

Required fields are shown with yellow backgrounds and asterisks.

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| Page 1 of * 33 | SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4 | | File No.* SR - 2012 - * 053 | 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 * <input checked="" type="checkbox"/> | Amendment * <input type="checkbox"/> | Withdrawal <input type="checkbox"/> | Section 19(b)(2) * <input checked="" type="checkbox"/> | Section 19(b)(3)(A) * <input type="checkbox"/> | Section 19(b)(3)(B) * <input type="checkbox"/> |
| | | | Rule | | |
| Pilot <input type="checkbox"/> | Extension of Time Period for Commission Action * <input type="checkbox"/> | Date Expires * <input type="text"/> | 19b-4(f)(1) <input checked="" type="checkbox"/> | 19b-4(f)(2) <input checked="" type="checkbox"/> | 19b-4(f)(3) <input checked="" type="checkbox"/> |
| | | | 19b-4(f)(4) <input checked="" type="checkbox"/> | 19b-4(f)(5) <input checked="" type="checkbox"/> | 19b-4(f)(6) <input checked="" type="checkbox"/> |
| Exhibit 2 Sent As Paper Document <input checked="" type="checkbox"/> | | Exhibit 3 Sent As Paper Document <input checked="" type="checkbox"/> | | | |
| Description Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *). Proposed Rule Change Relating to Establishing Optional TRACE Data Delivery Services and Related 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 * 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 11/30/2012 By Patrice Gliniecki Senior Vice President and Deputy General Counsel (Name *) (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. Patrice Gliniecki, | | | | | |

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)

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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

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

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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 (“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 to establish certain optional Trade Reporting and Compliance Engine (“TRACE”) data delivery services and fees in connection with such optional services.

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

At its meeting on December 8, 2011, the FINRA Board of Governors authorized the filing of the proposed rule change with the SEC. No other action by FINRA is necessary for the filing of the proposed rule change.

FINRA will announce the effective date of the proposed rule change in a Regulatory Notice to be published no later than 60 days following Commission approval. The effective date will be no later than 120 days following publication of the Regulatory Notice announcing Commission approval.

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

FINRA proposes to amend Rule 7730 to establish two new optional TRACE data delivery services, TRACE Data Delivery Plus and TRACE Data Delivery Secure File Transfer Protocol (“TRACE Data Delivery SFTP”), and fees in connection with such optional services. Firms will have the option to enroll in neither, one or both of these services.

Background

The FINRA Automated Data Delivery System (“FINRA ADDS”) is a secure website that provides a firm, by market participant identifier (“MPID”), access to TRACE trade journal files. The TRACE trade journal files in FINRA ADDS are available for Asset-Backed Securities transactions as well as for corporate bonds and Agency Debt Securities (“Corporate/Agency Debt Securities”).² The Asset-Backed Securities trade journal files are separate from the Corporate/Agency Debt Securities trade journal files.

² Transactions in Asset-Backed Securities began to be reported to TRACE on May 16, 2011, and TRACE trade journal files on FINRA ADDS are available from that date. See Regulatory Notice 11-20 (May 2011). Transactions in Corporate/Agency Debt Securities became available on FINRA ADDS as a result of the migration of the reporting of such securities and related data functions from legacy TRACE technology to the Multi-Product Platform (“MPP”), which occurred on February 6, 2012. See Regulatory Notice 11-53 (November 2011). Accordingly, the FINRA ADDS trade journal files for Corporate/Agency Debt Securities transactions are available only for transactions that are reported on or after February 6, 2012. Corporate/Agency Debt Securities transactions reported prior to February 6, 2012 are not available on FINRA ADDS.

Currently, to access the transaction information in FINRA ADDS, a firm must have an MPID for trade reporting. Entitled users of the MPID must submit a request for a trade journal file for a specified date, which must be within 30 calendar days prior to the date of the request. A “report” is provided in response to the firm’s request.

FINRA ADDS generates a separate report for each data archive (Asset-Backed Securities or Corporate/Agency Debt Securities) requested as well as a separate report for each date requested. Thus, a single report is a trade journal file for one date listing all transactions to which the requesting MPID was a party that were reported on that date either in Asset-Backed Securities or Corporate/Agency Debt Securities.³

The FINRA ADDS service is free, and there are no limits on the number of requests for reports that a firm may make or the number of firm personnel associated with a specified MPID that may submit such requests. The FINRA ADDS reports can be used by firms to assist in monitoring their trading and reporting activity and in performing other business activities, such as compliance.

