

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="32"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2014"/> - * <input type="text" value="039"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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Filing 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 type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" 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"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description

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

Proposed Rule Change to Delay the Implementation Date of the Trade Reporting Amendments Approved Pursuant to SR-FINRA-2013-050

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 action.

First Name * <input type="text" value="Lisa"/>	Last Name * <input type="text" value="Horrigan"/>
Title * <input type="text" value="Associate General Counsel"/>	
E-mail * <input type="text" value="lisa.horrigan@finra.org"/>	
Telephone * <input type="text" value="(202) 728-8190"/>	Fax <input type="text" value="(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.

(Title *)

Date <input type="text" value="09/24/2014"/>	<input type="text" value="Vice President and Director - Appellate Group"/>
By <input type="text" value="Alan Lawhead"/>	<input type="text" value="Alan Lawhead, alan.lawhead@finra.org"/>

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 EFFF website.

Form 19b-4 Information *

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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 *

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 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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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, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

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

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Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

1. Text of the 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 delay the implementation date of amendments to the trade reporting rules relating to the OTC Reporting Facility (“ORF”), the Alternative Display Facility (“ADF”) and the Trade Reporting Facilities (“TRFs”) approved pursuant to SR-FINRA-2013-050. The proposed rule change would not make any changes to FINRA rules.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

At its meeting on September 19, 2013, 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 has filed the proposed rule change for immediate effectiveness and has requested that the Commission waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing. The operative date will be the date of filing of the proposed rule change.

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

On November 12, 2013, FINRA filed proposed rule change SR-FINRA-2013-050 to amend FINRA rules governing the reporting of (i) over-the-counter (“OTC”) transactions in equity securities to the FINRA Facilities;² and (ii) orders in NMS stocks and OTC Equity Securities to the Order Audit Trail System (“OATS”). The proposed rule change, as amended,³ was approved by the Commission on February 27, 2014.⁴

In SR-FINRA-2013-050, FINRA proposed that the effective date of the proposed rule changes to the trade reporting rules would be no earlier than April 15, 2014, and no later than September 30, 2014, and the effective date of the proposed rule change to the OATS rules would be no later than 45 days after Commission approval. In Amendment No. 1, FINRA clarified that it would implement the amendments to the trade reporting rules in phases, with the amendments becoming operative for the ORF first (upon

² Specifically, the FINRA Facilities are the ADF and TRFs, to which members report OTC transactions in NMS stocks, as defined in SEC Rule 600(b) of Regulation NMS; and the ORF, to which members report transactions in “OTC Equity Securities,” as defined in FINRA Rule 6420 (i.e., non-NMS stocks such as OTC Bulletin Board and OTC Market securities), as well as transactions in Restricted Equity Securities, as defined in FINRA Rule 6420, effected pursuant to Securities Act Rule 144A.

³ On February 14, 2014, FINRA filed Amendment No. 1 to (1) address the comments the Commission received in response to the Federal Register publication and propose amendments, where appropriate; and (2) propose technical amendments to update cross-references and make other non-substantive changes to the ADF rules as a result of the approval of SR-FINRA-2013-053.

⁴ See Securities Exchange Act Release No. 71623 (February 27, 2014), 79 FR 12558 (March 5, 2014) (Order Granting Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1; File No. SR-FINRA-2013-050).

migration of the ORF to FINRA's multi-product platform ("MPP")) and for the ADF and TRFs at a subsequent date. As previously announced by FINRA, the amendments to the OATS rules became effective on April 7, 2014.⁵ FINRA also announced that the amendments to the ORF rules would be effective on September 15, 2014 (the date of migration to the MPP), the amendments to the ADF and TRF rules relating to millisecond reporting would be effective on September 29, 2014, and the remaining amendments to the ADF and TRF rules would be effective in the first quarter of 2015.⁶

By letter dated August 8, 2014, the Financial Information Forum ("FIF") formally requested a delay of migration of the ORF to the MPP and implementation of the amendments to the trade reporting rules approved pursuant to SR-FINRA-2013-050 until February 23, 2015, stating that firms need additional time to complete and test the systems changes. Firms have indicated that they do not believe they could meet a September 2014 implementation date, in light of the development efforts that the amendments will entail, as well as other development efforts currently underway.⁷

To accommodate this request and to provide additional time for firms to complete the necessary systems changes, FINRA is filing this proposed rule change to revise the

⁵ See March 21, 2014 OATS Report, "Firms Capturing Time in Milliseconds Required to Report to OATS in Milliseconds Beginning April 7, 2014."

⁶ See Regulatory Notice 14-21 (May 2014).

⁷ See letter dated August 8, 2014 from Manisha Kimmel, FIF, to Steve Joachim and Stephanie Dumont, FINRA ("FIF Letter"). By letter dated August 21, 2014, FINRA responded to the FIF Letter. See letter dated August 21, 2014 from Steven A. Joachim, FINRA, to Manisha Kimmel, FIF ("FINRA Response"). Copies of the FIF Letter and FINRA Response are attached to the proposed rule change as Exhibit 2.

time frame for implementation of the amendments to the trade reporting rules approved pursuant to SR-FINRA-2013-050.

