

Regulatory Notice

15-04

Trade Reporting and Compliance Engine (TRACE)

FINRA Requests Comment on a Proposal to Disseminate Additional Securitized Products and to Reduce the Reporting Time Frame for These Products

Comment Period Expires: April 10, 2015

Executive Summary

FINRA is soliciting comment on a proposal to expand dissemination of TRACE data to include additional Securitized Products, specifically, collateralized mortgage obligations (CMOs), commercial mortgage-backed securities (CMBSs) and collateralized debt obligations (CDOs). FINRA is proposing to reduce the reporting time frame for these additional Securitized Products from end-of-day to 45 minutes and, after nine months, to 15 minutes. FINRA also is proposing to simplify the reporting requirement for pre-issuance CMOs.

The proposed rule text is attached as Appendix A.

Questions regarding this *Notice* should be directed to:

- ▶ Ola Persson, Vice President, Transparency Services, at (212) 858-4796;
- ▶ Elliot Levine, Associate VP & Counsel, Transparency Services, at (202) 728-8405;
- ▶ Racquel Russell, Associate General Counsel, Office of General Counsel (OGC), at (202) 728-8363; or
- ▶ Alexander Ellenberg, Assistant General Counsel, OGC, at (202) 728-8152.

February 2015

Notice Type

- ▶ Request for Comment

Suggested Routing

- ▶ Compliance
- ▶ Fixed Income
- ▶ Legal
- ▶ Operations
- ▶ Systems
- ▶ Trading
- ▶ Training

Key Topics

- ▶ Asset-Backed Securities
- ▶ Collateralized Debt Obligations
- ▶ Collateralized Mortgage-Backed Securities
- ▶ Collateralized Mortgage Obligations
- ▶ Securitized Products
- ▶ Transaction Dissemination
- ▶ Transaction Reporting

Referenced Rules and Notices

- ▶ FINRA Rule 6710
- ▶ FINRA Rule 6730
- ▶ FINRA Rule 7730
- ▶ Regulatory Notice 14-34
- ▶ Securities Act Rule 144A



Financial Industry Regulatory Authority

Action Requested

FINRA encourages all interested parties to comment on the proposal. Comments must be received by April 10, 2015.

Comments must be submitted through one of the following methods:

- ▶ Emailing comments to pubcom@finra.org; or
- ▶ Mailing comments in hard copy to:
Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

To help FINRA process and review comments more efficiently, persons should use only one method to comment on the proposal.

Important Notes: All comments received in response to this *Notice* will be made available to the public on the FINRA website. In general, FINRA will post comments as they are received.¹

Before becoming effective, a proposed rule change must be authorized for filing with the Securities and Exchange Commission (SEC) by the FINRA Board of Governors, and then must be filed with the SEC pursuant to Section 19(b) of the Securities Exchange Act of 1934 (SEA or Exchange Act).²

Background and Discussion

Expanded Dissemination to Additional Securitized Products

Currently, firms are required to report all transactions in “Securitized Products”³ to TRACE. FINRA disseminates real-time information on transactions in certain “Securitized Products”—particularly Agency Pass-Through Mortgage Backed Securities traded TBA and in Specified Pool Transactions. Beginning on April 27, 2015, FINRA will commence real-time dissemination of an additional subset of Securitized Products, specifically transactions in Asset-Backed Securities.⁴ FINRA is proposing to further expand the list of Securitized Products that are subject to public trade dissemination to include all remaining types of Securitized Products: collateralized mortgage obligations (CMOs),⁵ commercial mortgage-backed securities (CMBSs) and collateralized debt obligations (CDOs)⁶ (collectively referred to as “additional Securitized Products”).