Proposed Optional Data Services and Proposed Fees

Since FINRA ADDS was initiated in July 2011, FINRA has received feedback from firms requesting access to more of the firm’s TRACE transaction history and increased flexibility to access such data. In response, FINRA is proposing to establish

³ The FINRA ADDS report provides all of the transaction reports in which the MPID is a party to a transaction (whether the trade was reported by the firm or otherwise reported) on the specified date. The MPID also may request “reject” files (*i.e.*, transaction reports submitted by the MPID that were not accepted by the system due to missing or inaccurate information).

If a firm uses multiple MPIDs, persons authorized to use the specified MPID must make the data request to FINRA ADDS and the data provided by FINRA ADDS is limited to transactions involving that MPID.

two additional, optional data delivery services, TRACE Data Delivery Plus and TRACE Data Delivery SFTP, and proposed fees in connection with such optional services.

TRACE Data Delivery Plus. TRACE Data Delivery Plus provides greater access to TRACE trade journal files. With TRACE Data Delivery Plus, an MPID subscriber will be able to obtain reports for Asset-Backed Securities or Corporate/Agency Debt Securities transaction data for transactions to which the MPID was a party that were reported more than 30 calendar days prior to the date of the MPID's request (i.e., transaction data in trade journal files no longer available through the free FINRA ADDS service).⁴ For example, if on September 21, 2012, a subscriber requests its transaction activity in Asset-Backed Securities and Corporate/Agency Debt Securities reported on June 21, 2012 and June 22, 2012, the subscriber will receive four reports – one from the Asset-Backed Securities trade journal files for transactions reported on June 21, 2012, a second report for such transactions reported on June 22, 2012, and two additional reports from the Corporate/Agency Debt Securities trade journal files for the respective dates. Moreover, the subscriber will be able to download the requested report(s) on demand.

Subscribers to TRACE Data Delivery Plus also will have the option to obtain automated daily delivery of the subscriber's TRACE trade journal files to the FINRA ADDS website.⁵ Once a subscriber has activated subscription preferences, the files to which the user subscribes will automatically appear on the website each morning for

⁴ As with the free FINRA ADDS service, firms interested in TRACE Data Delivery Plus must subscribe per MPID. To access transaction information for multiple MPIDs, a firm must obtain a subscription for each MPID.

⁵ In contrast, firms using the free FINRA ADDS service must submit a request for data (e.g., if an MPID wants daily delivery of the prior day's Asset-Backed Security trade journal file, the MPID must log in each day and submit a request).

download by the user, eliminating the need for the user to submit file requests. The automated daily delivery of the subscriber's TRACE trade journal files to the website will not constitute a request for a report for purposes of calculating the monthly fee described below. Accordingly, if a subscriber has no other requests for reports, the monthly fee would fall in the second column of the table below.

To provide TRACE Data Delivery Plus, FINRA proposes to amend Rule 7730 to charge an MPID subscriber a monthly fee. The proposed monthly fee is based on two factors: (1) the average number of transactions per month to which the MPID was a party that was reported to TRACE in the prior calendar year, which number is used to categorize the MPID in one of four tiers;⁶ and (2) the number of FINRA ADDS reports received in a given month for transaction data that is no longer available through the free FINRA ADDS service (i.e., transaction data regarding transactions that were reported more than 30 calendar days prior to the date of the request) ("Plus reports").⁷ The proposed monthly fees for Plus reports are:

⁶ Once assigned to a tier, a subscriber remains in the tier for the remainder of the calendar year. For example, an MPID that subscribes in September 2012 will be assigned to a tier based upon the TRACE transactions reported in 2011 in which the MPID was a party, and will remain in that tier until December 31, 2012. In 2013, the MPID will be re-evaluated and assigned to a tier for 2013 fee purposes, based upon the MPID's trading in TRACE-Eligible Securities in 2012.

