

Trade Reporting Notice

TRACE Reporting of OTC Transactions in Listed Bonds

FINRA is issuing this *Notice* to remind members of their TRACE reporting obligations with regard to over-the-counter transactions in TRACE-eligible securities that may also be listed on an exchange. Rule 6730 generally requires members to report to TRACE transactions in TRACE-eligible securities¹ within the period of time prescribed by the rule. Rule 6730(e) provides exceptions for certain transactions, including transactions in TRACE-eligible securities listed on an exchange. Specifically, Rule 6730(e)(2) excepts from the TRACE reporting requirements transactions that are listed on a national securities exchange, when such transactions are executed on and reported to the exchange and the transaction information is disseminated publicly. However, unless another exception is available, where these transactions occur over the counter, members are required to report these transactions to TRACE if the security involved meets the definition of “TRACE-Eligible Security.” We note that over-the-counter transactions in a non-U.S. dollar-denominated debt security that is listed on a national securities exchange are not reportable to TRACE because they are not within the scope of “TRACE-Eligible Security.”

Questions regarding adding a new security for TRACE reporting may be directed to FINRA Market Operations at (866) 776-0800. Legal or interpretive questions may be directed to Racquel Russell, Associate General Counsel, Office of General Counsel (OGC), at racquel.russell@finra.org or (202) 728-8363.

Endnotes

1. Rule 6710 (Definitions) provides that a “TRACE-Eligible Security” is a debt security that is United States (“U.S.”) dollar-denominated and is: (1) issued by a U.S. or foreign private issuer, and, if a “restricted security” as defined in Securities Act Rule 144(a)(3), sold pursuant to Securities Act Rule 144A; (2) issued or guaranteed by an Agency as defined in paragraph (k) or a Government-Sponsored Enterprise as defined in paragraph (n); or (3) a U.S. Treasury Security as defined in paragraph (p). “TRACE-Eligible Security” does not include a debt security that is issued by a foreign sovereign or a Money Market Instrument as defined in paragraph (o).

January 22, 2019

Key Topics

- ▶ Corporate Bonds
- ▶ Exchange-Listed Debt Securities
- ▶ TRACE Eligible Securities
- ▶ Trade Reporting and Compliance Engine (TRACE)

Referenced Rules

- ▶ FINRA Rule 6710
- ▶ FINRA Rule 6730

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