Financial Industry Regulatory Authority

# TRACE: The Source for Real-Time Bond Market Transaction Data

## ABOUT TRACE

**TRACE®—Trade Reporting and Compliance Engine®—**is the Financial Industry Regulatory Authority's (FINRA) corporate and agency bond market real-time price dissemination service. TRACE brings transparency to the bond market and helps create a level playing field for all market participants by providing comprehensive, real-time access to bond price information.

Introduced in July 2002, TRACE consolidates transaction data for all eligible public and private (144A) corporate bonds (investment grade, high yield and convertible debt), agency debt, securitized products including mortgage backed securities (MBS) traded in specified pool or To Be Announced (TBA) transactions. As a result, individual investors and market professionals can access information on all over-the-counter (OTC) public and private activity representing over 99 percent of total U.S. corporate bond debt, over 16,000 agency debt securities, and over 1 million MBS securities (including over 43,000 TBA securities).

**TRACE Benefits.** By distributing accurate and timely trading data, TRACE ensures equal access to reliable corporate, agency and structured products bond information—enhancing the integrity of the market. This ready access to real-time trade data helps investors to better gauge the quality of the execution they are receiving from their broker-dealers and, from a regulatory standpoint, TRACE helps regulators to better monitor the market, pricing and execution quality.

## ABOUT FINRA

FINRA, the Financial Industry Regulatory Authority, is the largest independent regulator for all securities firms doing business in the United States. FINRA is dedicated to investor protection and market integrity through effective and efficient regulation and complementary compliance and technology-based services. FINRA touches virtually every aspect of the securities business—from registering and educating all industry participants to examining securities firms, writing rules, enforcing those rules and the federal securities laws, informing and educating the investing public, providing trade reporting and other industry utilities, and administering the largest dispute resolution forum for investors and firms. For more information, please visit *www.finra.org*.

FINRA operates a number of systems that assist member firms in complying with FINRA reporting requirements and facilitate transparency in equity and debt markets. In addition to TRACE, FINRA oversees the management and operation of other OTC market transparency facilities—Alternative Display Facility (ADF®), Trade Reporting Facilities (TRF), OTC Bulletin Board (OTCBBTM) and OTC Reporting Facility (ORF)—which provide the public and professionals with timely quote and trade information of publicly traded equity and debt securities.

# Information and Data

**Time and Sales Data.** TRACE collects and disseminates the time of execution, price, yield and volume data for eligible fixed income securities. All FINRA-regulated firms must report transactions in TRACE-eligible securities and must do so within 15 minutes for corporate and agency bonds; however, in practice, over 80 percent of all corporate and agency transactions are available within five minutes. All data are disseminated in real-time as soon as received by TRACE.

In addition to the disseminated transaction information, vendors can access closing prices per security via FINRA's Bond Trade Dissemination Service (BTDS), Agency Trade Dissemination Service (ATDS), Structured Products Trade Dissemination Service (SPDS) and 144A Bond Trade Dissemination Service (144A).

**Market Activity and Performance Indicators.** The market aggregates statistics and the FINRA-Bloomberg Active U.S. Corporate Bond Indices are available via secure API delivery. FINRA does not charge a fee for this data but requires users to enter into a user agreement with FINRA.

**Market Aggregate Statistics.** TRACE market aggregate statistics illustrate the day's market activity by reporting the number of securities and total dollar volume traded, and advances, declines and 52-week highs and lows of all securities. TRACE Market Aggregate Statistics are available for corporate, agency and 144A Bonds. In addition, the service for corporate and 144A bonds provides the most actively traded (by par amount) investment grade, high-yield and convertible bonds, indicating the daily high, low, last price and change.

**FINRA-Bloomberg Active U.S. Corporate Bond Indices.** FINRA and Bloomberg have created a family of U.S. corporate bond indices that reflect the most actively traded bonds. The indices, which are based on transacted prices from TRACE, address the investment grade and high-yield sectors separately and are updated at the end of the day.

**TRACE Fact Book.** Released annually and free of charge, the TRACE Fact Book gives individual investors, market professionals, media and educational institutions a historical perspective of the OTC U.S. corporate bond market. The Fact Book provides insight into data and trends based on aggregated data as reported through TRACE.

# Data Distribution and Access

**Data Feeds.** TRACE data is available in the form of data feeds, either directly from FINRA or from retransmission vendors. Parties wishing to receive real-time TRACE data via a data feed must enter into a Vendor Agreement directly with FINRA. This agreement stipulates, among other things, the terms of use and data usage reporting requirements. In addition to this agreement, feed specifications and FINRA's market data policy regarding data display, usage reporting and retransmission can be found on FINRA's website (*www.finra.org/licensing/trace*).

**Data Display.** TRACE data is available via major market data vendors as well as via certain financial Web sites. To receive TRACE data in real-time via a display application (such as a market data terminal), professional users must execute a FINRA Subscriber Agreement with the party providing the service and pay applicable per-terminal, per-month usage fees. Non-professional users must agree to terms of use to access the data and can view real-time data at no charge. Users can view delayed data without user agreements.

**TRACE Enhanced Historical Data.** TRACE Enhanced Historical Data consists of transaction-level information including the price, the date and time of execution, transaction size and the yield. In addition, the data includes information previously not disseminated to the public, such as buy/sell indicators and counterparty (dealer or customer) information. FINRA makes historical data available 18 months after the transaction date and publishes the information quarterly. Users must enter into a Historical Data Agreement directly with FINRA and pay applicable fees.

**Snapshot Data.** TRACE data is also available via a daily "snapshot" of real-time TRACE transaction data consisting of one TRACE price per security per day. Snapshot Data is available via major market data vendors. To receive TRACE Snapshot Data, professional users must execute a FINRA Subscriber Agreement with the party providing the service and pay applicable monthly usage fees.

## Additional Information

**TRACE Dissemination Agreements** For additional information on agreements and technical specifications, visit *www.finra.org/licensing/trace.*

**TRACE Vendors** For information on specific market data vendors and TRACE retransmission vendors, see *TRACE Vendor Information*.

**TRACE Fees** For information on costs associated with any TRACE product, see *TRACE Pricing Information*.

**Contact Us** For more information, contact FINRA at (888) 507-3665 or visit our website at *www.finra.org/licensing/trace*.

Investor protection. Market integrity.

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