

Required fields are shown with yellow backgrounds and asterisks.

OMB APPROVAL	
OMB Number:	3235-0045
Estimated average burden	
hours per response.....	38

Page 1 of * 31

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

File No.* SR - 2012 - * 049

Amendment No. (req. for Amendments *)

Proposed Rule Change by Financial Industry Regulatory Authority

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *			
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Pilot	Extension of Time Period for Commission Action *	Date Expires *	19b-4(f)(1)	19b-4(f)(2)	19b-4(f)(3)	19b-4(f)(4)	19b-4(f)(5)	19b-4(f)(6)
	<input type="checkbox"/>		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 Amend FINRA Rule 7730(c) to establish a Limited Waiver of the TRACE Professional Real-Time Data Display Fee on a Pilot Basis

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 *	Kathryn	Last Name *	Moore
Title *	Assistant General Counsel		
E-mail *	kathryn.moore@finra.org		
Telephone *	(202) 974-2974	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 11/07/2012

By Patrice Gliniecki

(Name *)

Senior Vice President and Deputy General Counsel

(Title *)

Patrice Gliniecki,

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.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information (required)

Add **Remove** **View**

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)

Add **Remove** **View**

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

Add **Remove** **View**

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

Add **Remove** **View**

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

Add **Remove** **View**

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

Add **Remove** **View**

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

Add **Remove** **View**

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 (“Act”),¹ Financial Industry Regulatory Authority, Inc. (“FINRA”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend FINRA Rule 7730(c) to establish a pilot program to provide a limited waiver of the Professional Real-Time Data Display Fee of \$60 to access Real-Time Trade Reporting and Compliance Engine (“TRACE”) transaction data in connection with certain free trials of data products. In addition, FINRA proposes technical amendments to Rule 7730(c) and related statements in the fee chart to use a single term, “display application,” to describe uniformly a software program that interrogates and displays TRACE data and allows a person to access TRACE data.

The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change has been approved by the Chief Legal Officer 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 implementation date will be November 7, 2012.

¹ 15 U.S.C. 78s(b)(1).

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

(a) Purpose

Pursuant to FINRA Rule 7730(c)(1)(A), FINRA charges a Professional \$60 per month, per display application per Data Set² (“display application”) of Real-Time³ TRACE transaction data.⁴ The term display application refers to any software program that interrogates and displays TRACE data. In general, Real-Time TRACE transaction data is accessed not directly from FINRA but through a vendor, such as Bloomberg, L.P. and its Bloomberg display application, or other redistributors (collectively, “vendors”) of financial market data. Under this arrangement, a Professional pays the vendor for the license to use the vendor’s display application and if the display application displays Real-Time TRACE transaction data, the payment must include the applicable TRACE fee, which the vendor remits to FINRA.

² A Data Set is each of the FINRA databases, which currently include the Real-Time TRACE transaction data disseminated by FINRA for corporate bonds and Agency Debt Securities (as defined in Rule 6710(l)). Effective November 12, 2012, FINRA will add the Data Set for Asset-Backed Securities, when dissemination of Agency-Pass Through Mortgage-Backed Securities traded To Be Announced begins. See Securities Exchange Act Release No. 66829 (April 18, 2012), 77 FR 24748 (April 25, 2012) (SEC Approval Order regarding dissemination of Agency-Pass Through Mortgage-Backed Securities traded To Be Announced (TBA)), Regulatory Notice 12-26 (May 2012) and Regulatory Notice 12-48 (November 2012).

³ Real-Time is defined in FINRA Rule 7730(f)(3).

⁴ Real-Time TRACE transaction data is also available for a flat fee of \$7,500 per month per Data Set for Professionals to make unlimited internal use of such data as provided in Rule 7730(c)(1)(A). Professionals associated with enterprises that pay the \$7,500 flat rate per month are not eligible for the fee waiver set forth in the proposed rule change because, as further described herein, the waiver is limited to four Professionals during one free trial period.