As discussed in greater detail below, these additional Securitized Products generally are more complex and less fungible than the types currently subject to dissemination, and they trade in volumes roughly similar to investment grade corporate debt although with fewer transactions. FINRA is proposing to disseminate trade data for these additional Securitized Products using a two-tiered approach depending upon the size of the transactions. Specifically, FINRA proposes to report trade-by-trade information in real time for transactions valued under \$1 million (calculated based upon original principal value). For transactions valued at \$1 million or more, FINRA would disseminate aggregated transaction information via both weekly and monthly periodic reports, provided that five or more transactions occurred in the security in the period. For example, if five transactions occur in a security during each week of a calendar month, then four weekly reports would be disseminated (one for each week); in addition, the security would be included in the aggregate monthly report for that month. If five transactions occur across a calendar month but not for any single week, then a weekly report would not be available, but the security would be included in the monthly report for that month.

Based on a review of TRACE data from January to December 2013, which is summarized in Table 1 of [Appendix B](#), this approach would have resulted in transparency for 79 percent of reported trades (71 percent would be disseminated in real-time) and 21 percent of dollar volume (1 percent would be disseminated in real-time).⁷ As summarized in Table 2 of Appendix B, FINRA estimates that, on average, information in the weekly reports would cover approximately 100 securities and the monthly reports would cover 700 securities. [Appendix C](#) shows a sample of the intended content of the periodic report. FINRA proposes that after 18 months of experience with the new rule, FINRA would reduce the transaction threshold from five transactions during the period to four transactions, provided no negative impact has been observed. This would increase the availability of pricing information on additional Securitized Products to approximately 200 securities per week and 1,200 securities per month.

Transition to 15-Minute Trade Reporting Time Frame

To facilitate dissemination of transaction information in additional Securitized Products, FINRA proposes to reduce the trade reporting time frame for these securities. Currently, transactions in additional Securitized Products generally must be reported to TRACE no later than the close of TRACE system hours on the date of execution. FINRA proposes to reduce the reporting time frame for the additional Securitized Products in two phases—first to within 45 minutes of a transaction’s execution, and then, after nine months, to within 15 minutes of execution. This proposed phased approach to reducing the reporting period for additional Securitized Products mirrors the transitional approach that FINRA has taken historically.⁸ The intent of the phased approach is to provide firms adequate time to comply with the shorter time frames.

Pre-Issuance CMO Transactions

FINRA proposes to amend Rule 6730 to change the reporting time frame for transactions in CMOs that are executed before the issuance of the security to no later than two business days prior to the first settlement date of the security. Under current Rule 6730, firms generally must report CMO transactions that are executed prior to the issuance of a security on the earlier of the business day that the security is assigned a CUSIP, or the date of issuance of the security. FINRA is aware that some firms, particularly small and mid-size firms, have had difficulty in determining with accuracy in a timely manner when the reporting obligation has been triggered (due to inconsistencies in communicating the relevant information between underwriters and trading parties). As a result, these firms do not always report trades in these instruments on the earlier of the two dates. FINRA believes that, because new issuances in CMOs as a general rule settle on the last business day of the month, the amended proposal would provide for a uniform reporting date that is easily ascertainable by all firms.

Potential Economic Impacts

Economic Baseline

Transactions in additional Securitized Products amounted to \$14.9 billion average daily original principal balance in 2014, representing approximately 7 percent of total original principal balance traded in Securitized Products. The average daily original principal balance traded in additional Securitized Products is roughly the same as that in investment grade corporate bonds, although there are approximately 10 times more trades in the corporate segment than the roughly 2,500 average daily trades in the additional Securitized Products market. The average size of additional Securitized Products transactions, at \$6 million, is significantly larger than that of the investment grade corporate bond market (slightly under \$600,000). Although the CDO and CMBS segments are largely institutional and customer-driven, the CMO segment includes retail-sized activity. In 2014, approximately 52 percent of all CMO customer transactions were less than \$100,000. There are also fewer participants in the additional Securitized Products market compared to the corporate bond market, and trading activity is relatively concentrated among dealers.⁹ In 2014, approximately 700 unique dealers reported at least one transaction in additional Securitized Products, and approximately 160 unique dealers reported at least one trade each day. In contrast, 1,300 dealers reported at least one transaction in corporate bonds, and approximately 500 dealers reported each day. Anecdotally, the same is true for the customer base, with fewer, and typically larger, customers than those buying or selling corporate bonds.

