

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 13

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No.* SR - 2011 - * 001

Amendment No. (req. for Amendments *)

Proposed Rule Change by Financial Industry Regulatory Authority
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934Initial * ☒ Amendment * ☐ Withdrawal ☐Section 19(b)(2) * ☐ Section 19(b)(3)(A) * ☒ Section 19(b)(3)(B) * ☐

Rule

Pilot ☐ Extension of Time Period
for Commission Action * ☐ Date Expires * ☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☒ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 19b-4(f)(6)Exhibit 2 Sent As Paper Document
☐Exhibit 3 Sent As Paper Document
☐**Description**

Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *).

Proposed Rule Change to Provide Additional Time to Report Certain Reportable TRACE Transactions and Waive
Certain Transaction Reporting Fees**Contact Information**Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization
prepared to respond to questions and comments on the proposed rule change.First Name * Racquel Last Name * Russell
Title * Assistant General Counsel
E-mail * racquel.russell@finra.org
Telephone * (202) 728-8363 Fax (202) 728-8264**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date 01/04/2011

By Stephanie M. Dumont
(Name *)Senior Vice President and Director of Capital Markets
Policy

(Title *)

NOTE: Clicking the button at right will digitally sign and lock
this form. A digital signature is as legally binding as a physical
signature, and once signed, this form cannot be changed.

Stephanie Dumont,

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDFS website.

Form 19b-4 Information (required)

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change (required)

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

☐

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

☐

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange Act”),¹ Financial Industry Regulatory Authority, Inc. (“FINRA”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to provide additional time to report certain Reportable TRACE Transactions and waive concomitant transaction reporting fees. The proposed rule change would not make any change to the text of FINRA rules.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change has been approved by the General Counsel of FINRA (or his officer designee) pursuant to delegated authority. No other action by FINRA is necessary for the filing of the proposed rule change.

FINRA has filed the proposed rule change for immediate effectiveness. The operative date will be the date of filing.

3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

On September 28, 2009, the SEC approved SR-FINRA-2009-010² which, among other things, amended the FINRA Rule 6700 Series to: (1) expand TRACE to include

¹ 15 U.S.C. 78s(b)(1).

² See Securities Exchange Act Release No. 60726 (September 28, 2009), 74 FR 50991 (October 2, 2009) (Order Approving File No. SR-FINRA-2009-010).

Agency Debt Securities³ as TRACE-Eligible Securities⁴ and primary market transactions as Reportable TRACE Transactions;⁵ (2) delete the criterion that TRACE-Eligible Securities must be “depository eligible securities under NASD Rule 11310(d),” effectively introducing TRACE reporting obligations for securities not assigned a common industry recognized identifier (“CUSIP”); and (3) require members to report transactions in Agency Debt Securities and primary market transactions. This rule change to the FINRA Rule 6700 Series, as amended, became effective on March 1, 2010.⁶

Due to operational and technical challenges introduced by trade reporting in securities not assigned a CUSIP, changes were needed to firms’ processes as well as to the TRACE system to facilitate TRACE trade reporting for those securities. TRACE-related changes were implemented by FINRA on December 1, 2010. FINRA is filing this proposed rule change to provide limited relief from the new TRACE trade reporting requirements (and transaction reporting fee obligations) for those Reportable TRACE Transactions in securities not identified by a CUSIP effected from March 1, 2010 (the effective date of SR-FINRA-2009-010) through November 30, 2010 (“Covered Reportable TRACE Transactions”). FINRA is providing additional time (until February

³ See Rule 6710(l) for the definition of “Agency Debt Security.”

⁴ See Rule 6710(a) for the definition of “TRACE-Eligible Security.”

⁵ Rule 6710 (Definitions) provides that "Reportable TRACE Transaction" means any transaction in a TRACE-Eligible Security except transactions that are not reported as specified in Rule 6730(e). See FINRA Rule 6710(c).

⁶ See Regulatory Notice 09-57 (September 29, 2009) (SEC Approves Amendments Expanding TRACE to Include Agency Debt Securities and Primary Market Transactions).

28, 2011) for members to trade report Covered Reportable TRACE Transactions and waiving transaction reporting fees concomitant with such transactions reported by that date.⁷

As noted in Item 2 of this filing, FINRA has filed the proposed rule change for immediate effectiveness. The operative date will be the date of filing.

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(5) of the Exchange Act,⁸ which requires, among other things, that FINRA rules provide for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system that FINRA operates or controls.

FINRA believes that the proposed rule change is appropriate in recognition of the operational and technical challenges introduced by trade reporting in securities not assigned a CUSIP. Therefore, delaying members' trade reporting obligations until February 28, 2011 for Covered Reportable TRACE Transactions and waiving the transaction reporting fees applicable to such transactions provides a balanced resolution while requiring that all Covered Reportable TRACE Transactions are ultimately reported to FINRA.

