

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-81114; File No. SR-FINRA-2017-015)

July 11, 2017

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Granting Approval of Proposed Rule Change to Make Available a New End-of-Day TRACE Transaction File

I. Introduction

On May 18, 2017, the Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to amend FINRA Rule 7730 (Trade Reporting and Compliance Engine (“TRACE”)) to make available a new End-of Day (“EOD”) TRACE Transaction File. The proposed rule change was published for comment in the Federal Register on May 30, 2017.³ The Commission did not receive any comments on the proposal. As discussed below, the Commission is approving the proposed rule change.

II. Description of the Proposal

FINRA Rule 7730, among other things, sets forth the TRACE data products offered by FINRA. FINRA has proposed to amend Rule 7730 to make available a new EOD TRACE Transaction File to provide interested parties with an alternative means of receiving the transaction information disseminated each trading day as part of Real-Time TRACE transaction

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 80805 (May 18, 2017), 82 FR 25862 (May 30, 2017) (“Notice”).

data product.⁴ FINRA stated in the Notice that some market participants had indicated that a simpler alternative that allows them to receive transaction information once a day in an EOD file would be useful.

The proposed EOD TRACE Transaction File would include the same data elements that are currently disseminated in the Real-Time TRACE transaction data product. The proposed EOD TRACE Transaction File would also be separately available for each data set for which Real-Time TRACE transaction data is available (i.e., the Corporate Bond Data Set, Agency Data Set, Securitized Product Data Set, and Rule 144A Data Set). Subscribers to the EOD TRACE Transaction File would access the product daily after the TRACE system closes.

FINRA stated that it 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 the Commission's approval. FINRA stated in the Notice that it intends to establish a fee for the EOD product before the effective date of this proposed rule change. The fee will be established pursuant to a separate rule filing.

III. Discussion

After careful consideration, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities association.⁵ In particular, the Commission finds that the proposed rule change is consistent with Section 15A(b)(6) of the Act,⁶ which requires, among other things, that

⁴ 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.

⁵ In approving this proposed rule change, the Commission has considered the proposed rule change's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

⁶ 15 U.S.C. 78o-3(b)(6).

FINRA rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. The Commission notes that the new EOD product does not require member firms to provide FINRA with any additional data, and subscription to the product is optional. The new product will include the same data elements that FINRA already disseminates in its Real-Time TRACE transaction data product and is a reasonable accommodation to market participants who may wish to obtain the same data in an EOD file.

IV. Conclusion

IT IS THEREFORE ORDERED pursuant to Section 19(b)(2) of the Act⁷ that the proposed rule change (SR-FINRA-2017-015) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁸

Jill M. Peterson
Assistant Secretary

⁷ 15 U.S.C. 78s(b)(2).

⁸ 17 CFR 200.30-3(a)(12).