In response to the FIF's request, FINRA believes a delay in the migration of the ORF to the MPP from September 15, 2014 to November 17, 2014 is appropriate.⁸ Accordingly, FINRA is proposing that the amendments to the ORF rules (i.e., Rules 6622 and 7330) approved pursuant to SR-FINRA-2013-050 be effective on November 17, 2014.

In addition, FINRA is proposing that the amendments to the ADF and TRF rules approved pursuant to SR-FINRA-2013-050 requiring firms to report time in milliseconds if their systems capture milliseconds⁹ be effective on November 10, 2014.

Finally, FINRA is proposing that the remaining amendments to the ADF and TRF trade reporting rules, as well as the technical and conforming amendments to the rules, approved pursuant to SR-FINRA-2013-050 be implemented no earlier than March 1, 2015 and no later than April 30, 2015. Specifically, the remaining amendments to the ADF and TRF rules (i) require firms to report an additional time field for Stop Stock transactions¹⁰ and transactions that reflect an execution price that is based on a prior

⁸ See "Revised Migration Date for New OTC Reporting Facility Technology Platform," available at www.finra.org/Industry/Compliance/MarketTransparency/ORF/Notices/P580334.

⁹ See Rules 6282.04, 6380A.04, 6380B.04, 7130.01, 7230A.01 and 7230B.01.

¹⁰ See paragraph (F) of Rules 6282(a)(4), 6380A(a)(5) and 6380B(a)(5).

"Stop stock transaction" means a transaction resulting from an order in which a firm and another party agree that the order will be executed at a stop stock price or better, which price is based upon the prices at which the security is trading at the time the firm receives the order. See Rules 6220, 6320A and 6320B.

reference point in time,¹¹ and when reporting block transactions using the exception for Intermarket Sweep Orders (ISOs) (outbound) under SEC Rule 611 of Regulation NMS, if the time the firm routed the ISOs is different from the execution time;¹² (ii) require firms to identify the original trade when reporting a reversal by including the control number and report date for the original trade report;¹³ (iii) require firms to report trades executed on non-business days and trades reported more than 365 days after trade date (T+365) to the ADF or a TRF (and not on “Form T” through FINRA’s Firm Gateway) and further to report non-business day trades on an “as/of” basis by 8:15 a.m. the next business day with the unique trade report modifier to denote their execution outside normal market hours;¹⁴ (iv) provide that where both sides are submitting a clearing-only report to effectuate a step-out, the member transferring out of the position must report a step-out and the member receiving the position must report a “step-in”;¹⁵ and (v) address the processing of trades that are submitted for clearing.¹⁶ In addition, SR-FINRA-2013-050 made a number of non-substantive technical and conforming changes to the ADF and TRF rules that were otherwise being amended. FINRA will announce the new effective dates for the amendments to the trade reporting rules approved under SR-FINRA-2013-050 in a Notice.

¹¹ See paragraph (G) of Rules 6282(a)(4), 6380A(a)(5) and 6380B(a)(5).

¹² See Rules 6282.03, 6380A.03 and 6380B.03.

¹³ See Rules 6282(g), 6380A(g) and 6380B(f).

¹⁴ See Rules 6282(a)(2), 6380A(a)(2) and 6380B(a)(2).

¹⁵ See Rules 7130(g), 7230A(i) and 7230B(h).

¹⁶ See Rules 7140, 7240A and 7240B.

As noted in Item 2 of this filing, FINRA has filed the proposed rule change for immediate effectiveness and has requested that the Commission waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing. The operative date will be the date of filing of the proposed rule change.

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,¹⁷ 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. FINRA believes the proposed rule change is consistent with the Act in that it provides firms additional time to complete the systems changes necessary to comply with SR-FINRA-2013-050, which amendments will, among other things, ensure a more accurate and complete audit trail, enable FINRA to recreate more accurately members' market activity and enhance FINRA's ability to surveil on an automated basis for compliance with FINRA trade reporting and other rules.

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 providing adequate time for firms to make the systems changes necessary to comply with SR-FINRA-2013-050 will benefit all interested parties.

¹⁷ 15 U.S.C. 78q-3(b)(6).

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

Copies of the FIF Letter and FINRA Response, which addresses the issues raised in the FIF Letter, are attached to this filing. In response to the FIF's request, as discussed above, FINRA has delayed migration of the ORF and is proposing to delay implementation of the trade reporting amendments approved under SR-FINRA-2013-050. FINRA believes that the revised implementation timeline set forth above will provide members additional time to make the necessary system changes while balancing the need to implement the amendments without undue delay.

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) or Section 19(b)(7)(D)**

The proposed rule change is effective upon filing pursuant to Section 19(b)(3) of the Act¹⁸ and paragraph (f)(6) of Rule 19b-4 thereunder,¹⁹ in that the proposed rule change does not significantly affect the protection of investors or the public interest; does not impose any significant burden on competition; and does not become operative for 30 days after filing or such shorter time as the Commission may designate. The proposed rule change solely modifies the implementation time frame set forth in a proposed rule change that has been approved by the Commission: SR-FINRA-2013-050.

FINRA requests that the Commission waive the requirement that the rule change, by its terms, not become operative for 30 days after the date of the filing as set forth in

¹⁸ 15 U.S.C. 78s(b)(3).

¹⁹ 17 CFR 240.19b-4(f)(6).