With respect to pre-issuance CMO transactions, in 2014, more than 1,200 CMO deals were issued and added to TRACE, with a total of 6,600 individual securities (tranches), or CUSIPs. More than 27,000 transactions in these securities were executed prior to the issuance of the security, and would have thus benefited from the revised reporting time frames proposed for pre-issuance transactions.

Expanded Dissemination to Additional Securitized Products

FINRA believes, based on dialogue with a variety of market participants, that the proposed dissemination of information for these products would be valuable to assist in price discovery, determination of execution quality, and, in particular, valuation of securities positions.¹⁰ Given the bespoke nature of these products, valuation is of significant importance and is an integral part of pricing and price discovery.

On the other hand, market participants also have expressed concern that the dissemination of trade-by-trade information might disclose trading strategies and positions to competitors given the unique and bespoke nature of these products. Accordingly, based on that dialogue, FINRA believes that disseminating information for transactions of \$1 million or more only for securities that registered a minimum of five trade reports during the period on a periodic and aggregated basis should mitigate these concerns, as more frequently traded securities generally are more widely held and thus help preserve anonymity. As discussed above, based on a review of TRACE data from January through December 2013, the proposal would have resulted in transparency for 79 percent of reported trades (71 percent would be disseminated in real-time) and 21 percent of dollar volume (1 percent would be disseminated in real-time). In addition, based on the same dialogue, FINRA believes concerns regarding “reverse engineering” are not generally directed to smaller transactions and thus propose real-time dissemination of transactions under \$1 million. FINRA requests comments on the appropriateness of this approach. FINRA also encourages commenters to provide information or evidence on whether this approach could create a competitive disadvantage for small firms or firms with certain business models.

In addition to these direct impacts, there may also be indirect economic impacts caused by the proposed approach to dissemination. For example, the increased transparency may potentially impact transaction costs, the willingness of broker-dealers to provide liquidity to their customers, and customers’ willingness to trade. FINRA requests specific comment below on the potential indirect impacts of the proposed dissemination.

There is no anticipated operational impact on member firms as a result of FINRA disseminating transaction information on additional Securitized Products, as member firms already submit this information through TRACE. Regarding the costs for market participants to acquire the disseminated data, the data will be included in the existing Securitized Products Data Set with no changes to the associated fees.¹¹ Thus, existing subscribers to the Securitized Products Data Set will not incur additional costs as a result of the new products included under the proposal. Market participants that do not currently subscribe to the Securitized Products Data Set only would incur costs if they choose to subscribe; however, they would only do so if they determined it was valuable to their business.

Transition to 15-Minute Trade Reporting Time Frame

Currently, all member firms must report information on transactions in additional Securitized Products through TRACE on an end-of-day basis. Therefore, firms already have systems and procedures in place to comply with the current reporting requirement. FINRA recognizes that some firms may incur new costs to make process or technology changes to comply with the phased approach to 15-minute reporting. However, given that many transactions in additional Securitized Products generally are reported within 15 minutes, FINRA estimates that the impact will be limited.¹² FINRA believes the potential costs of this requirement would be further mitigated by the approach the proposal would take, consistent with recent FINRA practice, which would begin with a transitional 45-minute reporting requirement for nine months before moving to the proposed 15-minute requirement. FINRA encourages commenters to provide information on the sources and estimates of potential costs associated with any required process or technology changes.

Pre-issuance CMO Transactions

FINRA believes the proposed change to the reporting time frame for transactions in CMOs that are executed prior to the issuance of the security would benefit firms by providing more certainty around the reporting requirements. As discussed above, under current Rule 6730, some firms (particularly small and mid-size firms) have had difficulty in determining with accuracy in a timely manner when the reporting obligation has been triggered. FINRA believes that, because new issuances in CMOs as a general rule settle on the last business day of the month, the amended proposal would provide for a uniform reporting date that is easily ascertainable by all firms.

