

# 6110. Trading Otherwise than on an Exchange

The Rule

Notices

(a) Members are required to report transactions in NMS stocks, as defined in Rule 600(b)(47) of SEC Regulation NMS, effected otherwise than on or through a national securities exchange to FINRA. For purposes of the Rule 6100 Series, "otherwise than on an exchange" means a trade effected by a FINRA member otherwise than on or through a national securities exchange. The determination of what constitutes a trade "on or through" a particular national securities exchange shall be determined by that exchange in accordance with all applicable statutes, rules and regulations, and with any necessary SEC approval.

(b) Trading Information for OTC Transactions in NMS Stocks Executed Outside of Alternative Trading Systems

(1) FINRA will publish on its public web site the Trading Information for each member with the trade reporting obligation under Rules 6282(b), 6380A(b) and 6380B(b) on the following timeframes:

(A) no earlier than two weeks following the end of the Trading Information week, aggregate weekly Trading Information regarding NMS stocks in Tier 1 of the NMS Plan to Address Extraordinary Market Volatility;

(B) no earlier than four weeks following the end of the Trading Information week, aggregate weekly Trading Information regarding NMS stocks that are subject to FINRA trade reporting requirements and are not in Tier 1 of the NMS Plan to Address Extraordinary Market Volatility; and

(C) no earlier than one month following the end of the Trading Information month, aggregate volume totals across all NMS stocks.

(2) Published Trading Information will be presented on FINRA's web site as follows:

(A) Trading Information will be aggregated for all Market Participant Identifiers (MPIDs) used by a single member (excluding, if applicable, any MPIDs used by the member for reporting trades executed in its alternative trading system).

(B) Trading Information by security will be aggregated for members that have executed on average fewer than 200 transactions per day in the security during the applicable Trading Information period.

(3) FINRA will publish on its public web site monthly aggregate block trading statistics, with elements to be determined from time to time by FINRA in its discretion as stated in a Regulatory Notice or other equivalent publication, for each member with the trade reporting obligation under Rules 6282(b), 6380A(b) and 6380B(b). For each member, such block trading statistics shall be aggregated for all MPIDs used by the member (excluding, if applicable, any MPIDs used by the member for reporting trades executed in its alternative trading system), be aggregated across all NMS stocks, be for a minimum time period of one month of trading, and be published no earlier than one month following the end of the month for which trading was aggregated.

(4) For purposes of this paragraph (b), "Trading Information" includes:

(A) the number of shares of an NMS stock executed by the member with the trade reporting obligation under Rules 6282(b), 6380A(b) and 6380B(b) and reported to FINRA; and

(B) the number of trades in an NMS stock executed by the member with the trade reporting obligation under Rules 6282(b), 6380A(b) and 6380B(b) and reported to FINRA.

"Trading Information" for purposes of this paragraph (b) shall not include any ATS Trading Information, as that term is defined in paragraph (c)(3).

(c) Trading Information for OTC Transactions in NMS Stocks Executed on Alternative Trading Systems

(1) FINRA will publish on its public web site the aggregate weekly ATS Trading Information for each ATS with the trade reporting obligation under Rules 6282(b), 6380A(b) and 6380B(b) on the following timeframes:

(A) no earlier than two weeks following the end of the ATS Trading Information week, aggregate weekly ATS Trading Information regarding NMS stocks in Tier 1 of the NMS Plan to Address Extraordinary Market Volatility; and

(B) no earlier than four weeks following the end of the ATS Trading Information week, aggregate weekly ATS Trading Information regarding NMS stocks that are subject to FINRA trade reporting requirements and are not in Tier 1 of the NMS Plan to Address Extraordinary Market Volatility.

(2) FINRA will publish on its public web site monthly aggregate ATS block trading statistics, with elements to be determined from time to time by FINRA in its discretion as stated in a Regulatory Notice or other equivalent publication, for each ATS with the trade reporting obligation under Rules 6282(b), 6380A(b) and 6380B(b). For each ATS, such block trading statistics shall be aggregated across all NMS stocks, be for a minimum time period of one month

of trading, and be published no earlier than one month following the end of the month for which trading was aggregated.