Rule 19b-4(f)(6)(iii),²⁰ so FINRA can implement the proposed rule change immediately. Immediate operation of the proposed rule change is necessary because the latest date permissible under SR-FINRA-2013-050 for implementation of the amendments approved thereunder is less than 30 days following the date of this filing; thus, waiver of the 30-day operative delay is necessary.

In accordance with Rule 19b-4(f)(6),²¹ FINRA submitted written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing, or such shorter time as the Commission may designate, as specified in Rule 19b-4(f)(6)(iii) under the Act.²²

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

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

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

²⁰ 17 CFR 240.19b-4(f)(6)(iii).

²¹ 17 CFR 240.19b-4(f)(6).

²² 17 CFR 240.19b-4(f)(6)(iii).

Exhibit 2. Letter dated August 8, 2014 from Manisha Kimmel, FIF, to Steve Joachim and Stephanie Dumont, FINRA; and letter dated August 21, 2014 from Steven A. Joachim, FINRA, to Manisha Kimmel, FIF.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-FINRA-2014-039)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Delay the Implementation Date of the Trade Reporting Amendments Approved Pursuant to SR-FINRA-2013-050

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. FINRA has designated the proposed rule change as constituting a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4 under the Act,³ which renders the proposal effective upon receipt of this filing by the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

FINRA is proposing to delay the implementation date of amendments to the trade reporting rules relating to the OTC Reporting Facility (“ORF”), the Alternative Display Facility (“ADF”) and the Trade Reporting Facilities (“TRFs”) approved pursuant to SR-

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6).

FINRA-2013-050. The proposed rule change would not make any changes to FINRA rules.

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

On November 12, 2013, FINRA filed proposed rule change SR-FINRA-2013-050 to amend FINRA rules governing the reporting of (i) over-the-counter ("OTC") transactions in equity securities to the FINRA Facilities;⁴ and (ii) orders in NMS stocks

⁴ Specifically, the FINRA Facilities are the ADF and TRFs, to which members report OTC transactions in NMS stocks, as defined in SEC Rule 600(b) of Regulation NMS; and the ORF, to which members report transactions in "OTC Equity Securities," as defined in FINRA Rule 6420 (i.e., non-NMS stocks such as OTC Bulletin Board and OTC Market securities), as well as transactions in Restricted Equity Securities, as defined in FINRA Rule 6420, effected pursuant to Securities Act Rule 144A.

and OTC Equity Securities to the Order Audit Trail System (“OATS”). The proposed rule change, as amended,⁵ was approved by the Commission on February 27, 2014.⁶

In SR-FINRA-2013-050, FINRA proposed that the effective date of the proposed rule changes to the trade reporting rules would be no earlier than April 15, 2014, and no later than September 30, 2014, and the effective date of the proposed rule change to the OATS rules would be no later than 45 days after Commission approval. In Amendment No. 1, FINRA clarified that it would implement the amendments to the trade reporting rules in phases, with the amendments becoming operative for the ORF first (upon migration of the ORF to FINRA’s multi-product platform (“MPP”)) and for the ADF and TRFs at a subsequent date. As previously announced by FINRA, the amendments to the OATS rules became effective on April 7, 2014.⁷ FINRA also announced that the amendments to the ORF rules would be effective on September 15, 2014 (the date of migration to the MPP), the amendments to the ADF and TRF rules relating to millisecond reporting would be effective on September 29, 2014, and the remaining amendments to the ADF and TRF rules would be effective in the first quarter of 2015.⁸

⁵ On February 14, 2014, FINRA filed Amendment No. 1 to (1) address the comments the Commission received in response to the Federal Register publication and propose amendments, where appropriate; and (2) propose technical amendments to update cross-references and make other non-substantive changes to the ADF rules as a result of the approval of SR-FINRA-2013-053.

⁶ See Securities Exchange Act Release No. 71623 (February 27, 2014), 79 FR 12558 (March 5, 2014) (Order Granting Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1; File No. SR-FINRA-2013-050).

⁷ See March 21, 2014 OATS Report, “Firms Capturing Time in Milliseconds Required to Report to OATS in Milliseconds Beginning April 7, 2014.”

⁸ See Regulatory Notice 14-21 (May 2014).

By letter dated August 8, 2014, the Financial Information Forum (“FIF”) formally requested a delay of migration of the ORF to the MPP and implementation of the amendments to the trade reporting rules approved pursuant to SR-FINRA-2013-050 until February 23, 2015, stating that firms need additional time to complete and test the systems changes. Firms have indicated that they do not believe they could meet a September 2014 implementation date, in light of the development efforts that the amendments will entail, as well as other development efforts currently underway.⁹

To accommodate this request and to provide additional time for firms to complete the necessary systems changes, FINRA is filing this proposed rule change to revise the time frame for implementation of the amendments to the trade reporting rules approved pursuant to SR-FINRA-2013-050.

In response to the FIF’s request, FINRA believes a delay in the migration of the ORF to the MPP from September 15, 2014 to November 17, 2014 is appropriate.¹⁰ Accordingly, FINRA is proposing that the amendments to the ORF rules (i.e., Rules 6622 and 7330) approved pursuant to SR-FINRA-2013-050 be effective on November 17, 2014.

