

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-80805; File No. SR-FINRA-2017-015)

May 30, 2017

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change to Amend FINRA Rule 7730 to Make Available a New End-of-Day TRACE Transaction File

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on May 18, 2017, Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

FINRA is proposing to amend FINRA Rule 7730 to make available a new End-of-Day TRACE Transaction File.

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

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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

Rule 7730 (Trade Reporting and Compliance Engine (TRACE)), among other things, sets forth the TRACE data products offered by FINRA in connection with TRACE-Eligible Securities.<sup>3</sup> FINRA is proposing to amend Rule 7730 to make available a new End-of-Day TRACE Transaction File to provide interested parties with a simpler means of receiving all of the transaction information disseminated each trading day as part of Real-Time TRACE transaction data.<sup>4</sup>

The data elements to be included in the proposed End-of-Day TRACE Transaction File would be the same as those disseminated in Real-Time TRACE transaction data, and the proposed End-of-Day TRACE Transaction File would be separately available for each data set for which Real-Time TRACE transaction data is available (i.e., the Corporate Bond Data Set,

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<sup>3</sup> Rule 6710 (Definitions) provides that a "TRACE-Eligible Security" is a debt security that is United States ("U.S.") dollar-denominated and 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; or is a debt security that is U.S. dollar-denominated and issued or guaranteed by an Agency as defined in paragraph (k) or a Government-Sponsored Enterprise as defined in paragraph (n); or 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).

<sup>4</sup> FINRA currently makes available a Real-Time TRACE transaction data product, which provides subscribers with access to all disseminated transactions as they are reported throughout the trading day. Real-time data is delivered via a NASDAQ Multicast feed. To receive the feed, firms must connect either directly to NASDAQ, via an extranet connection, or through a retransmission vendor. Some market participants have indicated that a simpler alternative that allows them to receive transaction information once a day in an end-of-day file would be useful.

Agency Data Set, SP Data Set, and Rule 144A Data Set). Subscribers to the End-of-Day TRACE Transaction File would access the product daily after the TRACE system closes.<sup>5</sup>

If the Commission approves the proposed rule change, FINRA will announce the effective date of the proposed rule change in a Regulatory Notice. The effective date will be no later than 365 days following SEC approval.

## 2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>6</sup> 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.

Pursuant to the proposal, FINRA would make available to subscribers an optional End-of-Day TRACE Transaction File that would include all transaction data disseminated that day as part of Real-Time TRACE transaction data for TRACE-Eligible Securities. FINRA believes that the proposed End-of-Day TRACE Transaction File provides a simpler alternative to the Real-Time TRACE transaction data product, which provides transparency information on the price and size of transactions in TRACE-Eligible Securities, and may be useful to interested parties that do not require intra-day, real-time transaction data on TRACE-Eligible Securities. Thus, FINRA believes that the proposed rule change is in the public interest and consistent with the Act.

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<sup>5</sup> FINRA intends to establish a fee for the End-of-Day TRACE Transaction File prior to the effective date of the instant proposed rule change. The fee will be established pursuant to a separate rule filing.

<sup>6</sup> 15 U.S.C. 78o-3(b)(6).

B. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change would result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Economic Impact Analysis

FINRA's existing Real-Time TRACE data product provides transaction data for the following Data Sets: Corporate Bond Data Set, Agency Data Set, SP Data Set, and Rule 144A Data Set. As detailed above, FINRA is proposing to create an End-of-Day TRACE Transaction File that would include all transaction data disseminated that day as part of Real-Time TRACE transaction data, and would be separately available for each data set for which Real-Time TRACE transaction data is available. The proposal to create an End-of-Day TRACE Transaction File would not impose any additional reporting requirements or costs on firms, and the purchase of TRACE data products would continue to be optional for market participants and others and, as a result, would have no direct impact on firms.

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

Written comments were neither solicited nor received.

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

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

- (A) by order approve or disapprove such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2017-015 on the subject line.

##### Paper Comments:

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

All submissions should refer to File Number SR-FINRA-2017-015. 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-2017-015 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.<sup>7</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>7</sup> 17 CFR 200.30-3(a)(12).