(3) For purposes of this paragraph (c):

(A) "ATS" has the same meaning as the term "alternative trading system" as that term is defined in Rule 300 of SEC Regulation ATS; and

(B) "ATS Trading Information" includes:

(i) the number of shares of an NMS stock executed on an ATS with the trade reporting obligation under Rules 6282(b), 6380A(b) and 6380B(b) and reported to FINRA; and

(ii) the number of trades in an NMS stock executed on an ATS with the trade reporting obligation under Rules 6282(b), 6380A(b) and 6380B(b) and reported to FINRA.

Amended by SR-FINRA-2019-019 eff. Dec. 2, 2019.

Amended by SR-FINRA-2016-002 eff. Oct. 3, 2016.

Amended by SR-FINRA-2015-020 and SR-FINRA-2016-002 eff. Apr. 2, 2016.

Amended by SR-FINRA-2016-002 eff. Feb. 9, 2016.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.

Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.

**Selected Notices:** 08-57, 15-48, 16-14, 19-29.

# 6120. Trading Halts

## **(a) Authority to Initiate Halts In Trading Otherwise Than on an Exchange in NMS Stocks and Facility Closures**

FINRA, pursuant to the procedures set forth in paragraph (b):

(1) shall halt trading otherwise than on an exchange in any NMS stock, as defined in Rule 600(b)(55) of SEC Regulation NMS, whenever a Primary Listing Market declares a Regulatory Halt in the security.

(2) shall halt trading otherwise than on an exchange in any NMS stock when:

(A) extraordinary market activity in the security is occurring that has a severe and continuing negative impact, on a market-wide basis, on quoting, order, or trading activity or on the availability of market information necessary to maintain a fair and orderly market. For purposes of this paragraph, a severe and continuing negative impact on quoting, order, or trading activity includes (i) a series of quotes, orders, or transactions at prices substantially unrelated to the current market for the security or securities; (ii) duplicative or erroneous quoting, order, trade reporting, or other related message traffic between one or more Trading Centers or members; or (iii) the unavailability of quoting, order, transaction information, or regulatory messages for a sustained period; and

(B)

(i) FINRA determines that such extraordinary market activity is caused by the disruption or malfunction of an electronic quotation, communication, reporting, or execution system operated by, or linked to, FINRA or a FINRA member; or

(ii) After consultation with a national securities exchange trading the security, FINRA determines that such extraordinary market activity is caused by the disruption or malfunction of an electronic quotation, communication, reporting, or execution system operated by, or linked to, such national securities exchange or a member of such exchange.

(3) shall, in its discretion, close the Alternative Display Facility (ADF) or any Trade Reporting Facility (TRF) to quotation and/or trade reporting activity, as applicable, whenever the ADF or such TRF is unable to accept quotes or trade reports from participants or transmit real-time quotation or trade reporting information to the applicable Processor or in the event of any other internal or external systems issue that causes a severe and continuing negative impact on the proper functioning of the facility. If the ADF or any TRF closes to quoting or trading pursuant

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to this subparagraph (3), members would not be prohibited from quoting or trading through other markets for which quoting or trading is not halted.

Members shall promptly notify FINRA whenever they have knowledge of any matter related to an NMS stock or the issuer thereof that has not been adequately disclosed to the public or where they have knowledge of a regulatory problem relating to such security.

### **(b) Commencement and Termination of a Trading Halt or Facility Closure**

(1) Regulatory Halts. In the case of a Regulatory Halt, the start time of the trading halt shall be when the Primary Listing Market declares the Regulatory Halt, regardless of whether an issue with communications impacts the dissemination of the notice. Unless otherwise specified in Rule 6121, trading shall resume upon notice from the Primary Listing Market that the Regulatory Halt has been terminated or at the SIP Halt Resume Time specified in such notice, as applicable.

(2) FINRA Halts and Closures. In the event FINRA determines that a basis exists under this Rule 6120 to initiate a trading halt or close the ADF or any TRF, the commencement of the trading halt or closure will be effective simultaneously with appropriate notice from FINRA, and the halt or closure will terminate upon appropriate notice from FINRA that the trading halt or closure is no longer in effect.