⁹ See letter dated August 8, 2014 from Manisha Kimmel, FIF, to Steve Joachim and Stephanie Dumont, FINRA (“FIF Letter”). By letter dated August 21, 2014, FINRA responded to the FIF Letter. See letter dated August 21, 2014 from Steven Joachim, FINRA, to Manisha Kimmel, FIF (“FINRA Response”). Copies of the FIF Letter and FINRA Response are attached to the proposed rule change as Exhibit 2.

¹⁰ See “Revised Migration Date for New OTC Reporting Facility Technology Platform,” available at www.finra.org/Industry/Compliance/MarketTransparency/ORF/Notices/P580334.

In addition, FINRA is proposing that the amendments to the ADF and TRF rules approved pursuant to SR-FINRA-2013-050 requiring firms to report time in milliseconds if their systems capture milliseconds¹¹ be effective on November 10, 2014.

Finally, FINRA is proposing that the remaining amendments to the ADF and TRF trade reporting rules, as well as the technical and conforming amendments to the rules, approved pursuant to SR-FINRA-2013-050 be implemented no earlier than March 1, 2015 and no later than April 30, 2015. Specifically, the remaining amendments to the ADF and TRF rules (i) require firms to report an additional time field for Stop Stock transactions¹² and transactions that reflect an execution price that is based on a prior reference point in time,¹³ and when reporting block transactions using the exception for Intermarket Sweep Orders (ISOs) (outbound) under SEC Rule 611 of Regulation NMS, if the time the firm routed the ISOs is different from the execution time;¹⁴ (ii) require firms to identify the original trade when reporting a reversal by including the control number and report date for the original trade report;¹⁵ (iii) require firms to report trades executed on non-business days and trades reported more than 365 days after trade date (T+365) to the ADF or a TRF (and not on “Form T” through FINRA’s Firm Gateway) and further to

¹¹ See Rules 6282.04, 6380A.04, 6380B.04, 7130.01, 7230A.01 and 7230B.01.

¹² See paragraph (F) of Rules 6282(a)(4), 6380A(a)(5) and 6380B(a)(5).

“Stop stock transaction” means a transaction resulting from an order in which a firm and another party agree that the order will be executed at a stop stock price or better, which price is based upon the prices at which the security is trading at the time the firm receives the order. See Rules 6220, 6320A and 6320B.

¹³ See paragraph (G) of Rules 6282(a)(4), 6380A(a)(5) and 6380B(a)(5).

¹⁴ See Rules 6282.03, 6380A.03 and 6380B.03.

¹⁵ See Rules 6282(g), 6380A(g) and 6380B(f).

report non-business day trades on an “as/of” basis by 8:15 a.m. the next business day with the unique trade report modifier to denote their execution outside normal market hours;¹⁶ (iv) provide that where both sides are submitting a clearing-only report to effectuate a step-out, the member transferring out of the position must report a step-out and the member receiving the position must report a “step-in”;¹⁷ and (v) address the processing of trades that are submitted for clearing.¹⁸ In addition, SR-FINRA-2013-050 made a number of non-substantive technical and conforming changes to the ADF and TRF rules that were otherwise being amended. FINRA will announce the new effective dates for the amendments to the trade reporting rules approved under SR-FINRA-2013-050 in a Notice.

FINRA has filed the proposed rule change for immediate effectiveness and has requested that the Commission waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing. The operative date will be the date of filing of the proposed rule change.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,¹⁹ 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

¹⁶ See Rules 6282(a)(2), 6380A(a)(2) and 6380B(a)(2).

¹⁷ See Rules 7130(g), 7230A(i) and 7230B(h).

¹⁸ See Rules 7140, 7240A and 7240B.

¹⁹ 15 U.S.C. 78o-3(b)(6).

interest. FINRA believes the proposed rule change is consistent with the Act in that it provides firms additional time to complete the systems changes necessary to comply with SR-FINRA-2013-050, which amendments will, among other things, ensure a more accurate and complete audit trail, enable FINRA to recreate more accurately members' market activity and enhance FINRA's ability to surveil on an automated basis for compliance with FINRA trade reporting and other rules.

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 providing adequate time for firms to make the systems changes necessary to comply with SR-FINRA-2013-050 will benefit all interested parties.

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

Copies of the FIF Letter and FINRA Response, which addresses the issues raised in the FIF Letter, are attached to this filing. In response to the FIF's request, as discussed above, FINRA has delayed migration of the ORF and is proposing to delay implementation of the trade reporting amendments approved under SR-FINRA-2013-050. FINRA believes that the revised implementation timeline set forth above will provide members additional time to make the necessary system changes while balancing the need to implement the amendments without undue delay.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act²⁰ and Rule 19b-4(f)(6) thereunder.²¹

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.

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-2014-039 on the subject line.

²⁰ 15 U.S.C. 78s(b)(3)(A).

²¹ 17 CFR 240.19b-4(f)(6).

Paper Comments:

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

All submissions should refer to File Number SR-FINRA-2014-039. 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-2014-039 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.²²

Secretary

²² 17 CFR 200.30-3(a)(12).