⁷ A subscriber's monthly fee would be assessed each month and accordingly may vary during a calendar year, depending on the number of reports FINRA sends to the subscriber in response to the subscriber's requests. The TRACE Data Delivery Plus fee is based upon the number of reports provided to avoid charging for data requests that FINRA is unable to provide. For example, FINRA ADDS would be unable to provide a report for a Corporate/Agency Debt Securities trade journal file for a date prior to February 6, 2012, the date such securities were migrated to the MPP.

| Tier Based on Average Number of Transactions per Month MPID Subscriber Was a Party to in Prior Calendar Year | 0 – 5 Plus Reports Received per Month | 6 – 25 Plus Reports Received per Month | > 25 Plus Reports Received per Month |
|--|---------------------------------------|--|--------------------------------------|
| Tier 1: 10,000 + | \$60 | \$80 | \$100 |
| Tier 2: 3,000 – 9,999 | \$40 | \$55 | \$70 |
| Tier 3: 500 – 2,999 | \$20 | \$30 | \$40 |
| Tier 4: < 500 | \$10 | \$15 | \$20 |

TRACE Data Delivery SFTP. Firms also have requested an automated interface to retrieve (without sending a request or query) their prior day's TRACE trade journal files daily from FINRA ADDS. The new optional TRACE Data Delivery SFTP will provide such a service, permitting an MPID subscriber to retrieve the subscriber's prior day TRACE trade journal files automatically via SFTP.

FINRA proposes to amend Rule 7730 to establish two fees to provide the TRACE Data Delivery SFTP: (1) a one-time set-up fee of \$250 per subscriber for TRACE Data Delivery SFTP; and (2) a monthly fee of \$200 per subscriber.

As noted in Item 2 of this filing, FINRA will announce the effective date of the proposed rule change in a Regulatory Notice to be published no later than 60 days following Commission approval. The effective date will be no later than 120 days following publication of the Regulatory Notice announcing Commission approval.

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁸ 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

⁸ 15 U.S.C. 78o-3(b)(6).

interest; and Section 15A(b)(5) of the Act,⁹ 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 to establish two optional data delivery services subject to appropriate fees would provide a member firm with access to more of its TRACE transaction history and increased flexibility to access such data, which may assist a member firm in monitoring its trading and reporting activity and in performing other business activities. FINRA believes that providing member firms an additional automated avenue to review pricing in and the transaction history of the member firm's TRACE-Eligible Securities transactions may enhance the member firm's oversight of its trading in fixed income securities, which would promote market integrity and provide for the protection of investors and the public generally.

FINRA believes that the proposed rule change provides for the equitable allocation of the proposed reasonable fees among all member firms. The optional services would be accessible by all member firms, subject to reasonable fees. As with fees for other optional data services provided by FINRA, the proposed fees would be charged only to those member firms that voluntarily opt to receive one or both of the services. Only those member firms that elect to become subscribers and use the optional services would incur the costs related to such services. The fees proposed for TRACE Data Delivery Plus are equitably allocated among those member firms that opt to subscribe in that the fees are scaled according to both the average number of transactions

⁹ 15 U.S.C. 78o-3(b)(5).

in TRACE-Eligible Securities per month per MPID and the number of requested reports, such that higher volume users would be subject to higher fees. Similarly, the fees proposed for TRACE Data Delivery SFTP are equitably allocated among MPID subscribers in that the same setup fees are charged to every member firm that elects to establish a secure and automated interface with the subscriber, and the same monthly fee is charged to all subscribers because each subscriber receives the same service – an automated daily transmission of the subscriber’s prior day TRACE trade journal files.

FINRA believes that the proposed fees are reasonable in light of the costs and benefits provided by the corresponding services. In creating such services, FINRA incurred costs related to data warehousing, software and hardware upgrades and software programming, as well as costs related to personnel to support and maintain such services. The proposed fees are reasonable in that such fees are designed to defray a portion of expenses incurred to establish, operate, and administer the two optional services. The proposed fees for TRACE Data Delivery Plus are reasonable as the fees would be scaled according to both the average number of transactions in TRACE-Eligible Securities per month per MPID and the number of requested reports. In general, the fees are scaled such that those MPID subscribers having fewer transactions per month and making fewer requests for reports per month would have lower monthly fees while those subscribers reporting larger numbers of transactions per month and making many requests for reports would have higher monthly fees. The proposed one-time fee for TRACE Data Delivery SFTP would permit FINRA to offset the expense of establishing a secure and automated interface with the subscriber. Moreover, the monthly TRACE Data Delivery SFTP fee is reasonable, because it would provide an MPID subscriber the benefit of automating its daily request for, and receipt of, the TRACE trading data from the prior trade date, and

likely reduce the costs of an MPID subscriber that otherwise would make a daily request for such data, and also would offset, in part, FINRA's expenses relating to maintaining the automated daily transmission of TRACE data to subscribers and the secure and automated interface with all subscribers to the service.

