

Trade Reporting Notice

FINRA Extends Effective Date of Modifications to the TRACE System to November 3, 2008

In a *Trade Reporting (TR) Notice* dated February 22, 2008, FINRA announced that it modified the Trade Reporting and Compliance Engine (TRACE) System to accept equity CUSIPs, and reminded member firms that they must report transactions to TRACE in securities that are “TRACE-eligible,” such as unlisted convertible debt, unlisted equity-linked notes (ELNs) and similar debt securities. FINRA also reminded firms that only unlisted convertible debt and unlisted ELNs are treated as debt for trade reporting purposes; firms must report convertible debt and ELNs that are listed on a national securities exchange to the appropriate equity trade reporting facility.

In a *TR Notice* dated July 1, 2008, FINRA announced that modifications to TRACE that would allow firms to more easily meet certain reporting requirements (as set forth in the February 22, 2008 *TR Notice*) would become effective August 4, 2008. The modifications were to permit firms to report to TRACE, in an automated fashion, transactions in ELNs with par values other than \$1,000. FINRA also issued a Technical Notice email on July 2, 2008, detailing the TRACE changes and anticipated effect on firms and data vendors. On July 26, 2008, FINRA scheduled voluntary testing for firms to determine readiness for the modifications scheduled for August 4, 2008.

FINRA is now changing the effective date for reporting ELNs from August 4, 2008, to November 3, 2008. This extension does not affect any other securities discussed in the February 22 *TR Notice*. FINRA believes that extending the effective date will permit firms to make all necessary changes to their systems, to test the modifications with FINRA prior to November 3 (during scheduled testing dates to be identified by FINRA) and to make system modifications after testing as necessary to comply with TRACE reporting requirements as of November 3.

July 28, 2008

Key Topic(s)

- Equity-Linked Notes with Equity CUSIPs
- TRACE

Referenced Rules & Notices

- NASD Rule 6200 Series
- Trade Reporting Notice 02/22/08
- Trade Reporting Notice 07/01/08

Questions concerning this *Notice* should be directed to:

- tracefeedback@finra.org;
- FINRA Operations, at (866) 776-0800;
- Elliot Levine, Chief Counsel, Transparency Services, at (202) 728-8405;
- Patrick Geraghty, Director, Market Regulation, at (240) 386-4973; or
- Office of General Counsel, at (202) 728-8071.