FINRA understands that vendors are continually developing new products that, among other data, may display Real-Time TRACE transaction data. Often a vendor will make its new products available to members and other Professional end-users of Real-Time TRACE transaction data to test on a free trial basis. In these cases, FINRA believes it would be beneficial also to permit Professionals to access Real-Time TRACE transaction data on a free trial basis in connection, and concurrently, with the free trial of the vendor's product. Accordingly, FINRA proposes to amend FINRA Rule 7730(c) to establish a pilot program to waive the \$60 fee for one month for a Professional to access Real-Time TRACE transaction data in connection with a vendor's offer of a free trial.

The pilot program would operate for approximately one year until November 8, 2013 to allow FINRA sufficient time to assess the efficacy and operation of the program.⁵ In the event FINRA determines to extend the pilot program or make the program permanent, FINRA will file a proposed rule change in accordance with the Act. Specifically, the FINRA fee waiver would be limited to one month (i.e., a period not longer than 31 days), and would be available only if the fee waiver is provided in conjunction and concurrently with a vendor's offer of a free trial to a Professional to test a data product that included Real-Time TRACE transaction data. In addition, the FINRA fee waiver would be available to not more than four Professionals associated with, employed by, or otherwise affiliated with a member, employer or other person during one free trial period. Once the Real-Time Data Display Fee had been waived, a Professional and the member, employer or other person with whom the Professional is associated

⁵ A fee waiver granted less than one month prior to the expiration of the pilot period would continue to be valid and the \$60 fee would be waived for the full month notwithstanding the pilot expiration date.

with, employed by, or otherwise affiliated with would not be eligible for the FINRA fee waiver again in connection with another free trial offered by the same vendor until 12 months had lapsed from the last day of the prior fee waiver.⁶ However, a Professional and the member, employer or other person with whom the Professional is associated or otherwise affiliated with would be eligible for a fee waiver in connection with a free trial offered by a different vendor regarding its data products.

FINRA also proposes technical amendments to Rule 7730(c) and related statements in the fee chart to use a single term, “display application,” to describe uniformly a software program that interrogates and displays TRACE data and allows a person to access TRACE data.

As noted in Item 2 of this filing, FINRA has filed the proposed rule change for immediate effectiveness. The implementation date will be November 7, 2012.

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁷ which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest and Section 15A(b)(5) of the Act,⁸ which requires, among other things, that

⁶ For example, if a Professional were granted a waiver for one month beginning on November 1, 2012, the individual would not be eligible for another waiver in connection with another free trial offered by the same vendor until December 1, 2013. This example assumes that the pilot program is extended or adopted on a permanent basis.

⁷ 15 U.S.C. 78o-3(b)(6).

⁸ 15 U.S.C. 78o-3(b)(5).

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 amendment, which is designed to encourage additional Professionals to test and use Real-Time TRACE transaction data, may promote more accurate and timely pricing and valuations of debt securities by members, and may prevent fraudulent and manipulative acts and practices regarding pricing and valuations, for the protection of investors and the public interest.

FINRA believes that the pilot program providing for a limited waiver of the monthly fee per display application for access to Real-Time TRACE transaction data also results in reasonable fees and financial benefits from fee waivers that are equitably allocated. The financial benefit of the fee waiver would be available to all Professionals that accept an offer to test a vendor data product that includes Real-Time TRACE transaction data on a free trial basis. Any Professional that tests data products during a free trial would be eligible for and would benefit from the concurrent FINRA fee waiver, subject to the proscriptions against a Professional obtaining multiple free trials as previously described. In addition, the financial benefit of the fee waiver would be available for a very limited period (i.e., 31 days or less), such that Professionals not eligible for the fee waiver are not unfairly or inequitably affected. The proposed amendment is reasonable because the waiver of a standard FINRA fee, and the financial benefit from such waiver, is of limited amount, duration (i.e., one month) and application (i.e., only four Professionals per member (or other end-user)), limited to concurrent free trials of data products offered by vendors, and subject to restrictions on re-use, and is being proposed to enhance a member's ability to access and test, among other things, the

uses of Real-Time TRACE transaction data to determine if access to such Real-Time TRACE transaction data would further its business needs. Finally, the proposed amendment does not unfairly discriminate between or among Professionals and members (or other end-users) in that the waiver would be available to any of such persons that accepts an offer to test a vendor data product that includes Real-Time TRACE transaction data on a free trial basis, subject to the limitations described above. The data vendor, rather than FINRA, would decide initially whether to offer a free trial of its data product to a particular Professional, member, or other end-user. FINRA's role would be limited to refusing to extend a fee waiver to a particular person previously identified by the data vendor, due to the prohibition against extending multiple fee waivers to the same person. FINRA believes that establishing such a program on a pilot basis for approximately one year will provide FINRA sufficient time to assess the efficacy and utility of the program.