FINRA believes that the services and the proposed fees are not unfairly discriminatory because, in addition to the services being voluntary, they would be available to all member firms on an equal basis. The same range of services would be available to all members and the proposed fees would be applicable to all interested members. Thus, the proposed rule change would not unfairly discriminate between or among similarly situated members as to the optional services or the applicable fees.

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. As further detailed above, FINRA is proposing to establish two optional data delivery services subject to reasonable fees. Members that do not elect to receive such data using the optional data delivery services will continue to have the ability to access such data upon request at no charge. While such members can continue to request such data for a specified date, which must be within 30 calendar days prior to the date of the request, FINRA does not believe that this alternative imposes a significant operational burden on firms seeking access to TRACE trade journal files at no charge.

In addition, because the fees that will be charged for the two optional data delivery services are both optional and reasonable in amount, FINRA does not believe that the payment of such fees by any member, or any group or class of members, will

result in a burden on competition to such industry members relative to other industry members that elect not to subscribe to the optional services.

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

FINRA does not consent at this time to an extension of the time period for Commission action specified in Section 19(b)(2) of the Act.¹⁰

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

Not applicable.

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.

¹⁰ 15 U.S.C. 78s(b)(2).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-FINRA-2012-053)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of Proposed Rule Change Relating to Establishing Optional TRACE Data Delivery Services and Related 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, II, and III below, which Items have been prepared by FINRA. 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 amend FINRA Rule 7730 to establish certain optional Trade Reporting and Compliance Engine (“TRACE”) data delivery services and fees in connection with such optional services.

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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

FINRA proposes to amend Rule 7730 to establish two new optional TRACE data delivery services, TRACE Data Delivery Plus and TRACE Data Delivery Secure File Transfer Protocol ("TRACE Data Delivery SFTP"), and fees in connection with such optional services. Firms will have the option to enroll in neither, one or both of these services.

Background

The FINRA Automated Data Delivery System ("FINRA ADDS") is a secure website that provides a firm, by market participant identifier ("MPID"), access to TRACE trade journal files. The TRACE trade journal files in FINRA ADDS are available for Asset-Backed Securities transactions as well as for corporate bonds and Agency Debt Securities ("Corporate/Agency Debt Securities").³ The Asset-Backed

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Securities trade journal files are separate from the Corporate/Agency Debt Securities trade journal files.

Currently, to access the transaction information in FINRA ADDS, a firm must have an MPID for trade reporting. Entitled users of the MPID must submit a request for a trade journal file for a specified date, which must be within 30 calendar days prior to the date of the request. A “report” is provided in response to the firm’s request.

FINRA ADDS generates a separate report for each data archive (Asset-Backed Securities or Corporate/Agency Debt Securities) requested as well as a separate report for each date requested. Thus, a single report is a trade journal file for one date listing all transactions to which the requesting MPID was a party that were reported on that date either in Asset-Backed Securities or Corporate/Agency Debt Securities.⁴

The FINRA ADDS service is free, and there are no limits on the number of requests for reports that a firm may make or the number of firm personnel associated with a specified MPID that may submit such requests. The FINRA ADDS reports can be used

legacy TRACE technology to the Multi-Product Platform (“MPP”), which occurred on February 6, 2012. See Regulatory Notice 11-53 (November 2011). Accordingly, the FINRA ADDS trade journal files for Corporate/Agency Debt Securities transactions are available only for transactions that are reported on or after February 6, 2012. Corporate/Agency Debt Securities transactions reported prior to February 6, 2012 are not available on FINRA ADDS.

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by firms to assist in monitoring their trading and reporting activity and in performing other business activities, such as compliance.

Proposed Optional Data Services and Proposed Fees

Since FINRA ADDS was initiated in July 2011, FINRA has received feedback from firms requesting access to more of the firm's TRACE transaction history and increased flexibility to access such data. In response, FINRA is proposing to establish two additional, optional data delivery services, TRACE Data Delivery Plus and TRACE Data Delivery SFTP, and proposed fees in connection with such optional services.