FINRA notes that firms involved in this market may incur costs associated with process or technology changes required to comply with the proposal. However, FINRA believes that the proposed requirement is less stringent than the current rule because it provides more time for, and clarity around, reporting pre-issuance transactions in CMOs. FINRA encourages commenters to provide information on the potential costs and cost savings associated with the process or technology changes.

Request for Comment

FINRA requests comment on all aspects of the proposal. FINRA requests that commenters provide empirical data or other factual support for their comments wherever possible. FINRA specifically requests comment concerning the following issues:

- ▶ How does dissemination of transaction information for additional Securitized Products assist price discovery, execution quality determinations, and valuation for these securities? Are there other benefits to disseminating this information? Are there concerns or potential harms associated with the proposed dissemination to market participants or the marketplace?
- ▶ Is the \$1 million threshold for real-time transaction dissemination appropriate? Would another dollar threshold be more appropriate? If so, please explain. Would another measure (other than a threshold based upon original principal value) be more appropriate?
- ▶ Is the five-transaction minimum for triggering the inclusion of a security in the aggregate weekly and monthly reports sufficient for mitigating concerns regarding information leakage (the number of transactions will be displayed in buckets, *i.e.* “5 to 10 trades”, “11 to 25 trades” and “26+ trades”)? If not, what minimum number of transactions would be preferable?
- ▶ As noted above, after a period of 18 months, FINRA intends to reduce the minimum number of transactions required during a period for inclusion in the aggregate reports from five to four. Are there particular factors or metrics FINRA should consider during this 18-month observatory period?
- ▶ Would the proposed thresholds of \$1 million and five transactions create any competitive disadvantage for small firms or firms with certain business models? What are those competitive disadvantages and are there other approaches that FINRA should consider?
- ▶ Concerning the proposed transition to 15-minute reporting for additional Securitized Products, is a phased approach, as used previously for other Securitized Products, an appropriate approach for this proposal?
- ▶ What are the sources and estimated costs to member firms to make process and technology changes to reduce the trade reporting time frame for the additional Securitized Products?
- ▶ Would the proposed rule changes impose different costs on member firms of different sizes or business models?
- ▶ Are there potential indirect economic impacts of the proposal? For example, would market liquidity, dealer participation or transaction costs be affected by the proposed dissemination of additional Securitized Products? Please provide evidence of the sources and relative size of indirect economic impacts.

- ▶ Regarding the dissemination of transactions in Asset-Backed Securities that will begin on April 27, 2015, as referred to in the discussion above, FINRA decided not to disseminate the contra-party indicator, which identifies whether the trade is with a dealer, a buy from a customer, or a sell to a customer. This was done primarily to mitigate concerns regarding the confidentiality of dealer and customer trading strategies. Are there similar concerns in the CMO, CMBS and CDO markets? Should FINRA consider not disseminating the contra-party indicator for CMO, CMBS and CDO transactions under \$1 million and subject to real-time dissemination under the proposal?
- ▶ With regard to TRACE reporting requirements in most TRACE-Eligible Securities, FINRA requires a determination of whether a transaction meets the definition of a List of Fixed Offering Price Transaction, as defined in Rule 6710(q). Such transactions are required to be reported with an indicator. Currently these requirements do not apply to transactions in Asset-Backed Securities as defined in Rule 6710(m). However, effective April 27, 2015, the requirements will be extended to transactions in Asset-Backed Securities. Should FINRA consider extending these requirements to private label CMOs, CMBSs and CDOs, given their status as non-exempt securities; hence, subject to registration under the Securities Act of 1933?
- ▶ What are the sources and estimated costs to firms to make process and technology changes to change the reporting period for transactions in CMOs that are executed prior to the issuance of the security? What are the benefits? Would this element of the proposal provide greater clarity and facilitate compliance with the rule, as intended?
- ▶ Should the element of the proposal that would modify trade reporting requirements for transactions in CMOs effected prior to issuance also apply to CMBSs or CDOs? Given their status as non-exempt securities, do such transactions occur in a manner similar to that of agency/GSE issued REMICS?