### **(c) Definitions**

For purposes of this Rule 6120, the following terms shall have the meanings as set forth in the NMS Plan of the applicable Securities Information Processor: "Primary Listing Market," "Processor," "Regulatory Halt," "SIP Halt Resume Time" and "Trading Center."

Amended by SR-FINRA-2022-016 eff. July 22, 2022.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2006-104 eff. March 5, 2007.  
Amended by SR-NASD-2006-087 eff. Aug. 1, 2006.  
Adopted by SR-NASD-2005-087 eff. Aug. 1, 2006.

**Selected Notice:** [08-57](#).

# 6121. Trading Halts Due to Extraordinary Market Volatility

The Rule

Notices

Pursuant to the procedures set forth in [Rule 6120\(b\)](#), FINRA shall halt all trading otherwise than on an exchange in any NMS stock, as defined in Rule 600(b)(55) of SEC Regulation NMS, if other major securities markets initiate market-wide trading halts in response to their rules or extraordinary market conditions or if otherwise directed by the SEC. Members must halt quoting and trading otherwise than on an exchange in any NMS stock as of the time the market-wide trading halt is publicly disseminated.

## ••• Supplementary Material: -----

### **.01 Resumption of Trading in Securities Subject to the Regulation NMS Plan to Address Extraordinary Market Volatility**

The Regulation NMS Plan to Address Extraordinary Market Volatility (Plan) sets forth the circumstances under which the Primary Listing Exchange shall declare a Trading Pause for an NMS Stock. The Plan expressly provides that no trades in an NMS Stock shall occur during a Trading Pause. The Plan also sets forth the circumstances under which trading in an NMS Stock can resume after a Trading Pause.

(a) A member may not resume trading otherwise than on an exchange following a Trading Pause or Regulatory Halt in an NMS Stock that is subject to the Plan unless trading has commenced on the Primary Listing Exchange and either:

(1) the member has received the Price Bands from the Processor; or

(2) if the Processor has not yet disseminated Price Bands, but a Reference Price is available, the member calculates and applies Price Bands based on the same Reference Price that the Processor would use for calculating such Price Bands until such member receives Price Bands from the Processor, consistent with Section V(A)(1) of the Plan.

(b) Notwithstanding paragraph (a) above, a member may resume trading otherwise than on an exchange in such NMS Stock if the Primary Listing Exchange notifies the Processor that it is unable to reopen an NMS Stock due to a systems or technology issue, or if the Primary Listing Exchange reopens trading with a quotation that has a zero bid or zero offer, or both, and:

(1) the member has received the Price Bands from the Processor; and

(c) For purposes of this Supplementary Material .01, the following terms shall have the meanings as set forth in the Regulation NMS Plan to Address Extraordinary Market Volatility: "NMS Stock," "Price Bands," "Primary Listing Exchange," "Processor," "Regulatory Halt," "Reference Price" and "Trading Pause."

## **.02 Market-wide Circuit Breakers in NMS Stocks**

(a) In the event of a Level 1, Level 2 or Level 3 Market Decline, as determined by a primary listing market and publicly disseminated, FINRA shall halt trading otherwise than on an exchange in all NMS stocks and shall not permit the resumption of trading for the time periods specified by the primary listing market, except as otherwise provided below.

(b) For purposes of this Rule, a Market Decline means a decline in the value of the S&P 500® Index between 9:30 a.m. and 4:00 p.m. on a trading day as compared to the closing value of the S&P 500® Index for the immediately preceding trading day.

(c) (1) If trading is halted in all NMS stocks for a Level 1 or a Level 2 Market Decline, FINRA will halt trading otherwise than on an exchange in all NMS stocks until trading has resumed on the primary listing market. If, however, the primary listing market does not reopen a security within 15 minutes following the end of the 15-minute halt period, FINRA may permit the resumption of trading otherwise than on an exchange in that security if trading in the security has commenced on at least one other national securities exchange.

(2) If a Level 3 Market Decline occurs at any time during the trading day, FINRA shall halt trading otherwise than on an exchange in all NMS stocks for the remainder of the trading day.

(d) Market-Wide Circuit Breaker ("MWCB") Testing.

