

Centralization of SEC Rule 606 Order Routing Disclosures

FINRA Adopts Amendments to Improve the Accessibility of Order Routing Disclosures for NMS Securities

Effective Date: June 30, 2024

Summary

FINRA is adopting new Rule 6151 (Disclosure of Order Routing Information for NMS Securities) to require members to submit to FINRA for centralized publication the order routing reports required under the Securities and Exchange Commission's (SEC) Rule 606(a) (Rule 606(a) Reports). These amendments will take effect on June 30, 2024. Therefore, members will be required to submit their Q2 2024 Rule 606(a) Reports to FINRA no later than July 31, 2024.

The text of the new rule is available in the online FINRA manual.

Questions regarding this *Notice* may be directed to:

- ▶ James Turnbull, Senior Director, Market Regulation, by [email](#) or (212) 457-5367; or
- ▶ for legal and interpretive questions, Kirill Kan, Associate General Counsel, Office of General Counsel, by [email](#) or (201) 839-4015.

Background and Discussion

Exchange Act Rule 606(a) requires broker-dealers to publicly disclose specified information about their order routing practices for NMS securities quarterly.¹ Specifically, Rule 606(a) requires a broker-dealer to make specified order handling disclosures—which include information concerning the venues to which non-directed customer orders in NMS securities are routed and the nature of any relationship the broker-dealer may have with each venue—available on a free and public website for at least three years. These disclosures must be published within one month after the end of the quarter the report covers.

February 26, 2024

Notice Type

- ▶ Rule Amendment

Suggested Routing

- ▶ Compliance
- ▶ Legal
- ▶ Operations
- ▶ Systems
- ▶ Technology
- ▶ Trading
- ▶ Training

Key Topics

- ▶ Disclosure of Order Routing
- ▶ NMS Securities
- ▶ Order Handling
- ▶ Payment for Order Flow

Referenced Rules & Notices

- ▶ Exchange Act Rule 606
- ▶ FINRA Rule 6151

FINRA has adopted new Rule 6151 (Disclosure of Order Routing Information for NMS Securities) to make Rule 606(a) Reports more accessible for regulators, investors, and others seeking to analyze and compare the data. Rule 6151 requires every member obligated to publish a Rule 606(a) Report to provide the report to FINRA, in the manner prescribed by FINRA, within the same time and in the same format that such report is required to be made publicly available pursuant to Rule 606(a).² FINRA will centralize access to all Rule 606(a) Reports on its website.³

New Rule 6151 will take effect on June 30, 2024. Accordingly, members will be required to submit their Q2 2024 Rule 606(a) Reports to FINRA within one month after the end of Q2 2024 (*i.e.*, no later than July 31, 2024). Where, pursuant to existing SEC guidance, a FINRA member introducing firm that routes all of its customer orders to one or more clearing firms for further routing and execution adopts its clearing firm's Rule 606(a) reports by reference, such introducing firm must (i) provide FINRA with a list of its clearing firm(s) and the hyperlink to the webpage where the introducing firm discloses its clearing firm relationship(s) and adopts the clearing firm's reports by reference, and (ii) update FINRA if the information previously provided changes.⁴

FINRA intends to make available a test environment and publish technical specifications and other relevant information concerning the submission of Rule 606(a) reports on its website in advance of the effective date.

Process for Submission of Rule 606(a) Reports

Firms will be required to submit their Rule 606(a) Reports electronically, using either manual file upload through the FINRA Gateway or through a direct machine-to-machine interface using fileX.

FINRA Gateway Submission

Go to <https://gateway.finra.org> and use your existing FINRA user ID and password to login. Upon logging in, submit your firm's Rule 606(a) Report filing by clicking the upload icon on the left navigation bar.

The [Super Account Administrator \(SAA\)](#) at each firm has the ability to assign user access rights to the Rule 606(a) Report submission for the SAA and other firm employees. If your firm has designated an SAA for FINRA systems, contact that individual to change your existing user account or to create a new user account, as necessary. To determine whether your organization has an SAA, log in to the FINRA Gateway, click on "My Account" and view information from the "Applications & Administrators" link.

If your firm has not yet named an SAA, your firm must do so to submit Rule 606(a) Reports. Instructions regarding how to authorize someone at your firm to serve in this role are available in the [Filing & Reporting section](#) of FINRA's website.

If you are not yet familiar with the FINRA Gateway, a brief tutorial is available from the login screen. If you have any difficulties with your FINRA login, please contact your firm's Account Administrator for assistance. For assistance with entitlements, please call the FINRA Support Center at (800) 321-6273.

FileX Submission

For a machine-to-machine file transfer, please see the documentation for [fileX](#). You will need to contact the [FINRA Support Group](#) to establish access for submitting the Rule 606(a) Reports.

Firms may submit corrections to their Rule 606(a) Reports by submitting a replacement file using the same steps used to submit the initial filing.

Endnotes

- 1 See 17 CFR 242.606(a). Generally, NMS Securities include listed stocks and options, and NMS stock means any NMS security other than an option. See Regulation NMS Rule 600(b).
- 2 See Securities Exchange Act Release No. 98047 (August 2, 2023); 88 FR 53560 (August 8, 2023) (Order Approving File No. SR-FINRA-2022-031).

FINRA will separately issue a *Regulatory Notice* regarding Rule 6470 (Disclosure of Order Routing Information for OTC Equity Securities), which will require members to create and submit to FINRA order routing disclosures for OTC Equity Securities. FINRA intends to provide members with sufficient implementation time to comply with Rule 6470 and will publish technical information and guidance, as appropriate, at least eight months in advance of the effective date, which will be announced at a future time.
- 3 As noted above, Rule 606(a) Reports are required to be made publicly available within one month after the end of the calendar quarter addressed in the report. New FINRA Rule 6151 does not affect any obligations that a broker-dealer has under Rule 606 or any other SEC rules. Consistent with previous SEC staff guidance, upon the effectiveness of FINRA Rule 6151, a member would be able to satisfy its obligations under Rule 606(a) by providing a hyperlink on its own internet website to the FINRA website hosting centralized publication of Rule 606(a) Reports (so long as the member has been submitting the required reports to FINRA in compliance with FINRA Rule 6151). See [SEC Division of Market Regulation, Staff Legal Bulletin No. 13A, Frequently Asked Questions About Rule 11Ac1-6, Question 15](#). Member firms should continue to make available on a free and publicly accessible internet website their historical SEC Rule 606(a) Reports published prior to the effective date of FINRA Rule 6151 for the requisite three-year period from the initial date of posting.
- 4 As per SEC guidance, where an introducing firm routes all of its customer orders to one or more clearing firms for further routing and execution and the clearing firm in fact makes the routing decision, the introducing firm generally may comply with the Rule 606(a) order routing disclosure requirements by: (i) disclosing its relationship with the clearing firm(s) on its website, including any payment for order flow received by the introducing firm, and (ii) adopting the clearing firm's Rule 606(a) Report by reference, provided that the introducing firm has examined the report and does not have reason to believe it materially misrepresents the order routing practices. See [SEC Division of Market Regulation, Staff Legal Bulletin No. 13A, Frequently Asked Questions About Rule 11Ac1-6, Question 4](#); see also [SEC Division of Trading and Markets, Responses to Frequently Asked Questions Concerning Rule 606 of Regulation NMS, Question 12.01](#).

©2024. FINRA. All rights reserved. Regulatory Notices attempt to present information to readers in a format that is easily understandable. However, please be aware that, in case of any misunderstanding, the rule language prevails.