FINANCIAL INFORMATION FORUM

5 Hanover Square
New York, New York 10004

212-422-8568

August 8, 2014

Stephanie Dumont
Senior Vice President and Director of Capital Markets Policy
FINRA
1735 K Street, NW
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Steve Joachim
Executive Vice President, Transparency Services
FINRA
1 Liberty Plaza
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New York, NY 10006

Re: ORF (OTC Reporting Facility) Migration & SR-FINRA-2013-050 Delay Request

Dear Ms. Dumont and Mr. Joachim,

The Financial Information Forum (FIF)¹ would like to formally request a delay of the ORF migration to February 23, 2015. Additionally, we would like to delay reporting obligations required pursuant to SR-FINRA-2013-050 as indicated in the table below in order to harmonize with the delay of the ORF migration. The following table outlines our delay request:

Requirement	Current Date	FIF Request
ORF Migration including trade reporting and market data related changes	Sep 15, 2014	Feb 23, 2015
SR-FINRA-2013-050: ORF amendments	Sep 15, 2014	Feb 23, 2015
SR-FINRA-2013-050 – OATS/TRF Matching to Execution Time to Millisecond Requirement	Sep 29, 2014	Feb 23, 2015
SR-FINRA-2013-050 – Remainder of the ADF/TRF related amendments	1Q2015	Feb 23, 2015, assuming specification availability by the end of August

Our concerns have deepened since our initial conversations on implementation timing as reflected in our current delay request. As described in more detail below, we believe that implementation concerns including bugs that continue to be uncovered during testing warrant the extension of the deadlines.

¹ FIF (www.fif.com) was formed in 1996 to provide a centralized source of information on the implementation issues that impact the financial technology industry across the order lifecycle. Our participants include trading and back office service bureaus, broker-dealers, market data vendors and exchanges. Through topic-oriented working groups, FIF participants focus on critical issues and productive solutions to technology developments, regulatory initiatives, and other industry changes.

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Issue: Frequent Changes to FINRA Test Environment Have Required Extensive Retesting

FIF members that have been active in testing have uncovered a number of bugs in the FINRA code including the following:

- Tag 572 missing on Reject Messages
- Receipt of two replies with the same sequence number and no PossDupFlag in response to heartbeat message
- Tag 58 erroneously included on ORAL messages
- Tag 22001 not populated on OREN messages as per the ORF FIX Spec
- Tag 22013 is being sent back on OREN messages even when not included on TCR messages
- Tag 31 repeated in ORAL messages
- Missing/Malformed ORMA messages sent to one side of the trade
- On OREN messages for step-outs, Tag 81 does not contain the original value sent
- Cancel/Break processing issues (resulted in July 11 specification change)
- Cancel request messages lacking proper tags
- As-Of trade erroneous rejects
- Invalid clearing number error on trades reported >T+365

While most of these bugs have been resolved relatively quickly, firms have been required to do frequent retesting in order to validate use cases. Firms have experienced different responses to the same test cases which is a cause for concern. It is worth noting that we are not aware of a bug fix log that is published to all testing participants so those firms that have not submitted bugs are not aware of changes made to the FINRA test environment.

Some of the bugs outlined above were identified this week. Given the uncertainty of the timing associated with achieving stable code in the test environment, we believe a significant delay is required. This will ensure that market participants and FINRA have sufficient time to test and that no further delays are required.

Additionally, we are aware of open issues that have yet to be addressed and merit additional discussion with FINRA including:

- The requirement to populate contra party capacity on No Clear reports where contra party capacity is not always known or required by FINRA rule
- Addressing the need for additional information on messages in order to process messages received out of sequence

Issue: Clearing Firm Functionality Not Available for Testing

It was only during testing that firms understood FINRA would not be allowing clearing firms the ability to accept/decline trades on behalf of their correspondents. Clearing firms consider this standard trade reporting functionality given that it has been available on the current platform for many years. It is our understanding that FINRA is currently developing this functionality for inclusion on their platform but it is not clear when the functionality will be available for testing or in production. Given the importance of this feature to clearing firms, we believe additional time would allow for an orderly rollout of this functionality in conjunction with the ORF migration.

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Issue: Additional Development Required Beyond Initial Expectations

As firms progressed through the implementation of the ORF migration, unexpected challenges emerged that required additional development at many firms. Factors contributing to the need for additional development included:

- Some firms decided to move from CTCL to the FIX implementation of ORF given functionality differences as it relates to outbound load balancing on CTCL.
- Some firms misinterpreted the ORF FIX specification confusing Party Role – Executing Firm with Executing Party as defined in FINRA Rule 6622(b).
- Addressing SR-FINRA-2013-050 requirements and other regulatory requirements in conjunction with ORF migration has been a challenge for some firms.
- Final specifications released in July have impacted some firm’s development and testing plans.

Many of those firms only started testing in July. Additional time for both ORF Migration and SR-FINRA-2013-050 will allow those firms to complete development and adequately test their systems. Additionally it is worth noting that many of the most significant participants in the OTC market also operate ATSS and are actively working to meet the November 10, 2014 effective date of the MPID amendments. Our delay request is set for February 23, 2015 in order to address other regulatory initiative deadlines as well as year-end code freezes.

Issue: Success of Weekend Testing in Jeopardy

We are concerned about the ability of significant industry participants to test in August 9 weekend testing. Several major players in the OTC markets have indicated that the first industry test they will be able to participate in will be the August 23 test. For those firms that rely on service bureaus, their ability to test may be even more limited. We are also concerned that FINRA has not coordinated with the NASDAQ ACT platform to ensure their availability for weekend testing. Participation of Nasdaq as part of weekend testing is essential to test the “decision tree” where trade reporting systems decide which reporting facility to send trades.