TRACE Data Delivery Plus. TRACE Data Delivery Plus provides greater access to TRACE trade journal files. With TRACE Data Delivery Plus, an MPID subscriber will be able to obtain reports for Asset-Backed Securities or Corporate/Agency Debt Securities transaction data for transactions to which the MPID was a party that were reported more than 30 calendar days prior to the date of the MPID's request (*i.e.*, transaction data in trade journal files no longer available through the free FINRA ADDS service).⁵ For example, if on September 21, 2012, a subscriber requests its transaction activity in Asset-Backed Securities and Corporate/Agency Debt Securities reported on June 21, 2012 and June 22, 2012, the subscriber will receive four reports – one from the Asset-Backed Securities trade journal files for transactions reported on June 21, 2012, a second report for such transactions reported on June 22, 2012, and two additional reports from the Corporate/Agency Debt Securities trade journal files for the respective dates. Moreover, the subscriber will be able to download the requested report(s) on demand.

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Subscribers to TRACE Data Delivery Plus also will have the option to obtain automated daily delivery of the subscriber's TRACE trade journal files to the FINRA ADDS website.⁶ Once a subscriber has activated subscription preferences, the files to which the user subscribes will automatically appear on the website each morning for download by the user, eliminating the need for the user to submit file requests. The automated daily delivery of the subscriber's TRACE trade journal files to the website will not constitute a request for a report for purposes of calculating the monthly fee described below. Accordingly, if a subscriber has no other requests for reports, the monthly fee would fall in the second column of the table below.

To provide TRACE Data Delivery Plus, FINRA proposes to amend Rule 7730 to charge an MPID subscriber a monthly fee. The proposed monthly fee is based on two factors: (1) the average number of transactions per month to which the MPID was a party that was reported to TRACE in the prior calendar year, which number is used to categorize the MPID in one of four tiers;⁷ and (2) the number of FINRA ADDS reports received in a given month for transaction data that is no longer available through the free FINRA ADDS service (i.e., transaction data regarding transactions that were reported

⁶ In contrast, firms using the free FINRA ADDS service must submit a request for data (e.g., if an MPID wants daily delivery of the prior day's Asset-Backed Security trade journal file, the MPID must log in each day and submit a request).

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more than 30 calendar days prior to the date of the request) (“Plus reports”).⁸ The proposed monthly fees for Plus reports are:

| Tier Based on Average Number of Transactions per Month MPID Subscriber Was a Party to in Prior Calendar Year | 0 – 5 Plus Reports Received per Month | 6 – 25 Plus Reports Received per Month | > 25 Plus Reports Received per Month |
|--|---------------------------------------|--|--------------------------------------|
| Tier 1: 10,000 + | \$60 | \$80 | \$100 |
| Tier 2: 3,000 – 9,999 | \$40 | \$55 | \$70 |
| Tier 3: 500 – 2,999 | \$20 | \$30 | \$40 |
| Tier 4: < 500 | \$10 | \$15 | \$20 |

TRACE Data Delivery SFTP. Firms also have requested an automated interface to retrieve (without sending a request or query) their prior day’s TRACE trade journal files daily from FINRA ADDS. The new optional TRACE Data Delivery SFTP will provide such a service, permitting an MPID subscriber to retrieve the subscriber’s prior day TRACE trade journal files automatically via SFTP.

FINRA proposes to amend Rule 7730 to establish two fees to provide the TRACE Data Delivery SFTP: (1) a one-time set-up fee of \$250 per subscriber for TRACE Data Delivery SFTP; and (2) a monthly fee of \$200 per subscriber.

FINRA will announce the effective date of the proposed rule change in a Regulatory Notice to be published no later than 60 days following Commission approval.

⁸ A subscriber’s monthly fee would be assessed each month and accordingly may vary during a calendar year, depending on the number of reports FINRA sends to the subscriber in response to the subscriber’s requests. The TRACE Data Delivery Plus fee is based upon the number of reports provided to avoid charging for data requests that FINRA is unable to provide. For example, FINRA ADDS would be unable to provide a report for a Corporate/Agency Debt Securities trade journal file for a date prior to February 6, 2012, the date such securities were migrated to the MPP.

The effective date will be no later than 120 days following publication of the Regulatory Notice announcing Commission approval.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁹ 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,¹⁰ 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 to establish two optional data delivery services subject to appropriate fees would provide a member firm with access to more of its TRACE transaction history and increased flexibility to access such data, which may assist a member firm in monitoring its trading and reporting activity and in performing other business activities. FINRA believes that providing member firms an additional automated avenue to review pricing in and the transaction history of the member firm's TRACE-Eligible Securities transactions may enhance the member firm's oversight of its trading in fixed income securities, which would promote market integrity and provide for the protection of investors and the public generally.