(1) FINRA will participate in all industry-wide tests of the MWCB mechanism. Members designated pursuant to Rule 4380 with respect to a FINRA Trade Reporting Facility (TRF) or the Alternative Display Facility (ADF) to participate in FINRA's periodic, scheduled testing of their business continuity and disaster recovery (BC/DR) plans are required to participate in at least one industry-wide MWCB test each year and to verify their participation in that test by attesting that they are able to or have attempted to:

(A) receive and process MWCB halt messages from the securities information processors ("SIPs");

(B) receive and process resume messages from the SIPs following a MWCB halt;

(C) receive and process market data from the SIPs relevant to MWCB halts; and

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(D) send quotes, trades or both, as applicable, to the facility or facilities for which the member has been designated pursuant to Rule 4380 following a Level 1 or Level 2 MWCB halt in a manner consistent with their usual trading behavior.

(2) To the extent that a member participating in a MWCB test is unable to receive and process any of the messages identified in paragraph (d)(1)(A) through (D) of this Supplementary Material .02, its attestation should notify FINRA which messages it was unable to process and, if known, why.

(3) Members not designated pursuant to Rule 4380 are permitted to participate in any MWCB test.

(e) In the event that a halt is triggered under this Supplementary Material .02 following a Level 1, Level 2, or Level 3 Market Decline, FINRA, together with other SROs and industry representatives (the "MWCB Working Group"), will review such event. The MWCB Working Group will prepare a report that documents its analysis and recommendations and will provide that report to the SEC within six months of the event.

(f) In the event that there is (1) a Market Decline of more than five percent, or (2) an SRO implements a rule that changes its reopening process following a MWCB Halt, FINRA, together with the MWCB Working Group, will review such event and consider whether any modifications should be made to this Supplementary Material .02. If the MWCB Working Group recommends that a modification should be made to this Supplementary Material .02, the MWCB Working Group will prepare a report that documents its analysis and recommendations and provide that report to the SEC.

Amended by SR-FINRA-2022-010 eff. Apr. 12, 2022.  
Amended by SR-FINRA-2022-005 eff. Mar. 10, 2022.  
Amended by SR-FINRA-2021-027 eff. Oct. 7, 2021.  
Amended by SR-FINRA-2020-033 eff. Oct. 8, 2020  
Amended by SR-FINRA-2020-009 eff. Mar. 20, 2020  
Amended by SR-FINRA-2019-023 eff. Sept. 19, 2019  
Amended by SR-FINRA-2019-013 eff. Apr. 11, 2019.  
Amended by SR-FINRA-2019-010 eff. Apr. 5, 2019.  
Amended by SR-FINRA-2017-031 eff. Nov. 20, 2017.  
Amended by SR-FINRA-2016-028 and SR-FINRA-2016-034 eff. Oct. 24, 2016.  
Amended by SR-FINRA-2013-016 eff. Apr. 8, 2013.  
Amended by SR-FINRA-2011-054 and SR-FINRA-2013-011 eff. Apr. 8, 2013.  
Amended by SR-FINRA-2013-010 eff. Feb. 1, 2013.  
Amended by SR-FINRA-2012-037 eff. July 23, 2012.  
Amended by SR-FINRA-2012-006 eff. Jan. 24, 2012.  
Amended by SR-FINRA-2011-068 eff. Nov. 21, 2011.  
Amended by SR-FINRA-2011-023 eff. Aug. 8, 2011.  
Amended by SR-FINRA-2011-038 eff. Aug. 5, 2011.  
Amended by SR-FINRA-2011-015 eff. Mar. 30, 2011.  
Amended by SR-FINRA-2010-064 eff. Dec. 7, 2010.  
Amended by SR-FINRA-2010-033 eff. Sept. 14, 2010.



Amended by SR-FINRA-2010-025 eff. June 10, 2010.

Adopted by SR-FINRA-2008-048 eff. Oct. 7, 2008.

**Selected Notices:** [10-30](#), [10-43](#), [13-12](#), [16-26](#).

# 6130. Transactions Related to Initial Public Offerings

The Rule

Notices

(a) No member or person associated with a member shall execute or cause to be executed, directly or indirectly, a transaction otherwise than on an exchange in a security subject to an initial public offering until such security has first opened for trading on the national securities exchange listing the security, as indicated by the dissemination of an opening transaction in the security by the listing exchange.