We believe FINRA should address testing from an OTC market perspective not simply an ORF platform perspective in a manner similar to other market-wide changes that occur in NMS securities. For example, FINRA could designate symbols for trading so that adequate quotation/ liquidity can be found for testing. Additionally, FINRA could coordinate with Nasdaq to ensure their participation in the test.

We believe additional time will allow for more robust testing with increased participation from relevant market participants. Without significant participation in production testing, it is uncertain what issues will emerge. Our delay request affords sufficient time to identify and address issues in production testing before the ORF migration goes live.

Issue: Additional Training and Explanatory Material Not Yet Available

FIF has asked FINRA to prepare a TRACS training webinar as well as update their FAQs and ORF checklist with additional information to assist the industry in the ORF migration. We believe additional time would allow FINRA to provide these additional training and explanatory materials which we believe will be extremely useful and help ensure a seamless migration.

Issue: Repapering Requirements Remain Unclear

While firms have spent a significant amount of time and effort on fulfilling the repapering requirements, questions still remain on the FPA and USA agreements. Recent conversations that firms have had with

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FINRA staff seem to indicate that firms are required to not only sign USA agreements with their clients but also to have their clients sign FPA agreements. It is important to note that issues with repapering have had a direct impact on the ability of firms to test because counterparties that have yet to sign an FPA are not eligible to test. We do not believe the entire OTC market will be repapered by August 15 and believe additional time is necessary to work through the repapering exercise.

Issue: Harmonizing SR-FINRA-2013-050 Effective Dates Would Minimize Disruption


We believe that the effective dates for SR-FINRA-2013-050 should be rationalized based on the new delayed ORF migration date. Specifically, we are recommending moving the multiple effective dates associated with SR-FINRA-2013-050 to a single implementation date of February 23, 2015. In order to achieve this date for the ADF and TRF amendments, specifications are needed by the end of August 2014. We believe that the implementation of these changes should be consistent across NMS and OTC equities to allow for a single rollout of changes to affected systems. We question the need for multiple code changes across systems especially given that trade and trade reporting systems typically cover both OTC and NMS equities. Allowing firms to introduce code changes at one time minimizes system risk and business disruption.

Issue: Clear Fallback Strategy Not Yet Published

With the industry's heightened focus on system integrity and market resiliency, we believe it is prudent to plan for all eventualities in order to ensure that OTC market trading is not impacted as a result of any issue with respect to the ORF migration. A clear fallback strategy has not yet been shared with industry participants. Additional time would allow for these plans to be published and vetted with the industry. FIF would also like to discuss risk mitigation strategies including the use of test symbols in production and phased implementation.

We urge FINRA to consider our delay request and respond before August 15. FIF members have expended significant resources on the ORF migration and are committed to working with FINRA to ensure a successful and seamless transition to the ORF platform. We believe a September 15, 2014 implementation date poses serious risks to the OTC markets. By taking the necessary time to achieve a stable test environment and other risk mitigation efforts, we believe the transition and impact on OTC markets will be minimal. Please contact me at 312-953-9228 or kimmel@fif.com if you have any questions.

Regards,



Manisha Kimmel
Managing Director
Financial Information Forum

cc: Richard G. Ketchum, Chairman and Chief Executive Officer
Steven J. Randich, Executive Vice President, Chief Information Officer
Lisa Horrigan, Associate General Counsel, Office of General Counsel
Christopher B. Stone, Vice President, Equity Business Products, Transparency Services
Andrew Kagan, Vice President, Participant Services, Transparency Services

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James R. Burns, Deputy Director, Division of Trading and Markets, Securities and Exchange Commission

David S. Shillman, Associate Director, Division of Trading and Markets, Securities and Exchange Commission



August 21, 2014

Manisha Kimmel
Managing Director
Financial Information Forum
5 Hanover Street
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Re: OTC Reporting Facility Migration & SR-FINRA-2013-050 Delay Request

Dear Ms. Kimmel:

Thank you for your letter of August 8, 2014, in which you request a delay of the OTC Reporting Facility (ORF) migration to FINRA's Multi-Product Platform (MPP). As discussed in detail below, we fully appreciate the issues raised in your letter and agree with your comments regarding the importance of sufficient lead time for a system migration of this magnitude. However, we do not believe a delay until the date you requested (February 23, 2015) is warranted.

Overall, we believe that many of the issues you discuss in your letter are related to technology "bugs" that are typically uncovered and resolved in the course of active industry participation in system testing. In our view, most of these issues would have been easily resolved in a timely fashion if member firms had begun actively testing on the schedule established by FINRA. As you know, the ORF test facility has been fully available to member firms since April 2014, but little testing was begun until July 2014.¹ In light of the successful ORF system tests that FINRA hosted on August 9th and August 16th, we believe that the industry engagement level in and focus on ORF migration is now sufficiently high to move forward to complete the migration. Moreover, the User Acceptance testing sessions conducted so far have been "clean" tests and no application bugs were detected. Thus, as noted, we do not believe that a delay is warranted; however, in an abundance of caution and as discussed below, FINRA will make a final ORF migration schedule change to November 17, 2014, but not beyond that date. Additionally, as noted below, the date for reporting time in milliseconds for NMS stocks traded OTC will remain September 29, 2014.

