

Trade Reporting and Compliance Engine (TRACE)

FINRA Establishes a New Effective Date for Reporting Asset-Backed Securities to TRACE and Related Rule Changes

Effective Date: May 16, 2011

Executive Summary

FINRA is establishing a new effective date of May 16, 2011, for reporting Asset-Backed Securities to TRACE.

Questions regarding this *Notice* should be directed to:

- Patrick Geraghty, Director, Market Regulation, at (240) 386-4973;
- Elliot R. Levine, Associate Vice President and Counsel, Transparency Services, at (202) 728-8405; or
- Sharon Zackula, Associate Vice President and Associate General Counsel, Office of General Counsel, at (202) 728-8985.

Discussion and Background

FINRA's TRACE Rules (the Rule 6700 Series) provide for the reporting of transactions in TRACE-Eligible Securities to TRACE and the dissemination of transaction information, with limited exceptions. TRACE reporting and data fees are set forth in FINRA Rule 7730.

October 2010

Notice Type

- Rule Amendment

Suggested Routing

- Compliance
- Fixed Income
- Legal
- Operations
- Research
- Systems
- Trading

Key Topics

- Asset-Backed Securities
- Effective Date
- TRACE-Eligible Security

Referenced Rules & Notices

- FINRA Rule 6710
- FINRA Rule 6720
- FINRA Rule 6730
- FINRA Rule 6750
- FINRA Rule 6760
- FINRA Rule 7730
- Regulatory Notice 10-23

In February 2010, the SEC approved SR-FINRA-2009-065 (TRACE ABS filing), which:

- amends the TRACE Rules to classify asset-backed securities, mortgage-backed securities and other similar securities (collectively, Asset-Backed Securities) as TRACE-Eligible Securities;
- requires that transactions in Asset-Backed Securities be reported to TRACE;
- modifies certain other reporting requirements and notification provisions; and
- establishes reporting fees for transactions in Asset-Backed Securities.¹

In April 2010, FINRA published *Regulatory Notice 10-23*, which announced the SEC's approval of the TRACE ABS filing and established an effective date of February 14, 2011.

However, pursuant to this *Notice*, FINRA is establishing a new effective date of May 16, 2011, for the rule amendments in the TRACE ABS filing.² FINRA believes that an extended effective date will allow sufficient time to make additional systems enhancements and allow for coordinated testing of the technology.³

Endnotes

- 1 See Securities Exchange Act Release No. 61566 (February 22, 2010), 75 FR 9262 (March 1, 2010) (SEC Order Approving File No. SR-FINRA-2009-065) (TRACE ABS filing). See also Securities Exchange Act Release No. 61948 (April 20, 2010), 75 FR 22670 (April 29, 2010) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2010-019 to Extend the Implementation Period for SR-FINRA-2009-065).
- 2 See Securities Exchange Act Release No. 63223 (November 1, 2010), 75 FR 68654 (November 8, 2010) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2010-054 to Extend the Implementation Period for SR-FINRA-2009-065).
- 3 In *Regulatory Notice 10-23*, FINRA also announced that the six-month pilot program, during which the period to report a transaction in an Asset-Backed Security is extended from the date of trade during TRACE System Hours to T + 1 during TRACE System Hours, would end on Sunday, August 14, 2011, at 11:59:59 p.m., Eastern Time, based on the then designated effective date of February 14, 2011. Based on the new effective date of May 16, 2011, the pilot program will end on November 16, 2011.

© 2010 FINRA. All rights reserved. FINRA and other trademarks of the Financial Industry Regulatory Authority, Inc. may not be used without permission. *Regulatory Notices* attempt to present information to readers in a format that is easily understandable. However, please be aware that, in case of any misunderstanding, the rule language prevails.