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 Act. FINRA believes that the proposed amendment, which is designed to encourage additional Professionals to test and use Real-Time TRACE transaction data, may promote more accurate and timely pricing and valuations of debt securities by members. Moreover, the pilot program providing for a limited waiver of the monthly fee per display application for access to Real-Time TRACE transaction data would not place an unreasonable fee burden on members and other persons (i.e., Professionals) that currently subscribe to receive Real-Time TRACE transaction data, nor confer an uncompetitive benefit to Professionals taking advantage of the pilot program, in that the fee waiver

would be available for a very limited period (i.e, 31 days or less), and the financial impact of such a pilot program on Professionals would be de minimis. In addition, the proposed rule change does not place a burden on competition in that the financial benefit of the fee waiver would be available in general to all Professionals. Any Professional that tests data products during a free trial would be eligible for and would benefit from the concurrent FINRA fee waiver, subject to the proscriptions against a Professional obtaining multiple free trials previously described.

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)(A)(ii) of the 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 imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization.

⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁰ 17 CFR 240.19b-4(f)(2).

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.

Exhibit 5. Text of proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-FINRA-2012-049)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend FINRA Rule 7730(c) to establish a Limited Waiver of the TRACE Professional Real-Time Data Display Fee on a Pilot Basis

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.

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).

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

FINRA is proposing to amend FINRA Rule 7730(c) to establish a pilot program to provide a limited waiver of the Professional Real-Time Data Display Fee of \$60 to access Real-Time Trade Reporting and Compliance Engine (“TRACE”) transaction data in connection with certain free trials of data products. In addition, FINRA proposes technical amendments to Rule 7730(c) and related statements in the fee chart to use a single term, “display application,” to describe uniformly a software program that interrogates and displays TRACE data and allows a person to access TRACE data.

The text of the proposed rule change is available on FINRA’s website 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

Pursuant to FINRA Rule 7730(c)(1)(A), FINRA charges a Professional \$60 per month, per display application per Data Set⁵ (“display application”) of Real-Time⁶ TRACE transaction data.⁷ The term display application refers to any software program that interrogates and displays TRACE data. In general, Real-Time TRACE transaction data is accessed not directly from FINRA but through a vendor, such as Bloomberg, L.P. and its Bloomberg display application, or other redistributors (collectively, “vendors”) of financial market data. Under this arrangement, a Professional pays the vendor for the license to use the vendor’s display application and if the display application displays Real-Time TRACE transaction data, the payment must include the applicable TRACE fee, which the vendor remits to FINRA.

⁵ A Data Set is each of the FINRA databases, which currently include the Real-Time TRACE transaction data disseminated by FINRA for corporate bonds and Agency Debt Securities (as defined in Rule 6710(l)). Effective November 12, 2012, FINRA will add the Data Set for Asset-Backed Securities, when dissemination of Agency-Pass Through Mortgage-Backed Securities traded To Be Announced begins. See Securities Exchange Act Release No. 66829 (April 18, 2012), 77 FR 24748 (April 25, 2012) (SEC Approval Order regarding dissemination of Agency-Pass Through Mortgage-Backed Securities traded To Be Announced (TBA)), Regulatory Notice 12-26 (May 2012) and Regulatory Notice 12-48 (November 2012).

⁶ Real-Time is defined in FINRA Rule 7730(f)(3).

⁷ Real-Time TRACE transaction data is also available for a flat fee of \$7,500 per month per Data Set for Professionals to make unlimited internal use of such data as provided in Rule 7730(c)(1)(A). Professionals associated with enterprises that pay the \$7,500 flat rate per month are not eligible for the fee waiver set forth in the proposed rule change because, as further described herein, the waiver is limited to four Professionals during one free trial period.