¹ The planned industry testing period was expanded to five months specifically at the request of FIF. FINRA also drafted a plan to allow for phased testing of components of ORF leading up to full system testing in order to isolate and debug portions of the application. FINRA staff contacted FIF during the April and May periods to express its concern that very few firms had tested or were prepared to test and to solicit FIF assistance with encouraging firms to test earlier.

Frequent Changes to FINRA Test Environment and Member Firm Retesting

You noted in your letter that member firm testing has resulted in the discovery of various “bugs” that have been quickly resolved, but have then required retesting by member firms. As discussed on FINRA industry wide calls regarding ORF migration, we have made the NASDAQ Test Facility (NTF) widely available to member firms at no charge since April 14, 2014 (Monday through Friday from 8 a.m. to 6 p.m.). We acknowledge that the bugs listed in your letter were detected in the course of testing, but as you acknowledged, all were resolved quickly. In addition, we acknowledge that there have been a few times when the test facility has not been available or participants have had difficulty testing. This is not unusual during any testing period, particularly one that requires availability of the environment over a five month period. While we have not offered a bug fix log, as requested for the first time in your letter, we do without fail inform firms that report bugs when they have been fixed. In our view, informing all firms of potential bugs and bug fixes would be a far less efficient and thorough approach than firms engaging in early and active testing (as planned by FINRA) and working through any issues that arise through that process. In addition, the bug fixes identified and resolved to date (*i.e.*, changes on the ORF system side and not related to input configurations) would not be relevant to any firms that have yet to come into the test facility because they did not require modifications to the specification or firm interfaces.

We also note that a key purpose of offering a robust test facility is to detect and resolve bugs. Thus, we do not believe these bug detections and fixes warrant a significant additional delay in the ORF migration schedule. As you know, there has already been an extremely long industry notice period for the ORF migration. We first announced the initial ORF migration date of August 5, 2013 on December 3, 2012. We received a list of concerns regarding ORF migration from FIF in February of 2013 and, as a result, on April 11, 2013, we allowed for the first ORF migration delay by setting a migration timeframe of first quarter 2014. On October 14, 2013, we announced yet another delay with a new ORF migration date of April 28, 2014, based primarily on continued concerns on the part of FIF. On January 21, 2014, we announced the third delay with a migration date of June 2, 2014. On March 25, 2014, we announced the “current” ORF migration launch date of September 15, 2014. In light of this long history of industry notice and the fact that a robust test facility has been readily available since April 14, 2014, we do not believe a launch date beyond November 17, 2014, is warranted. In addition, because some firms appear to be ready or nearing readiness, we do not believe that it is prudent to ask them to hold their interface ‘on the shelf’ for an extended period of time because that would potentially penalize those firms who have been diligent in their approach.

Clearing Firm Issues

You note in your letter that clearing firms only recently became aware of the fact that certain clearing firm risk management functionality (related to the ability to accept / decline correspondent trades) would not be offered in the new ORF. FINRA has made every effort to make it clear—throughout the migration communications process

beginning in the second half of 2012—that risk management functionality would not be offered in ORF post-migration. The features discussed in your letter are currently part of the NASDAQ ACT risk management product. If some clearing firms were not aware of that change in functionality until recently, it may have been caused by their not engaging in timely testing through the ORF test environment. Any firms that tested in a timely fashion that had a misimpression regarding this functionality would have discovered the change much earlier.

Nonetheless, in response to clearing firms' concerns, we immediately enhanced the system to have a "clearing view" feature. Only after the clearing view feature was added did some clearing firms assert (just last month) that an additional accept / decline feature is needed. Again, we quickly moved to include this additional functionality at the request of clearing firms and it is available for firm testing in the NTF environment beginning August 18, 2014.

Additional Development beyond Initial Expectations

You state in your letter that member firms have found they are being required to do more development work in support of the ORF migration than they had originally expected. At the outset of this process, FINRA staff clearly cautioned firms that this was not an "ACT migration," but an entirely new trade reporting system. In addition, FINRA staff has been actively involved in communicating with firms on a daily basis and FINRA has hosted four industry calls to help with development and other migration issues. These calls were hosted in November 2013, February 2014, April 2014 and July 2014 (we estimate that between 400 and 500 industry participants joined these calls). It is apparent that, despite our efforts, some firms may not have heeded the warning early enough and also may not have engaged in the testing process early enough to get an adequate understanding of the development work required for the migration. You also note in the letter that firms have their technology staff fully engaged with other industry initiatives, but based on the fact that we have already moved the ORF migration date multiple times, we do not find this argument persuasive. In our view, there is a full schedule of industry equity market technology initiatives that will likely stretch well into 2016 and, thus, we believe any further significant delays are not warranted or prudent.

Success of Weekend Tests

You discuss in your letter the concern that an insufficient number of member firms tested ORF functionality by the August 9 test date and that several major players in the OTC market will not be able to test with FINRA before the August 23 test date. On the weekend of August 9, 11 member firms with 11 different MPIDs participated in the ORF testing and these firms in aggregate represent approximately 40% of the total OTC Equity share volume traded on average. On the weekend of August 16, 10 member firms with 12 different MPIDs tested, including 8 MPIDs which had not previously tested on the weekend of August 9. Inclusive of both weekends, firms representing approximately 65% of the total OTC Equity average daily share volume participated in testing. No problems were encountered on the FINRA side of the interface and

although not all participants did comprehensive testing, both weekend tests indicated that those firms that made a timely effort to be ready could have been ready by September 15.