⁷ Specifically, members will not be required to pay a Trade Reporting Fee or "As Of" Trade Late Fee under Rule 7730(b) (Transaction Reporting Fees) with respect to Covered Reportable TRACE Transactions if such transactions are reported to TRACE by February 28, 2011.

⁸ 15 U.S.C. 78o-3(b)(5).

4. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The proposed rule change is effective upon filing pursuant to Section 19(b)(3) of the Exchange Act⁹ and paragraph (f)(2) of Rule 19b-4 thereunder,¹⁰ in that the proposed rule change is establishing or changing a due, fee, or other charge applicable only to a member.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Exhibits

Exhibit 1. Completed notice of proposed rule change for publication in the Federal Register.

⁹ 15 U.S.C. 78s(b)(3).

¹⁰ 17 CFR 240.19b-4(f)(2).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-FINRA-2011-001)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Provide Additional Time to Report Certain Reportable TRACE Transactions and Waive Certain Transaction Reporting Fees

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on , Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as “establishing or changing a due, fee or other charge” under Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposal effective upon receipt of this filing by the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

FINRA is proposing to provide additional time (until February 28, 2011) for members to trade report certain TRACE transactions and waive transaction reporting fees

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

concomitant with such transactions reported by that date. The proposed rule change would not make any change to the text of FINRA rules.

The text of the proposed rule change is available on FINRA's Web site at <http://www.finra.org>, at the principal office of FINRA and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, FINRA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

On September 28, 2009, the SEC approved SR-FINRA-2009-010⁵ which, among other things, amended the FINRA Rule 6700 Series to: (1) expand TRACE to include Agency Debt Securities⁶ as TRACE-Eligible Securities⁷ and primary market transactions

⁵ See Securities Exchange Act Release No. 60726 (September 28, 2009), 74 FR 50991 (October 2, 2009) (Order Approving File No. SR-FINRA-2009-010).

⁶ See Rule 6710(l) for the definition of "Agency Debt Security."

⁷ See Rule 6710(a) for the definition of "TRACE-Eligible Security."

as Reportable TRACE Transactions;⁸ (2) delete the criterion that TRACE-Eligible Securities must be “depository eligible securities under NASD Rule 11310(d),” effectively introducing TRACE reporting obligations for securities not assigned a common industry recognized identifier (“CUSIP”); and (3) require members to report transactions in Agency Debt Securities and primary market transactions. This rule change to the FINRA Rule 6700 Series, as amended, became effective on March 1, 2010.⁹

Due to operational and technical challenges introduced by trade reporting in securities not assigned a CUSIP, changes were needed to firms’ processes as well as to the TRACE system to facilitate TRACE trade reporting for those securities. TRACE-related changes were implemented by FINRA on December 1, 2010. FINRA is filing this proposed rule change to provide limited relief from the new TRACE trade reporting requirements (and transaction reporting fee obligations) for those Reportable TRACE Transactions in securities not identified by a CUSIP effected from March 1, 2010 (the effective date of SR-FINRA-2009-010) through November 30, 2010 (“Covered Reportable TRACE Transactions”). FINRA is providing additional time (until February 28, 2011) for members to trade report Covered Reportable TRACE Transactions and

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⁹ See Regulatory Notice 09-57 (September 29, 2009) (SEC Approves Amendments Expanding TRACE to Include Agency Debt Securities and Primary Market Transactions).

waiving transaction reporting fees concomitant with such transactions reported by that date.¹⁰

FINRA has filed the proposed rule change for immediate effectiveness. The operative date will be the date of filing.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(5) of the Act,¹¹ which requires, among other things, that FINRA rules provide for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system that FINRA operates or controls.

FINRA believes that the proposed rule change is appropriate in recognition of the operational and technical challenges introduced by trade reporting in securities not assigned a CUSIP. Therefore, delaying members' trade reporting obligations until February 28, 2011 for Covered Reportable TRACE Transactions and waiving the transaction reporting fees applicable to such transactions provides a balanced resolution while requiring that all Covered Reportable TRACE Transactions are ultimately reported to FINRA.

¹⁰ Specifically, members will not be required to pay a Trade Reporting Fee or "As Of" Trade Late Fee under Rule 7730(b) (Transaction Reporting Fees) with respect to Covered Reportable TRACE Transactions if such transactions are reported to TRACE by February 28, 2011.

¹¹ 15 U.S.C. 78o-3(b)(5).

B. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹² and paragraph (f)(2) of Rule 19b-4 thereunder.¹³

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form

(<http://www.sec.gov/rules/sro.shtml>); or

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(2).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-FINRA-2011-001 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-FINRA-2011-001. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FINRA-2011-001 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Florence E. Harmon

Deputy Secretary

¹⁴ 17 CFR 200.30-3(a)(12).