#### **NASD**

## **Trade Reporting And Compliance Engine (TRACE)**

## **Member Test Script**

#### Version 1.5

Revised 10/14/03

The following test script should be completed by all NASD member firms that will be submitting TRACE trade reports directly to the NASD. If your firm will be using a service bureau to report, or having your clearing firm report on your behalf, you must instead make sure that your service bureau/clearing firm has successfully completed the test. Firms performing the test should submit their completed results to the NASD using the form at the back of this script. Please follow the instructions on the form.

Service bureaus and clearing firms will need to make sure that they have tested their ability to capture trade reports from their clients/correspondents <u>covering all of the</u> <u>possible input methods they provide</u> and can submit those trade reports on behalf of a representative sample of each method. For example, if a service bureau can receive trades from their clients either in a transmitted file or through manual input on a terminal, they must test the ability to capture trades in both of those methods and submit them to TRACE, however only one set of completed results needs to be returned to the NASD.

Some of the fields listed on the script are only applicable to firms reporting via the NASD/NSCC interface built for TRACE reporting. Those fields are noted with asterisks and footnotes. Firms submitting trade reports utilizing the NASD/NSCC interface can use the customized version of this script provided by NSCC, which only contains a subset of the complete list of tests included here. Note, however, that you must use the NASD web browser to complete tests #14 - #16.

**NOTE**: If you have already completed testing using a previous version of this test script, you do **NOT** need to test again using this script.

Questions regarding the completion of this script should be directed via email to tracefeedback@nasd.com.

#### TRACE USER TEST SCRIPT

This test script should be completed by firms submitting trade reports into TRACE. Test #1 - #13 apply to all methods of entry (CTCI, NSCC, or NASD Web Application). Tests #14 - #16 apply only to CTCI and NASD Web, and #17 - #20 apply only to CTCI and NASD Web firms reporting trades on behalf of other members using "give-up" functionality. NSCC has published a customized version of this script that may be more easily understandable by firms reporting via NSCC, but the basics of the tests are identical. Once you have successfully completed the test, you should submit your results to the NASD as specified on the last page of this test.

Field	TEST 1	TEST 2	TEST 3	TEST 4
TEST OF:	Simple trade	Baby bond	2 day settlement	Price override
		Agency comm.	Large trade size	Cash settlement
		Extended settle		NASD Report only
CUSIP or	803111AQ6	549463AB3	52729NAC4	010392EA2
NASD Symbol	SLE.HH	LU.GB	LVLT.GA	SO.IY
Trade Date*	today's date	today's date	today's date	today's date
Execution Time	current time	current time	current time	current time
Buy/Sell	Sell	Sell	Sell	Buy
Capacity	Principal	Agent	Principal	Principal
Reporting Party	your MPID	your MPID	your MPID	your MPID
RP Give Up**				
RP Clearing #				
Contra Party	any valid MPID	any valid MPID	any valid MPID	any valid MPID
CP Give Up**	•		•	·
CP Clearing #				
Price	90.375	96.25	83.3	120
Quantity (# of	5	1.41536	30,000	99
bonds)		(\$1,415.36 worth)		
Commission		0.5		
Yield***	calculate	calculate	calculate	calculate
Trade Modifier		.S / 06	.S / 02	.C
		(blank for NSCC)	(blank for NSCC)	(blank for NSCC)
AsOf/Reversal**				
AsOf/Reversal				
Date**				
Price/Yield Override				Price Override
Special Price				
Indicator				
Special Memo**				
Memo**				
Contra Capacity*				
Contract Amt*				
Accrued Interest*				
Settle Date*		calculate T+6	calculate T+2	today's date
Settle Date		03		
Adjustment*				
Trade Report	В	В	В	R
Indicator*				

