

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-82189; File No. SR-FINRA-2017-034)

November 30, 2017

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Trade Reporting Facility Limited Liability Company Agreements

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 November 21, 2017, Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“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 concerned solely with the administration of the self-regulatory organization under Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and Rule 19b-4(f)(3) thereunder,<sup>4</sup> 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 the Substance of the Proposed Rule Change

FINRA is proposing to make technical changes to FINRA’s Trade Reporting Facility limited liability company agreements, as they appear in the FINRA Manual, to reflect the second amendment and restatement of such agreements.

---

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

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

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>4</sup> 17 CFR 240.19b-4(f)(3).

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

The FINRA Trade Reporting Facilities ("TRFs") are facilities that FINRA members use to report over-the-counter ("OTC") transactions in NMS stocks in accordance with FINRA rules. There currently are two TRFs: the FINRA/Nasdaq TRF and the FINRA/NYSE TRF.<sup>5</sup> The operation of each TRF is governed by a Limited Liability Company Agreement (the "TRF LLC Agreement") between FINRA and the respective "Business Member," each of which is itself an affiliate of a self-regulatory organization ("SRO"). The TRF LLC Agreements, which were

---

<sup>5</sup> The establishment of each TRF was subject to a proposed rule change filed with the Commission. See Securities Exchange Act Release No. 54084 (June 30, 2006), 71 FR 38935 (July 10, 2006) (Order Approving File No. SR-NASD-2005-087); and Securities Exchange Act Release No. 55325 (February 21, 2007), 72 FR 8820 (February 27, 2007) (Notice of Filing and Immediate Effectiveness of File No. SR-NASD-2007-011).

submitted as part of the rule filings to establish the respective TRFs and were subsequently amended and restated,<sup>6</sup> appear in the FINRA Manual.

Under each TRF LLC Agreement, FINRA is the “SRO Member” and has sole regulatory responsibility for the TRF, including real-time monitoring and T+1 surveillance, development and enforcement of trade reporting rules and submission of proposed rule changes to the Commission. The Business Member under each TRF LLC Agreement is primarily responsible for the management of the TRF’s business affairs, which may not be conducted in a manner inconsistent with the regulatory and oversight functions of FINRA. Among other things, the Business Member establishes pricing for the TRF and is obligated to pay the cost of regulation and is entitled to the profits and losses, if any, derived from operation of the TRF. The Business Member also provides the “user facing” front-end technology used to operate the TRF and transmit in real time trade report data directly to the NMS securities information processors (“SIPs”) and to FINRA for audit trail purposes.

FINRA and the TRF Business Members recently executed second amended and restated TRF LLC Agreements to reflect the change in name of each Business Member. Specifically, the FINRA/Nasdaq TRF Business Member, formerly NASDAQ OMX Group, Inc., is now known as Nasdaq, Inc., and the FINRA/NYSE TRF Business Member, formerly NYSE Market, Inc., is now known as NYSE Market (DE), Inc.

As part of the second amended and restated TRF LLC Agreements, FINRA and the Business Members also updated the schedules relating to the respective TRF officers and directors. Schedule C of each TRF LLC Agreement is the management agreement that all TRF

---

<sup>6</sup> See Securities Exchange Act Release No. 62064 (May 10, 2010), 75 FR 27606 (May 17, 2010) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2010-020).

directors must sign.<sup>7</sup> Rather than reflect the executed version of the management agreement, Schedule C of each TRF LLC Agreement now reflects the form of management agreement only and new Schedule E of each TRF LLC Agreement specifically identifies the directors of the TRF (each of whom, as noted above, is required to sign the management agreement that appears at Schedule C). Schedule D of each TRF LLC Agreement identifies the officers of the TRF and was updated as part of the second amended and restated agreement. Also as part of the second amendment and restatement of the agreements, FINRA and the Business Members revised Section 27 of each TRF LLC Agreement to expressly provide that the parties may update Schedules D and E from time to time by notice, without also needing to amend and restate the TRF LLC Agreement.

FINRA is proposing to make technical changes to the TRF LLC Agreements, as they appear in the FINRA Manual, to reflect the second amended and restated TRF LLC Agreements.<sup>8</sup> The terms and conditions of the second amended and restated TRF LLC Agreements are identical to those of the first amended and restated TRF LLC Agreements.