FINRA understands that vendors are continually developing new products that, among other data, may display Real-Time TRACE transaction data. Often a vendor will make its new products available to members and other Professional end-users of Real-Time TRACE transaction data to test on a free trial basis. In these cases, FINRA believes it would be beneficial also to permit Professionals to access Real-Time TRACE transaction data on a free trial basis in connection, and concurrently, with the free trial of the vendor's product. Accordingly, FINRA proposes to amend FINRA Rule 7730(c) to establish a pilot program to waive the \$60 fee for one month for a Professional to access Real-Time TRACE transaction data in connection with a vendor's offer of a free trial.

The pilot program would operate for approximately one year until November 8, 2013 to allow FINRA sufficient time to assess the efficacy and operation of the program.⁸ In the event FINRA determines to extend the pilot program or make the program permanent, FINRA will file a proposed rule change in accordance with the Act. Specifically, the FINRA fee waiver would be limited to one month (i.e., a period not longer than 31 days), and would be available only if the fee waiver is provided in conjunction and concurrently with a vendor's offer of a free trial to a Professional to test a data product that included Real-Time TRACE transaction data. In addition, the FINRA fee waiver would be available to not more than four Professionals associated with, employed by, or otherwise affiliated with a member, employer or other person during one free trial period. Once the Real-Time Data Display Fee had been waived, a Professional and the member, employer or other person with whom the Professional is associated

⁸ A fee waiver granted less than one month prior to the expiration of the pilot period would continue to be valid and the \$60 fee would be waived for the full month notwithstanding the pilot expiration date.

with, employed by, or otherwise affiliated with would not be eligible for the FINRA fee waiver again in connection with another free trial offered by the same vendor until 12 months had lapsed from the last day of the prior fee waiver.⁹ However, a Professional and the member, employer or other person with whom the Professional is associated or otherwise affiliated with would be eligible for a fee waiver in connection with a free trial offered by a different vendor regarding its data products.

FINRA also proposes technical amendments to Rule 7730(c) and related statements in the fee chart to use a single term, “display application,” to describe uniformly a software program that interrogates and displays TRACE data and allows a person to access TRACE data.

FINRA has filed the proposed rule change for immediate effectiveness. The implementation date will be November 7, 2012.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,¹⁰ which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest and Section 15A(b)(5) of the Act,¹¹ which requires, among other things, that

⁹ For example, if a Professional were granted a waiver for one month beginning on November 1, 2012, the individual would not be eligible for another waiver in connection with another free trial offered by the same vendor until December 1, 2013. This example assumes that the pilot program is extended or adopted on a permanent basis.

¹⁰ 15 U.S.C. 78o-3(b)(6).

¹¹ 15 U.S.C. 78o-3(b)(5).

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 amendment, which is designed to encourage additional Professionals to test and use Real-Time TRACE transaction data, may promote more accurate and timely pricing and valuations of debt securities by members, and may prevent fraudulent and manipulative acts and practices regarding pricing and valuations, for the protection of investors and the public interest.

FINRA believes that the pilot program providing for a limited waiver of the monthly fee per display application for access to Real-Time TRACE transaction data also results in reasonable fees and financial benefits from fee waivers that are equitably allocated. The financial benefit of the fee waiver would be available to all Professionals that accept an offer to test a vendor data product that includes Real-Time TRACE transaction data on a free trial basis. Any Professional that tests data products during a free trial would be eligible for and would benefit from the concurrent FINRA fee waiver, subject to the proscriptions against a Professional obtaining multiple free trials as previously described. In addition, the financial benefit of the fee waiver would be available for a very limited period (i.e., 31 days or less), such that Professionals not eligible for the fee waiver are not unfairly or inequitably affected. The proposed amendment is reasonable because the waiver of a standard FINRA fee, and the financial benefit from such waiver, is of limited amount, duration (i.e., one month) and application (i.e., only four Professionals per member (or other end-user)), limited to concurrent free trials of data products offered by vendors, and subject to restrictions on re-use, and is being proposed to enhance a member's ability to access and test, among other things, the

