

Notice to Members

MAY 2007

SUGGESTED ROUTING

Corporate Finance
Legal and Compliance
Operations
Senior Management
Technology
Trading and Market Making
Training

KEY TOPICS

Debt Securities
Operations
Rule 6200 Series
TRACE
Transaction Reporting

INFORMATIONAL

Corporate Debt Securities

Reporting of Transactions in TRACE-Eligible Securities With Execution Dates More Than T+365 Days Before Date of Report; **TRACE System Enhancement Effective on June 4, 2007**

Executive Summary

The TRACE System is being enhanced to accept reports of transactions in TRACE-eligible securities in cases where the execution date is more than T+365 days old.¹ With this enhancement, members must report such transactions electronically using the TRACE System and in accordance with the Rule 6200 Series. Also, reports relating to such transactions that **correct** previously reported information are subject to the same requirements.

The effective date of the TRACE System enhancement is June 4, 2007.

Questions/Further Information

Questions concerning this *Notice* should be directed to tracefeedback@nasd.com; Orlando Cortes, Senior Business Analyst, Transparency Services, at (212) 858-5143; Elliot Levine, Chief Counsel, Transparency Services, at (202) 728-8405; or Patrick Geraghty, Director, Market Regulation, at (240) 386-4973.

Background and Discussion

Currently, the TRACE System only accepts transaction reports that are submitted electronically not later than T+365 days after the trade date. In other words, the TRACE System currently accepts transaction reports for trades for up to 365 days after the trade date (the trade date is included in the 366-day period). NASD has now enhanced the TRACE System to accept reports on transactions submitted electronically with execution dates going back to TRACE inception on July 1, 2002. The enhancement will be effective on June 4, 2007.

With the enhancement, when a member (or a service provider) inputs a transaction report that refers to an execution date that occurred more than T+365 days before the report date, the reports will be processed on an As/of basis. Corrections of reports submitted on a prior day will continue to be submitted as Reversal trade reports. As is the case with currently submitted As/of and Reversal trade reports, public transactions older than T+365 days will be eligible for dissemination pursuant to Rule 6250. The enhancement to the TRACE System will be supported in CTCL and TRACE WEB reporting. However, at this time, the Depository Trust Clearing Corporation's (DTCC) Real Time Trade Matching (RTTM) system is not able to accept reports for transactions having trade dates more than T+365 days prior to the report date.²

Endnotes

- 1 "T" means the trade date or the date of execution.
- 2 If members that ordinarily use RTTM to report to TRACE identify transactions executed more than T+365 days from the date the member tries to report the transactions, the member must use one of the alternative reporting methods that will enable the member to make such late reports electronically to the TRACE System.

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