In addition, because the parties may update Schedules D and E from time to time, without needing to also amend and restate the TRF LLC Agreements, FINRA is proposing to provide the current schedules—with the current lists of TRF officers and directors—on FINRA’s public website, rather than in the FINRA Manual.<sup>9</sup> FINRA believes that this would obviate the need to

---

<sup>7</sup> Pursuant to each TRF LLC Agreement, the TRF board of directors is comprised of three directors. The Business Member is entitled to designate two directors and the SRO Member is entitled to designate one director.

<sup>8</sup> FINRA also is proposing a conforming change to Rule 7640A(a) (Data Products Offered by NASDAQ) to reflect the change in name from The NASDAQ OMX Group, Inc. to Nasdaq, Inc.

<sup>9</sup> FINRA anticipates that the current schedules will be accessible from the TRF page of the FINRA public website: <http://www.finra.org/industry/trf>.

submit a proposed rule change each time there is a change in the officers or directors of the TRF. Thus, in lieu of reflecting the schedules themselves, the FINRA Manual will provide that FINRA maintains current Schedules D and E on its public website. FINRA will post the current Schedules D and E promptly upon the filing of the proposed rule change and going forward will promptly update its website to reflect any future updates to the Schedules.

Set forth in the table below is a current list of FINRA/Nasdaq TRF officers and directors, as reflected in Schedules D and E, respectively, of the FINRA/Nasdaq TRF LLC Agreement:

Officers of The FINRA/Nasdaq TRF LLC	
Name	Title
Paul Roland	President
Joan C. Conley	Secretary
Peter Strandell	Treasurer
Michael Caramico	Assistant Treasurer
Amy Kohn	Vice President
Directors of The FINRA/Nasdaq TRF LLC	
John Zecca (designated by the Business Member)	
Tal Cohen (designated by the Business Member)	
Thomas Gira (designated by the SRO Member)	

Set forth in the table below is a current list of FINRA/NYSE TRF officers and directors, as reflected in Schedules D and E, respectively, of the FINRA/NYSE TRF LLC Agreement:

Officers of The FINRA/NYSE TRF LLC	
Name	Title
Robert Hill	President
Scott Hill	Chief Financial Officer
Doug Foley	Senior Vice President
Karen Lorentz	Vice President
Martin Hunter	Senior Vice President, Tax & Treasury
Elizabeth King	General Counsel & Secretary
Martha Redding	Assistant Secretary
Andrew Surdykowski	Assistant Secretary
Sandra Kerr	Senior Tax Director
David Nevin	Senior Treasury Director
Directors of The FINRA/NYSE TRF LLC	

Paul Adcock (designated by the Business Member)
Robert Hill (designated by the Business Member)
Thomas Gira (designated by the SRO Member)

As noted above, current Schedules D and E will be posted on FINRA's public website and will not appear in the FINRA Manual. Going forward, changes to these schedules will only be reflected on FINRA's public website.

FINRA has filed the proposed rule change for immediate effectiveness. The effective date will be the date of filing

## 2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>10</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. FINRA believes that the proposed rule change will enhance the information available to members and the public regarding FINRA's TRF LLC Agreements in that the current agreements will be reflected in the FINRA manual and updated Schedules D and E will be readily available on FINRA's public website. Thus, the proposed rule change will ensure that the most current information regarding the TRF LLC Agreements will be readily available to members and the public.

### 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. The proposed rule change makes technical changes to the TRF LLC Agreements, as they appear in the FINRA Manual, to reflect the second amended and restated agreements executed by the

---

<sup>10</sup> 15 U.S.C. 78o-3(b)(6).

parties. The terms and conditions of the TRF LLC Agreements have not changed. Accordingly, FINRA does not believe that there are any material economic impacts associated with the proposed rule change.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>11</sup> and paragraph (f)(3) of Rule 19b-4 thereunder.<sup>12</sup> 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](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2017-034 on the subject line.

---

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(3).

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-2017-034. 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, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of FINRA. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to



make available publicly. All submissions should refer to File Number SR-FINRA-2017-034, 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>13</sup>

Eduardo A. Aleman  
Assistant Secretary

---

<sup>13</sup> 17 CFR 200.30-3(a)(12).