uses of Real-Time TRACE transaction data to determine if access to such Real-Time TRACE transaction data would further its business needs. Finally, the proposed amendment does not unfairly discriminate between or among Professionals and members (or other end-users) in that the waiver would be available to any of such persons that accepts an offer to test a vendor data product that includes Real-Time TRACE transaction data on a free trial basis, subject to the limitations described above. The data vendor, rather than FINRA, would decide initially whether to offer a free trial of its data product to a particular Professional, member, or other end-user. FINRA's role would be limited to refusing to extend a fee waiver to a particular person previously identified by the data vendor, due to the prohibition against extending multiple fee waivers to the same person. FINRA believes that establishing such a program on a pilot basis for approximately one year will provide FINRA sufficient time to assess the efficacy and utility of the program.

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. FINRA believes that the proposed amendment, which is designed to encourage additional Professionals to test and use Real-Time TRACE transaction data, may promote more accurate and timely pricing and valuations of debt securities by members. Moreover, the pilot program providing for a limited waiver of the monthly fee per display application for access to Real-Time TRACE transaction data would not place an unreasonable fee burden on members and other persons (i.e., Professionals) that currently subscribe to receive Real-Time TRACE transaction data, nor confer an uncompetitive benefit to Professionals taking advantage of the pilot program, in that the fee waiver

would be available for a very limited period (i.e, 31 days or less), and the financial impact of such a pilot program on Professionals would be de minimis. In addition, the proposed rule change does not place a burden on competition in that the financial benefit of the fee waiver would be available in general to all Professionals. Any Professional that tests data products during a free trial would be eligible for and would benefit from the concurrent FINRA fee waiver, subject to the proscriptions against a Professional obtaining multiple free trials previously described.

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 summarily may temporarily suspend 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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(2).

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
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-FINRA-2012-049 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-2012-049. 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 website (<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 website 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-2012-049 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

Elizabeth M. Murphy

Secretary

¹⁴ 17 CFR 200.30-3(a)(12).

Exhibit 5

Below is the text of the proposed rule change. Proposed new language is double-underlined; proposed deletions are in brackets. Amendments to FINRA Rule 7730 proposed in SR-FINRA-2012-020, which the SEC approved on April 18, 2012 and will become effective on November 12, 2012, are incorporated herein and are single-underlined.¹

* * * * *

7000. CLEARING, TRANSACTION AND ORDER DATA REQUIREMENTS, AND FACILITY CHARGES

* * * * *

7700. CHARGES FOR OTC REPORTING FACILITY, OTC BULLETIN BOARD AND TRADE REPORTING AND COMPLIANCE ENGINE SERVICES

* * * * *

7730. Trade Reporting and Compliance Engine (TRACE)

The following charges shall be paid by participants for the use of the Trade Reporting and Compliance Engine (“TRACE”):

Systems Fees	Transaction Reporting Fees	Data Fees
Level I Trade Report Only Web Browser Access — \$20/month per user ID	Trades up to and including \$200,000 par value — \$0.475/trade. (For Asset- Backed Securities where par value is not used to determine	Market Data: Professional Real-Time Data Display — \$60/month per [terminal] <u>display</u>

¹ See Securities Exchange Act Release No. 66829 (April 18, 2012), 77 FR 24748 (April 25, 2012) (Order Approved File No. SR-FINRA-2012-020), Regulatory Notice 12-26 (May 2012) and Regulatory Notice 12-48 (November 2012).

