

Trading Activity Fee

FINRA Reminds Firms that the Trading Activity Fee Is Assessed on Exchange-Listed Options Transactions when FINRA Is the DOEA

Background & Discussion

FINRA is required to assess a Trading Activity Fee (TAF) on all member firms for the sale of covered securities pursuant to Section 1 of Schedule A to the FINRA By-Laws. The TAF, along with other revenue components, funds FINRA's member regulatory activities. FINRA assesses the TAF on its member firms through clearing and self-clearing firms.

Among the transactions excluded from the TAF are those in exchange-listed options effected by a member firm when FINRA is not the designated options examining authority (DOEA) for that firm.¹ This exclusion was created so that the TAF applies only to those firms for which FINRA has regulatory responsibility for options activities, *i.e.*, those firms for which FINRA acts as the DOEA in accordance with a joint plan adopted pursuant to the provisions of Rule 17d-2 under the Securities Exchange Act.²

As a result of the consolidation of NASD and NYSE member regulation operations in 2007, FINRA has assumed DOEA responsibilities for those firms that were previously assigned to the NYSE. Consequently, **FINRA currently serves as DOEA for all FINRA member firms³** and the list published in NTM 05-03 is no longer accurate. An updated list of all FINRA member firms can be found at www.finra.org/memberfirms.

FINRA reminds member firms that they should ensure the TAF is reported and paid on exchange-listed options in conformity with Section 1 of Schedule A to the FINRA By-Laws. In addition, FINRA reminds clearing firms that they must report and pay the TAF on transactions in exchange-listed options on behalf of all correspondent firms that are members of FINRA.

Questions concerning this *Notice* should be directed to Finance, at (240) 386-5397; or the Office of General Counsel, at (202) 728-8071.

July 2008

Notice Type

- Guidance

Suggested Routing

- Compliance
- Legal
- Operations
- Senior Management

Key Topic(s)

- Options Exemption
- Regulatory Fees
- Trading Activity Fee

Referenced Rules & Notices

- NTM 05-03
- Schedule A to the FINRA By-Laws

Endnotes

- 1 See Section 1(b)(2)(K) of Schedule A to the FINRA By-Laws.
- 2 See Order Granting Approval of Proposed Rule Change and Amendment Nos. 1 and 2, and Notice of Filing and Order Granting Accelerated Approval to Amendment Nos. 3 and 4 to the Proposed Rule Change by the National Association of Securities Dealers, Inc., to Eliminate the Regulatory Fee and Institute a Transaction-Based Trading Activity Fee, Securities Exchange Act Release No. 47946 (May 30, 2003), 68 FR 34021 (June 6, 2003) (SR-NASD-2002-148) and NTM 05-03.
- 3 See Notice of Filing and Order Approving and Declaring Effective an Amendment to the Plan for the Allocation of Regulatory Responsibilities Among the American Stock Exchange LLC, the Boston Stock Exchange, Inc., the Chicago Board Options Exchange, Inc., the International Securities Exchange, LLC, Financial Industry Regulatory Authority, Inc., The New York Stock Exchange, LLC, the NYSE Arca, Inc., The NASDAQ Stock Market LLC, and the Philadelphia Stock Exchange, Inc., Securities Exchange Act Release No. 57987 (June 18, 2008), 73 FR 36156 (June 25, 2008).

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