

# Trade Reporting Notice

## Asset-Backed Securities Transaction Reporting Pilot Program Expires November 18, 2011

### Executive Summary

A TRACE pilot program, which requires a firm to report a transaction in an asset-backed security no later than the business day following the date of execution, will expire on November 18, 2011.<sup>1</sup> Upon expiration of the program, most transactions in asset-backed securities must be reported the day of execution during TRACE system hours.

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, OGC, at (202) 728-8985

### Discussion

FINRA reminds firms that the pilot program in FINRA Rule 6730(a)(3)(A)(i), which requires a firm to report a transaction in an asset-backed security no later than the business day following the date of execution (T + 1), will expire on Friday, November 18, 2011, at 11:59:59 p.m. Eastern Time (ET). After the pilot program expires, firms must report transactions in asset-backed securities that are executed on a business day before 5 p.m. ET on the date of execution (T) during TRACE system hours, as provided in Rule 6730(a)(3)(A)(ii). The general requirement in Rule 6730(a)(3)(A)(ii) is supplemented by reporting requirements in FINRA Rule 6730(a)(3)(B)(i) and (ii), which apply to asset-backed securities transactions executed near the close of TRACE system hours on a business day, after the TRACE system closes on a business day and on non-business days.

Although collateralized mortgage obligations (CMOs) and real estate mortgage investment conduits (REMICs) are asset-backed securities as defined in FINRA Rule 6710(m), certain pre-issuance transactions in CMOs and REMICs are subject to the reporting provisions in Rule 6730(a)(3)(C) instead of the reporting requirements generally applicable to asset-backed securities

November 7, 2011

### Key Topics

- ▶ Asset-Backed Securities
- ▶ Pilot Program Expiration
- ▶ Transaction Reporting

### Referenced Rules & Notices

- ▶ FINRA Rule 6730

in Rule 6730(a)(3)(A) and (B). Upon the expiration of the Pilot Program, pre-issuance transactions in CMOs and REMICs must be reported in accordance with Rule 6730(a)(3)(C)(ii), which requires a firm to report the earlier of:

- ▶ the business day that the security is assigned a CUSIP, a similar numeric identifier or a FINRA symbol during TRACE system hours (unless the identifier is assigned after 1 p.m. ET, and in that case, the transactions must be reported no later than the next business day during TRACE system hours); or
- ▶ the date of issuance of the security during TRACE system hours.

In either case, if the transaction is reported other than on the date of execution, the transaction report must be designated “as/of” and include the date of execution.

## Endnote

1. See Rule 6730(a)(3)(A)(i). However, as discussed below, Rule 6730(a)(3)(A)(i) is not applicable to asset-backed securities transactions that are certain pre-issuance transactions in collateralized mortgage obligations (CMOs) and real estate mortgage investment conduits (REMICs).