivative products. (These fees do not include per terminal charges for each interrogation or display device receiving Data Set(s) of Real-Time TRACE transaction data.)<sup>2</sup>

(C) Vendor Real-Time Data Feed Fee of \$400 per month per Data Set for Real-Time TRACE transaction data received by a Tax-Exempt Organization as defined in Rule 7730 for the Tax-Exempt Organization to use solely to provide Non-Professionals access to such Data Sets(s) of Real-Time TRACE transaction data at no charge.

(D) No Change.

**(2) Non-Professional Fees**

There shall be no charge paid by a Non-Professional for receiving all or any portion of one or both Data Sets of Real-Time TRACE transaction data disseminated through TRACE.

**(3) Definitions**

(A) No Change.

i. through iv. No Change.

(B) and (C) No Change.

**(4) No Change.**

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<sup>1</sup> No Change.



<sup>2</sup> Under the Vendor Real-Time Data Feed Fee and service, Real-Time TRACE transaction data (or a Data Set(s) of such data) may not be used in any interrogation display devices or any systems that permit end users to determine individual transaction pricing.

\* \* \* \* \*