⁹ 15 U.S.C. 78o-3(b)(6).

¹⁰ 15 U.S.C. 78o-3(b)(5).

FINRA believes that the proposed rule change provides for the equitable allocation of the proposed reasonable fees among all member firms. The optional services would be accessible by all member firms, subject to reasonable fees. As with fees for other optional data services provided by FINRA, the proposed fees would be charged only to those member firms that voluntarily opt to receive one or both of the services. Only those member firms that elect to become subscribers and use the optional services would incur the costs related to such services. The fees proposed for TRACE Data Delivery Plus are equitably allocated among those member firms that opt to subscribe in that the fees are scaled according to both the average number of transactions in TRACE-Eligible Securities per month per MPID and the number of requested reports, such that higher volume users would be subject to higher fees. Similarly, the fees proposed for TRACE Data Delivery SFTP are equitably allocated among MPID subscribers in that the same setup fees are charged to every member firm that elects to establish a secure and automated interface with the subscriber, and the same monthly fee is charged to all subscribers because each subscriber receives the same service – an automated daily transmission of the subscriber’s prior day TRACE trade journal files.

FINRA believes that the proposed fees are reasonable in light of the costs and benefits provided by the corresponding services. In creating such services, FINRA incurred costs related to data warehousing, software and hardware upgrades and software programming, as well as costs related to personnel to support and maintain such services. The proposed fees are reasonable in that such fees are designed to defray a portion of expenses incurred to establish, operate, and administer the two optional services. The proposed fees for TRACE Data Delivery Plus are reasonable as the fees would be scaled

according to both the average number of transactions in TRACE-Eligible Securities per month per MPID and the number of requested reports. In general, the fees are scaled such that those MPID subscribers having fewer transactions per month and making fewer requests for reports per month would have lower monthly fees while those subscribers reporting larger numbers of transactions per month and making many requests for reports would have higher monthly fees. The proposed one-time fee for TRACE Data Delivery SFTP would permit FINRA to offset the expense of establishing a secure and automated interface with the subscriber. Moreover, the monthly TRACE Data Delivery SFTP fee is reasonable, because it would provide an MPID subscriber the benefit of automating its daily request for, and receipt of, the TRACE trading data from the prior trade date, and likely reduce the costs of an MPID subscriber that otherwise would make a daily request for such data, and also would offset, in part, FINRA's expenses relating to maintaining the automated daily transmission of TRACE data to subscribers and the secure and automated interface with all subscribers to the service.

FINRA believes that the services and the proposed fees are not unfairly discriminatory because, in addition to the services being voluntary, they would be available to all member firms on an equal basis. The same range of services would be available to all members and the proposed fees would be applicable to all interested members. Thus, the proposed rule change would not unfairly discriminate between or among similarly situated members as to the optional services or the applicable fees.

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. As further detailed above, FINRA is proposing to establish two optional data delivery services subject to reasonable fees. Members that do not elect to receive such data using the optional data delivery services will continue to have the ability to access such data upon request at no charge. While such members can continue to request such data for a specified date, which must be within 30 calendar days prior to the date of the request, FINRA does not believe that this alternative imposes a significant operational burden on firms seeking access to TRACE trade journal files at no charge.

In addition, because the fees that will be charged for the two optional data delivery services are both optional and reasonable in amount, FINRA does not believe that the payment of such fees by any member, or any group or class of members, will result in a burden on competition to such industry members relative to other industry members that elect not to subscribe to the optional services.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

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-2012-053 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-2012-053. 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-2012-053 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.¹¹

Elizabeth M. Murphy
Secretary

¹¹ 17 CFR 200.30-3(a)(12).

Exhibit 5

Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.