<p>Level II Full Service Web Browser Access</p> <p>— Subscription for a single user ID or the first user ID —</p> <p>\$50/month (includes one Data Set);</p> <p>\$80/month (includes two Data Sets)</p> <p>Subscription for additional user IDs —</p> <p>\$80/month per user ID (includes one Data Set); \$140/month per user ID (includes two Data Sets)</p>	<p>the size (volume) of a transaction, for purposes of trade reporting fees, size (volume) is the lesser of original face value or Remaining Principal Balance (or the equivalent) at the Time of Execution of the transaction.)</p> <p>Trades over \$200,000 and up to and including \$999,999.99 par value — \$0.000002375 times the par value of the transaction (i.e., \$0.002375/\$1000). (See note above regarding certain Asset-Backed Securities.)</p> <p>Trades of \$1,000,000 par value or more — \$2.375/trade. (See note above regarding certain Asset-Backed Securities.) All</p>	<p><u>application per Data Set of Real-Time TRACE transaction data, except as may be subject to a waiver set forth below,</u> or a flat fee of \$7,500/month per Data Set of Real-Time TRACE transaction data, entitling Professionals to make unlimited internal use of such Data Set(s) [on] <u>through</u> any number of <u>display applications</u> [interrogation or display devices].</p>
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	transactions in Asset-Backed Securities that are Agency Pass-Through Mortgage-Backed Securities traded to be announced (“TBA”) (“TBA transactions”) — \$1.50/trade.	
CTCI/FIX/Third Party — \$25/month/per firm	Cancel/Correct — \$1.50/trade	Market Data: Vendor Real-Time Data Feed — \$1,500/month per Data Set of Real-Time TRACE transaction data for receipt of continuous Real-Time TRACE transaction data in such Data Sets, except for qualifying Tax-Exempt Organizations, or \$250/month per Data Set of Snapshot Real-Time TRACE transaction data for daily receipt of such Data Set(s).
	“As/of” Trade Late — \$3/trade	Market Data: Vendor

		Real-Time Data Feed — \$400/month per Data Set of Real-Time TRACE transaction data for such Data Set(s) for qualifying Tax-Exempt Organizations.
		Market Data: Non- Professional Real-Time Data Display — No charge.
		Historic TRACE Data: Set-Up Fee — a single fee of \$2,000 for development and set-up to receive Historic TRACE Data, except for qualifying Tax-Exempt Organizations.
		Historic TRACE Data: Set-Up Fee — a single fee of \$1,000 for development and set-up

		to receive Historic TRACE Data for qualifying Tax-Exempt Organizations.
		Historic TRACE Data: Fee — \$2,000/calendar year per Data Set for receipt of Historic TRACE Data, except for qualifying Tax-Exempt Organizations. The data is enabled for internal use and internal and/or external [desktop] display <u>application</u> [distribution]. Bulk re-distribution of data is not permitted.
		Historic TRACE Data: Bulk Re-Distribution Fee — except for qualifying Tax-Exempt Organizations,

	<p>\$1/CUSIP per calendar year (or part thereof) within a single Data Set of Historic TRACE Data per each recipient of re-distributed data; maximum fee per Data Set of \$1,000/calender year (or part thereof) per each recipient of re-distributed data.</p>
	<p>Historic TRACE Data: Bulk Re-Distribution Fee — for qualifying Tax-Exempt Organizations, \$500/calender year per Data Set for receipt of Historic TRACE Data. The data is enabled for internal use and internal and/or external [desktop] display</p>

		<u>application</u> . Bulk re-distribution of data is permitted with certain restrictions.
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(a) through (b) No Change.

(c) Market Data Fees

Real-Time TRACE transaction data disseminated by FINRA comprises the following databases ("Data Set(s)": corporate bonds ("Corporate Bond Data Set"), Agency Debt Securities ("Agency Data Set") and Asset-Backed Securities ("ABS Data Set")). Market data fees are charged for each Data Set. Professionals and Non-Professionals may subscribe to receive one or more Data Sets of Real-Time TRACE transaction data disseminated by FINRA in one or more of the following ways for the charges specified, as applicable. Members, vendors and other redistributors shall be required to execute appropriate agreements with FINRA.

(1) Professional Fees

Professionals may subscribe for the following:

(A) [Bond Trade Dissemination Service ("BTDS")] Professional Real-Time Data Display Fee of \$60 per month, per [terminal] display application per Data Set [for each interrogation or display device receiving a Data Set] of Real-Time TRACE transaction data, except as may be subject to a waiver set forth below, or a flat fee of \$7,500 per month per Data Set entitling Professionals to make unlimited internal use of such Data Set(s) of Real-Time TRACE transaction data on any number of display applications [interrogation or display devices].