In addition, you comment that member firms need to conduct joint “decision tree” testing with both ACT and ORF on the MPP in operation to ensure that trades are being properly routed to the FINRA/NASDAQ TRF for NMS issues and to the ORF for OTC Equities. As you know, ACT is not a FINRA owned facility, and we do not control the NASDAQ ACT testing schedule. We understand, however, that ACT is available once each month for testing and there will be additional test dates that should allow firms to test their decision tree splitter for the FINRA/NASDAQ TRF and ORF simultaneously. Also, it is noteworthy that, to date, we have not received any feedback from firms on the industry calls (or otherwise) that ACT availability is a requirement for firms to thoroughly test their ORF functionality.

You also note that FINRA should designate specific symbols for testing. Our ORF system tests support the entire universe of ORF securities, and we avoided scripted testing to allow firms to exercise their environments based on their own tailored testing needs. If firms or vendors would like to focus on specific issues, they are free to do so.

Additional Training and Explanatory Material not yet Available

In your letter, you request that a “TRAQS” training webinar be scheduled. We have provided a TRAQS test website that has been available since April 2014, and on each of the last three industry calls, firms were informed that they should contact us for assistance on the TRAQS website if needed. Both the FINRA Product Management and Market Operations staffs have worked with numerous firms training on the TRAQS website, and our experience is that working with the firms directly has been more effective than a general webinar. We also note that on the last industry call on July 16, 2014, we conducted an extensive overview of the TRAQS web functionality, and that presentation remains available on demand on the FINRA website for firms to use as reference.

Repapering Requirements Unclear

Your letter states that some firms are still confused regarding the ORF migration repapering requirements. We have covered this issue at length on all four industry calls, and on-demand replay for each of the three most recent calls is available on the FINRA website. In addition, we have discussed this issue at length directly with the top 25 OTC Equity firms, e-mailed the Chief Compliance Officers of over 1,000 member firms that were named as a party to a trade on at least one ORF reported trade over the past year, and reviewed this requirement in detail at industry conferences. Thus, FINRA has made an extensive effort to convey to members what they need to know with regard to repapering requirements.

In short, all existing FINRA Uniform Service Agreements (USA) will be grandfathered and where a valid, executed USA is on file with FINRA, no additional repapering is

required. NASDAQ automatic give up (AGU) agreements will no longer be valid and a new FINRA USA must be executed for those relationships. All parties to the trade named on ORF trade reports must have a FINRA Participation Agreement (FPA) on file with FINRA.

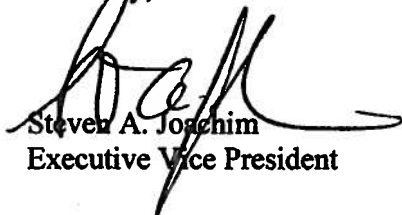
Harmonizing and Fallback Plan

In your letter, you assert that the rule amendments approved pursuant to proposed rule change SR-FINRA-2013-050 should be effective at the same time as the ORF migration roll out. The rule filing covers: (i) the implementation of an additional time field to capture relevant trade times (e.g., for prior reference price trades); (ii) the expressing of trade times in milliseconds; (iii) the linking of reversal reports to the original trades; (iv) the reporting of non-business day trades and T+365 trades; (v) the use of a “step-in” indicator; and (vi) the processing of certain trades submitted for clearing. All ORF-related rule amendments and technical system changes are scheduled to become effective upon ORF migration to the MPP, while the ADF and TRF millisecond reporting changes are scheduled to be implemented on September 29, 2014, and the remainder of the changes to the ADF and TRFs are scheduled to be implemented in the first quarter of 2015. In light of the regulatory focus on high frequency trading and the need for more granular trade processing information, we believe that implementation of the ADF and TRF millisecond reporting requirement should not be delayed, and those changes (and the remaining TRF and ADF changes) should remain on their current schedule as provided in *Regulatory Notice* 14-21. As noted above, we are willing to delay ORF migration until November 17, 2014, and as of that date, the amendments to the ORF rules approved under SR-FINRA-2013-050 will be effective.

You also note that you believe a fallback plan should be announced by FINRA in the event that the ORF migration experiences a complete failure. FINRA is taking all precautions necessary to ensure a smooth ORF system migration and is continuing to offer robust testing of the ORF facility leading up to the migration date. We have provided new Frequently Asked Questions (FAQs), available on the ORF migration page on FINRA.org, with contingency steps to be taken in the unlikely event of an ORF failure on the migration date.

Should you have any questions concerning this letter or otherwise please contact me at 212-858-5117.

Sincerely,



Steven A. Josephim
Executive Vice President

**Cc: Richard G. Ketchum, Chairman and Chief Executive Officer
Steven J. Randich, Executive Vice President, Chief Information Officer
Stephanie Dumont, Senior Vice President and Director of Capital Markets Policy
Lisa Horrigan, Associate General Counsel, Office of General Counsel
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