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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”):

| System 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 display application per Data Set |
| Level II Full Service Web Browser Access — Subscription for a single user ID or the | the size (volume) of a transaction, for purposes of trade reporting fees, size (volume) is the lesser of | of Real-Time TRACE transaction data, except as may be subject to a waiver set forth below, |

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| <p>first user ID — \$50/month (includes one Data Set); \$80/month (includes two Data Sets)</p> <p>Subscription for additional user IDs — \$80/month per user ID (includes one Data Set); \$140/month per user ID (includes two Data Sets)</p> | <p>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.)</p> <p>All transactions in Asset-Backed Securities that are Agency Pass-Through Mortgage-Backed Securities</p> | <p>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) through any number of display applications.</p> |
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| | <p>traded to be announced (“TBA”) (“TBA transactions”) — \$1.50/trade.</p> | |
| <p>CTCI/FIX/Third Party — \$25/month/per firm</p> | <p>Cancel/Correct — \$1.50/trade</p> | <p>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).</p> |
| | <p>“As/of” Trade Late — \$3/trade</p> | <p>Market Data: Vendor Real-Time Data Feed — \$400/month per Data Set of Real-Time TRACE</p> |

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| | | 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 |

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| | | Organizations. |
| | | <p>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 display application. Bulk re-distribution of data is not permitted.</p> |
| | | <p>Historic TRACE Data: Bulk Re-Distribution Fee — except for qualifying Tax-Exempt Organizations, \$1/CUSIP per calendar year (or part thereof) within a single Data Set of Historic TRACE Data</p> |

| | | |
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| | | <p>per each recipient of re-distributed data; maximum fee per Data Set of \$1,000/calendar 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/calendar year per Data Set for receipt of Historic TRACE Data. The data is enabled for internal use and internal and/or external display application. Bulk re-distribution of data is permitted with certain restrictions.</p> |
| | | <p><u>FINRA ADDS: TRACE</u></p> |

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| | | <p><u>Data Delivery Plus</u></p> <p><u>A variable monthly fee charged per MPID subscriber, based upon the average number of transactions per month to which the MPID subscriber was a party in the prior calendar year, and the number of Plus reports received by the MPID subscriber per month</u></p> <p><u>(see paragraph (g))</u></p> |
| | | <p><u>FINRA ADDS: TRACE</u></p> <p><u>Data Delivery SFTP</u></p> <p><u>\$250 per MPID – one time set-up fee; and</u></p> <p><u>\$200 per MPID per month</u></p> |

(a) through (f) No Change.

(g) FINRA ADDS Fees

The FINRA Automated Data Delivery System (“FINRA ADDS”) provides a member access to TRACE trade journal files. The following fees are for two optional FINRA ADDS services: TRACE Data Delivery Plus and TRACE Data Delivery Secure File Transfer Protocol.

(1) TRACE Data Delivery Plus Fee

The TRACE Data Delivery Plus fee is charged per month to a market participant identifier (“MPID”) that is a subscriber, for TRACE Data Delivery Plus reports (“Plus reports”) provided to the MPID in response to requests by the MPID. (Plus reports do not include a report in response to a request for a TRACE trade journal file for a specified date, if the specified date is within 30 calendar days of the date of the request, which are provided to an MPID at no charge.) The fee is based on the average number of transactions per month to which the MPID was a party in the prior calendar year, which number is used to assign the MPID to one of the four tiers, and the number of Plus reports the subscriber receives in a month as follows:

| <u>Tier Based on Average Number of Transactions per Month MPID Subscriber Was a Party to in Prior Calendar Year</u> | <u>0 – 5 Plus Reports Received per Month</u> | <u>6 – 25 Plus Reports Received per Month</u> | <u>> 25 Plus Reports Received per Month</u> |
|---|--|---|--|
| <u>Tier 1: 10,000 +</u> | <u>\$60</u> | <u>\$80</u> | <u>\$100</u> |
| <u>Tier 2: 3,000 – 9,999</u> | <u>\$40</u> | <u>\$55</u> | <u>\$70</u> |
| <u>Tier 3: 500 – 2,999</u> | <u>\$20</u> | <u>\$30</u> | <u>\$40</u> |
| <u>Tier 4: < 500</u> | <u>\$10</u> | <u>\$15</u> | <u>\$20</u> |

(2) TRACE Data Delivery Secure File Transfer Protocol Fee

The TRACE Data Delivery Secure File Transfer Protocol (“TRACE Data Delivery SFTP”) fees are charged to a market participant identifier (“MPID”) that is a subscriber and are:

(A) Set-Up Fee – a one-time fee of \$250 per MPID that subscribes to the service.

(B) Monthly Fee – a monthly fee of \$200 per MPID that subscribes to the service.

¹ No Change.

² No Change.

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