Endnotes

1. FINRA will not edit personal identifying information, such as names or email addresses, from submissions. Persons should submit only information that they wish to make publicly available. *See Notice to Members 03-73* (November 2003) (NASD Announces Online Availability of Comments) for more information.
2. *See* SEA Section 19 and rules thereunder. After a proposed rule change is filed with the SEC, the proposed rule change generally is published for public comment in the Federal Register. Certain limited types of proposed rule changes, however, take effect upon filing with the SEC. *See* SEA Section 19(b)(3) and SEA Rule 19b-4.
3. Rule 6710 provides that a “Securitized Product” means a security collateralized by any type of financial asset, such as a loan, a lease, a mortgage, or a secured or unsecured receivable, and includes but is not limited to an asset-backed security as defined in Section 3(a)(79)(A) of the Exchange Act, a synthetic asset-backed security, and any residual tranche or interest of any security specified above, which tranche or interest is a debt security for purposes of paragraph (a) and the Rule 6700 Series.
4. “Asset-Backed Security” is defined generally to mean a type of Securitized Product where the Asset-Backed Security is collateralized by any type of financial asset, such as a consumer or student loan, a lease, or a secured or unsecured receivable, and excludes: (i) a Securitized Product that is backed by residential or commercial mortgage loans, mortgage-backed securities, or other financial assets derivative of mortgage-backed securities; (ii) an SBA-Backed ABS traded To Be Announced or in a Specified Pool Transaction; and (iii) collateralized debt, loan and bond obligations. *See also Regulatory Notice 14-34* (August 2014).
5. “Collateralized Mortgage Obligation” (CMO) is defined in FINRA Rule 6710(dd) to mean a type of Securitized Product backed by Agency Pass-Through Mortgage-Backed Securities as defined in Rule 6710(v), mortgage loans, certificates backed by project loans or construction loans, other types of mortgage-backed securities or assets derivative of mortgage-backed securities, structured in multiple classes or tranches with each class or tranche entitled to receive distributions of principal and/or interest according to the requirements adopted for the specific class or tranche, and includes a real estate mortgage investment conduit (REMIC).
6. A “Collateralized Debt Obligation” (CDO) would be defined in proposed FINRA Rule 6710(ee) to mean a type of Securitized Product backed by fixed-income assets (such as bonds, receivables on loans, or other debt) or derivatives of these fixed-income assets, structured in multiple classes or tranches with each class or tranche entitled to receive distributions of principal and/or interest in accordance with the requirements adopted for the specific class or tranche. A CDO includes, but is not limited to, a collateralized loan obligation (CLO) and a collateralized bond obligation (CBO).
7. FINRA also is proposing to amend Rule 7730 (fees for TRACE) to reflect the addition of these additional Securitized Products to the applicable data sets. Disseminated periodic reports of additional Securitized Products will become available as part of the Securitized Products Data Set and transactions in additional Securitized Products will become part of the Historic Securitized Products Data Set in FINRA Rule 7730. Similarly, disseminated periodic reports of additional Securitized Products issued pursuant to Rule 144A will become part of the Rule 144A Data Set, and Rule 144A transactions in