<sup>\*</sup> only applies to NSCC submitted trades

<sup>\*\*</sup> only applies to CTCI and Web submitted trades

<sup>\*\*\*</sup> must be calculated by reporting party

Field	TEST 5	TEST 6	TEST 7
TEST OF:	As-of 2 days ago	As-of yesterday	Commission
		Extended settle	Next Day settle
		(10 day settlement)	NASD Report only
CUSIP or	001546AE0	521865AE5	909214BF4
NASD Symbol	AKS.GC	LEA.GD	UIS.GJ
Trade Date*	Two business days	Prior business date	today's date
	prior		
Execution Time	10:00am	3:00pm (15:00)	current time
Buy/Sell	Buy	Sell	Buy
Capacity	Principal	Principal	Agent
Reporting Party	your MPID	your MPID	your MPID
RP Give Up**	•		
RP Clearing #			
Contra Party	any valid MPID	any valid MPID	any valid MPID
CP Give Up**			
CP Clearing #			
Price	79.375	112	108
Quantity (# of bonds)	350	150	200
Commission			.25
Yield***	calculate	calculate	calculate
Trade Modifier		.S / 10	.ND
		(blank for NSCC)	(blank for NSCC)
AsOf/Reversal**	As Of	Às Of	
AsOf/Reversal Date	Two business days	Prior business date	
	prior		
Price/Yield Override			
Special Price			
Indicator**			
Special Memo**			
Memo**			
Contra Capacity*			
Contract Amt*			
Accrued Interest*			
Settle Date*		calc. T+10	calc. T+1
Settle Date		07	
Adjustment*			
Trade Report	В	В	R
Indicator*			

<sup>\*</sup> only applies to NSCC submitted trades \*\* only applies to CTCI and Web submitted trades \*\*\* must be calculated by reporting party.

Field	TEST 8	TEST 9	TEST 10
TEST OF:	Customer trade	Customer trade	Customer trade
	Cash settlement	Weighted avg price	Special price
CUSIP or	79377WAA6	002824AM2	559079AD0
NASD Symbol	SKS.GA	ABT.GG	MGL.GB
Trade Date*	today's date	today's date	today's date
Execution Time	current time	current time	current time
Buy/Sell	Sell	Sell	Buy
Capacity	Principal	Agent	Principal
Reporting Party	your MPID	your MPID	your MPID
RP Give Up**			
RP Clearing #			
Contra Party	С	С	С
CP Give Up**			
CP Clearing #			
Price	106	107.5	50.25
Quantity (# of bonds)	50	70	100
Commission		.25	
Yield***	calculate	calculate	calculate
Trade Modifier	.C	.W	
	(blank for NSCC)	(W for NSCC)	
AsOf/Reversal**			
AsOf/Reversal Date**			
Price/Yield			
Override			
Special Price Indicator			Y
Special Memo**			"Traded with interest"
Memo**			
Contra Capacity*			
Contract Amt*			
Accrued Interest*			
Settle Date*	today's date		
Settle Date Adjustment*			
Trade Report Indicator*			

<sup>\*</sup> only applies to NSCC submitted trades \*\* only applies to CTCI and Web submitted trades \*\*\* must be calculated by reporting party.

#### TEST CASE #11 EXPECTED ERROR – INVALID CUSIP TEST CASE #12 EXPECTED ERROR FROM NASD – INVALID YIELD TEST CASE #13 EXPECTED ERROR FROM NSCC – INVALID SETTLE DATE ADJUSTMENT

Field	TEST 11 (Not for NSCC PC- Web Direct Users)	TEST 12	TEST 13
TEST OF:	Reject by NSCC	Accept by NSCC	Reject by NSCC
	Reject by NASD	Reject by NASD	Accept by NASD
CUSIP or	676167AK5	191098AB8	87971KAC1
NASD Symbol		COKE.GA	TBC.GC
Trade Date*	today's date	today's date	today's date
Execution Time	current time	current time	current time
Buy/Sell	Sell	Sell	Sell
Capacity	Principal	Agent	Principal
Reporting Party	your MPID	your MPID	your MPID
RP Give Up**			
RP Clearing #			
Contra Party	any valid MPID	any valid MPID	any valid MPID
CP Give Up**			
CP Clearing #			
Price	107.125	111.25	100
Quantity	5	300	80
Commission		.125	
Yield***	calculate	38.5	calculate
Trade Modifier**			.S / 19 (blank for NSCC)
AsOf/Reversal**			
AsOf/Reversal Date			
Price/Yield Override			
Special Price Indicator**			
Special Memo**			
Memo**			
Contra Capacity*			
Contract Amt*			
Accrued Interest*			
Settle Date*			calculate T+19
Settle Date Adjustment*			16
QSR Indic.*			
Trade Report Indicator*	В	В	В

<sup>\*</sup> only applies to NSCC submitted trades \*\* only applies to CTCI and Web submitted trades \*\*\* must be calculated by reporting party.