(i) During a pilot program that expires on November 8, 2013, if a member, vendor or other redistributor offers a Professional a free trial of a data product that includes Real-Time TRACE transaction data, FINRA will waive the Professional Real-Time Data Display Fee of \$60 per month, per display application per Data Set, for not longer than one month (i.e., a period not longer than 31 days), concurrently with the free trial. Not more than four Professionals associated with, employed by, or otherwise affiliated with a member, employer or other person may receive the FINRA fee waiver during the free trial. After FINRA has waived the fee in connection with a free trial offered by a member, vendor or other redistributor, a Professional and the member, employer, or other person with whom the Professional is associated with, employed by or otherwise affiliated with may not use the waiver again for that member, vendor or other distributor until 12 months has lapsed from the last day of the prior waiver.

(B) Vendor Real-Time Data Feed Fee of \$1,500 per month per Data Set for receipt of continuous Real-Time TRACE transaction data for any person or organization (other than a Tax-Exempt Organization) that receives a feed of such Data Set(s) of Real-Time TRACE transaction data, or \$250 per month per Data Set for daily receipt of such Data Set(s) of Snapshot Real-Time TRACE transaction data, which shall consist of one TRACE price per security per day. These fees entitle use of such Data Set(s) in one or more of the following ways: internal operational and processing systems, internal monitoring and surveillance

systems, internal price validation, internal portfolio valuation services, internal analytical programs leading to purchase/sale or other trading decisions, and other related activities, and the repackaging of market data in such Data Set(s) for delivery and dissemination outside the organization, such as indices or other derivative products. (These fees do not include per [terminal] display application charges noted in paragraph (c)(1)(A) per [charges for each interrogation or display device receiving] Data Set(s) of Real-Time TRACE transaction data.)²

(C) through (D) No Change.

(2) No Change.

(d) Historic TRACE Data

Historic TRACE Data comprises the following Data Set(s): corporate bonds ("Historic Corporate Bond Data Set"), Agency Debt Securities ("Historic Agency Data Set") and Asset-Backed Securities ("Historic ABS Data Set"). Historic TRACE Data fees, except the Set-Up Fee, are charged for each Data Set. Professionals and Non-Professionals may receive Historic TRACE Data provided by FINRA in one or more of the following ways for the charges specified, as applicable. Recipients of Historic TRACE Data shall be required to execute appropriate agreements with FINRA.

(1) Professional Fees

Professionals may subscribe for the following:

(A) Persons or Organizations Other Than Qualifying Tax-Exempt Organizations

(i) No Change.

(ii) Data Fee — \$2,000 per calendar year per Data Set for receipt of Historic TRACE Data. (The 2003 Historic Corporate Bond Data Set also includes the 2002 Historic Corporate Bond Data Set, the 2011 Historic Agency Data Set also includes the 2010 Historic Agency Data Set, and the 2013 Historic ABS Data Set also includes the 2012 Historic ABS Data Set.) Historic TRACE Data is enabled for internal use and internal and/or external [desktop] display application [distribution]. Bulk re-distribution of such data is not permitted.

(iii) No Change.

(B) Qualifying Tax-Exempt Organizations

A Tax-Exempt Organization qualifies for development and set-up and to receive Historic TRACE Data under this paragraph (d)(1)(B) if it does not redistribute such data in bulk, or it re-distributes such data in bulk or otherwise at no charge solely to Non-Professionals or other Tax-Exempt Organizations that agree to be subject to the same restrictions.

(i) No Change.

(ii) Data and Bulk Re-Distribution Fee — \$500 per calendar year per Data Set for receipt of Historic TRACE Data. (The 2003 Historic Corporate Bond Data Set also includes the 2002 Historic Corporate Bond Data Set, the 2011 Historic Agency Data Set also includes the 2010 Historic Agency Data Set, and the 2013 Historic ABS Data Set also includes the 2012 Historic ABS Data Set.) Historic TRACE Data is enabled for internal use and internal and/or external [desktop] display

application, and bulk redistribution, and may be re-distributed subject to the restrictions in paragraph (d)(1)(B).

(2) No Change.

(e) through (f) No Change.

¹ No Change.

² Under the Vendor Real-Time Data Feed Fee and service, Real-Time TRACE transaction data (or Data Set(s) of such data) may not be used in any display application [interrogation display devices or any systems] that permits~~s~~ end users to determine individual transaction pricing.