- additional Securitized Products will become part of the Historic Rule 144A Data Set. The inclusion of this additional data in such data sets will not involve an additional charge for the Securitized Products Data Set, the Historic Securitized Products Data Set, the Rule 144A Data Set, and the Historic Rule 144A Data Set.
8. *See, e.g., Regulatory Notice 14-34* (August 2014) (describing the phased reduction in the trade reporting timeframe for additional asset-backed securities that will begin to take effect in April, 2015).
 9. The most active 10 firms in each segment capture approximately 56 percent, 74 percent and 76 percent of CMO, CMBS and CDO original principal balance traded, respectively.
 10. The potential benefits of additional transparency in fixed income markets are also evidenced by the academic literature. *See* Bessembinder, Maxwell, and Venkataraman, “Trading Activity and Transaction Costs in Structured Credit Products,” (July 2013); *see also* Cici, Gibson, and Merrick, Jr., “Missing the Marks? Dispersion in Corporate Bond Valuations Across Mutual Funds,” (July 2011) (concluding, with respect to corporate bonds, that transparency from TRACE dissemination contributed to increased pricing precision).
 11. *See supra* note 7. There is no charge for non-professional real-time display of TRACE data. The current fee structure for the professional TRACE data feed is available on the [FINRA website](#).
 12. In 2014, approximately 65 percent of these additional Securitized Products were reported within 5 minutes, 75 percent within 15 minutes and 81 percent within 45 minutes.

APPENDIX A

Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.¹

6000. QUOTATION AND TRANSACTION REPORTING FACILITIES

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6700. TRADE REPORTING AND COMPLIANCE ENGINE (TRACE)

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6710. Definitions

(a) through (bb) No Change.

(cc) “Asset-Backed Security” means a type of Securitized Product where the Asset-Backed Security is collateralized by any type of financial asset, such as a consumer or student loan, a lease, or a secured or unsecured receivable, and excludes: (i) a Securitized Product that is backed by residential or commercial mortgage loans, mortgage-backed securities, or other financial assets derivative of mortgage-backed securities; (ii) an SBA-Backed ABS as defined in paragraph (bb) traded To Be Announced (“TBA”) as defined in paragraph (u) or in a Specified Pool Transaction as defined in paragraph (x); and (iii) a collateralized debt[, loan and bond] obligation[s] (“CDO”).

(dd) No Change.

(ee) “Collateralized Debt Obligation” (“CDO”) means a type of Securitized Product backed by fixed-income assets (such as bonds, receivables on loans, or other debt) or derivatives of these fixed-income assets, structured in multiple classes or tranches with each class or tranche entitled to receive distributions of principal and/or interest in accordance with the requirements adopted for the specific class or tranche. A CDO includes, but is not limited to, a collateralized loan obligation (“CLO”) and a collateralized bond obligation (“CBO”).

* * * * *

1. Proposed changes are marked against the version of this rule text that will be effective on April 27, 2015.

6730. Transaction Reporting**(a) When and How Transactions are Reported**

Each member that is a Party to a Transaction in a TRACE-Eligible Security must report the transaction. A member must report a transaction in a TRACE-Eligible Security within 15 minutes of the Time of Execution, except as otherwise specifically provided below, or the transaction report will be “late.” A member must transmit the report to TRACE during TRACE System Hours.

(1) Through (2) No Change.

(3) Reporting Requirements — Securitized Products

Transactions in Securitized Products must be reported as provided in this paragraph (a)(3).

(A) through (B) No Change.

(C) Collateralized Mortgage Obligation Transactions Before Issuance

Transactions in Securitized Products that are Collateralized Mortgage Obligations (“CMOs”) that are executed before the issuance of the security must be reported [the earlier of:]

[(i) the business day that the security is assigned a CUSIP, a similar numeric identifier or a FINRA symbol during TRACE System Hours (unless such identifier is assigned after 1:00:00 p.m. Eastern Time, and in such case, such transactions must be reported no later than the next business day during TRACE System Hours), or]

[(ii) the date of issuance of the security during TRACE System Hours] no later than two business days prior to the first settlement date of the security.

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

(D) through (G) No Change.