### Additional Tests Required For CTCI and NASD Web Application Users ONLY

Field	TEST 14	TEST 15	TEST 16
TEST OF:	Trade Cancel:	Trade Modification:	Reversal of trade
	Enter trade, then cancel	Enter trade, then change	originally entered three
	it outright	price	days ago
CUSIP or	44181KQ80	079860AB8	895953AD9
NASD Symbol	HI.GCP	BLS.GF	YUM.GC
Execution Time	current time	current time	2:30pm (14:30)
Buy/Sell	Sell	Sell	Sell
Capacity	Principal	Agent	Principal
Reporting Party	your MPID	your MPID	your MPID
RP Give Up**			
RP Clearing #			
Contra Party	С	С	С
CP Give Up**			
CP Clearing #			
Price	101	107.875	112
		once accepted, change	
		to 106.875	
Quantity (# of bonds)	200	70	100
Commission		.25	
Yield***	calculate	(omit for this test)	calculate
Trade Modifier			
AsOf/Reversal**			Reversal
AsOf/Reversal Date**			calculate 3 business
			days prior
Price/Yield			
Override			
Special Price Indicator			
Special Memo**			
Memo**			1234567890
			(this would be the
			control # of the trade
			being reversed)
Contra Capacity*			
Contract Amt*			
Accrued Interest*			
Settle Date*			
Settle Date Adjustment*			
Trade Report Indicator*			

<sup>\*</sup> only applies to NSCC submitted trades \*\* only applies to CTCI and Web submitted trades \*\*\* must be calculated by reporting party.

# Additional Tests Required For CTCI and NASD Web Application Users Submitting Trades On Behalf Of Others Via a "Give Up" Arrangement ONLY

This test script should be used by firms submitting Give-Up and AGU trade reports into TRACE via CTCI or NASD web-browser only. The following test trade reports must be correctly submitted and accepted by the TRACE system in order to assure that your firm is properly submitting valid trade reports. Prior to the test, you must have provided at least two MPIDs to NASD Market Operations at 866-776-0800 so that the system can be set up to allow you to report on behalf of those firms. If your firm does not submit trades on behalf of others, you do not need to complete this portion of the test.

Field	TEST 17	TEST 18	TEST 19 (see Note 1)	TEST 20 (see Note 2)
TEST OF:	Simple Give Up	Give Up	One-sided AGU	Two-sided AGU
		As-of yesterday	Agency Trades	Principal Trades
CUSIP or	52736RAK8	852060AS1	690768BE5	552078AL1
J	LEVI.GC	FON.HJ	OI.GM	LYO.GB
Execution Time	current time	current time	current time	current time
Buy/Sell	Sell	Buy	Sell	Sell
Buyer Capacity		Agent	Agent	Principal
Seller Capacity	Principal		Agent	Principal
Reporting Party*	your MPID	your MPID	your MPID	your MPID
	MPID of firm	MPID of firm you		MPID of firm you are
	you are submitting for	are submitting for		submitting Sell for
RP Clearing #	- C			
	Any valid MPID	Any valid MPID	your MPID	your MPID
CP Give Up		,	MPID of firm you are submitting Buy for	MPID of firm you are submitting Buy for
CP Clearing #			3 , ,	0 , ,
Price	82.5	113.5	101.625	111.125
Quantity	350	500	90	140
Buyer Commission		.25	.25	
Seller			.5	
Commission				
Yield***	calculate	calculate	calculate	calculate
Trade Mod.				
AsOf/Reversal		As Of		
AsOf/Reversal Date		Prior business date		
AGU Indic.			Y	Y
Price Override				
Memo				

<sup>\*</sup> only applies to CTCI reported trades

**Note 1:** In this example, a clearing firm is selling bonds to one of their correspondents for which they also report trades, and submits a "locked-in" AGU trade.

**Note 2:** In this example, two correspondents of the same clearing firm trade with each other, and the clearing firm submits a single "locked-in" trade noting both the buyer and the seller.

<sup>\*\*\*</sup> must be calculated by reporting party.

#### **TRACE Testing Response Form**

Once your firm has successfully completed testing, you must submit your test results to the NASD via e-mail. In the Subject Line of the e-mail, put "Successful TRACE Test Results From xxxx" where xxxx is your firm's four-character Market Participant ID under which you submit your trades. If you are a Service Bureau, just enter your firm's name. Follow the format of the sample text below for the body of the e-mail. Send the e-mail to **tracefeedback@nasd.com**.

```
Firm Name:
Firm MPID:
Contact Name:
Contact Phone Number:
Contact Email Address:
Test Script Version Used:
Tests Conducted Between: mm/dd/yyyy and mm/dd/yyyy
          NASD Control #, or Test Result if Control # Not Received
  1
  2
  3
  5
  6
  7
  8
  9
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
```