(H) Other Securitized Products

Transactions in CMOs, commercial mortgage-backed securities (“CMBs”), and CDOs shall be reported as follows:

(i) During the transitional phase for reducing reporting timeframes for CMOs, CMBSs and CDOs (“Transitional Phase”), which shall expire at 11:59:59 p.m. Eastern Time on [insert date], such transactions must be reported as follows:

a. Transactions executed on a business day at or after 12:00:00 a.m. Eastern Time through 7:59:59 a.m. Eastern Time must be reported the same day no later than 45 minutes after the TRACE system opens.

b. Transactions executed on a business day at or after 8:00:00 a.m. Eastern Time through 6:29:59 p.m. Eastern Time (standard TRACE System Hours) must be reported within 45 minutes of the Time of Execution, except as provided in paragraph (a)(3)(B)(i)c. below.

c. Transactions executed on a business day less than 45 minutes before 6:30:00 p.m. Eastern Time must be reported no later than 45 minutes after the TRACE system opens the next business day (T+1), and if reported on T+1, designated “as/of” and include the date of execution.

d. Transactions executed on a business day at or after 6:30:00 p.m. Eastern Time through 11:59:59 p.m. Eastern Time or on a Saturday, a Sunday, a federal or religious holiday or other day on which the TRACE system is not open at any time during that day (determined using Eastern Time) must be reported the next business day (T+1), no later than 45 minutes after the TRACE system opens, designated “as/of” and include the date of execution.

(ii) After the Transitional Phase expires, transactions in CMOs executed after the issuance of the security, CMBSs, and CDOs must be reported as provided in paragraph (a)(1)(A) through paragraph (a)(1)(D).

(4) through (6) No Change.

(b) through (f) No Change.

* * * * *

6750. Dissemination of Transaction Information**(a) Real-Time Dissemination**

FINRA will disseminate information on all transactions in TRACE-Eligible Securities, including transactions effected pursuant to Securities Act Rule 144A, immediately upon receipt of the transaction report, except as provided in (b) and (c) below.

(b) Periodic Dissemination [Transaction Information Not Disseminated]

FINRA will disseminate aggregated information on transactions in a TRACE-Eligible Security that is a collateralized mortgage obligation (CMO), commercial mortgage-backed security (CMBS) or collateralized debt obligation (CDO) on a weekly and monthly basis, including transactions effected pursuant to Securities Act Rule 144A, where the transaction value is \$1 million or more (calculated based upon original principal balance) and where there have been five or more transactions in the period.

(c) Transaction Information Not Disseminated

FINRA will not disseminate real-time information on a transaction in a TRACE-Eligible Security that is:

(1) through (3) No Change.

(4) a Securitized Product[, except:] that is a CMO, CMBS or CDO where the transaction value is \$1 million or more (calculated based upon original principal balance). Aggregated information on these transactions will be subject to periodic dissemination pursuant to paragraph (b) above.

[(A) an Agency Pass-Through Mortgage-Backed Security;]

[(B) an SBA-Backed ABS; and]

[(C) an Asset-Backed Security.]

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

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

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7730. Trade Reporting and Compliance Engine (TRACE)

(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”), Securitized Products (“SP Data Set”), and transactions in TRACE-Eligible Securities effected pursuant to Securities Act Rule 144A (“Rule 144A transactions”) (“Rule 144A Data Set”). The “SP Data Set” includes real-time TRACE transaction data and periodic aggregated transaction information for CMOs, CMBs or CDOs disseminated pursuant to Rule 6750(b). 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) through (2) No Change.

(d) through (e) No Change.

(f) Definitions

(1) through (3) No Change.

(4) “Historic TRACE Data” as used in Rule 7730 means historic transaction-level data with elements to be determined from time to time by FINRA in its discretion and as stated in a Regulatory Notice or other equivalent publication. Historic TRACE Data will be delayed a minimum of 18 months and will not include MPID information. Historic TRACE Data includes the following Data Sets:

(A) through (B) No Change.

(C) Historic SP Data Set – includes all historic transactions in Securitized Products as defined in Rule 6710(m) reported to TRACE, [if transactions in the type of Securitized Products are subject to real-time dissemination under Rule 6750,] but excludes historic Rule 144A transactions in Securitized Products; and

(D) Historic Rule 144A Data Set – includes all historic Rule 144A transactions reported to TRACE[, except transactions involving a type of TRACE-Eligible Security that is not subject to real-time dissemination under Rule 6750].

(g) No Change.