(b) A security is subject to an "initial public offering" for purposes of paragraph (a) of this Rule if:

(1) the offering of the security is registered under the Securities Act; and

(2) the issuer of the security, immediately prior to filing the registration statement with respect to such offering, was not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act.

Amended by SR-FINRA-2011-024 eff. June 17, 2011.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2006-087 eff. Aug. 1, 2006  
Adopted by SR-NASD-2005-087 eff. Aug. 1, 2006.

**Selected Notice:** 08-57.

# 6140. Other Trading Practices

The Rules

Notices

(a) No member shall execute or cause to be executed or participate in an account for which there are executed purchases of any NMS stock as defined in Rule 600(b)(47) of SEC Regulation NMS ("designated security") at successively higher prices, or sales of any such security at successively lower prices, for the purpose of creating or inducing a false, misleading or artificial appearance of activity in such security or for the purpose of unduly or improperly influencing the market price for such security or for the purpose of establishing a price which does not reflect the true state of the market in such security.

(b) No member shall, for the purpose of creating or inducing a false or misleading appearance of activity in a designated security or creating or inducing a false or misleading appearance with respect to the market in such security:

(1) execute any transaction in such security which involves no change in the beneficial ownership thereof; or

(2) enter any order or orders for the purchase of such security with the knowledge that an order or orders of substantially the same size, and at substantially the same price, for the sale of any such security, has been or will be entered by or for the same or different parties; or

(3) enter any order or orders for the sale of any such security with the knowledge that an order or orders of substantially the same size, and at substantially the same price, for the purchase of such security, has been or will be entered by or for the same or different parties.

(c) No member shall execute purchases or sales of any designated security for any account in which such member is directly or indirectly interested, which purchases or sales are excessive in view of the member's financial resources or in view of the market for such security.

(d) No member shall participate or have any interest, directly or indirectly, in the profits of a manipulative operation or knowingly manage or finance a manipulative operation.

(1) Any pool, syndicate or joint account organized or used intentionally for the purpose of unfairly influencing the market price of a designated security shall be deemed to be a manipulative operation.

(2) The solicitation of subscriptions to or the acceptance of discretionary orders from any such pool, syndicate or joint account shall be deemed to be managing a manipulative operation.

(3) The carrying on margin of a position in such securities or the advancing of credit through loans to any such pool, syndicate or joint account shall be deemed to be financing a manipulative operation.

(e) No member shall make any statement or circulate and disseminate any information concerning any designated security which such member knows or has reasonable grounds for believing is false or misleading or would improperly influence the market price of such security.

(f) No member or person associated with a member shall, directly or indirectly, hold any interest or participation in any joint account for buying or selling a designated security, unless such joint account is promptly reported to FINRA. The report should contain the following information for each account:

- (1) Name of the account, with names of all participants and their respective interests in profits and losses;
- (2) a statement regarding the purpose of the account;
- (3) name of the member carrying and clearing the account; and
- (4) a copy of any written agreement or instrument relating to the account.

(g) No member shall offer that a transaction or transactions to buy or sell a designated security will influence the closing transaction in that security.

Amended by SR-FINRA-2012-026 and SR-FINRA-2013-004 eff. March 4, 2013.

Amended by SR-FINRA-2012-027 eff. July 9, 2012.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.

Adopted by SR-NASD-2006-104 eff. Feb. 12, 2007.

**Selected Notice:** 08-57, 12-50.

## 6150. Obligation to Provide Information

(a) A FINRA member operating in or participating in any FINRA system or facility shall provide information orally, in writing, or electronically (if such information is, or is required to be, maintained in electronic form) to the staff of FINRA when FINRA staff makes an oral, written or electronically communicated request for information relating to a specific FINRA rule, SEC rule, or provision of a joint industry plan (e.g., UTP, CTA and CQA) (as promulgated and amended from time to time).

(b) A failure to comply in a timely, truthful and/or complete manner with a request for information made pursuant to this Rule may be deemed conduct inconsistent with just and equitable principles of trade.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Adopted by SR-NASD-2006-104 eff. Feb. 12, 2007.

**Selected Notice:** 08-57.

# 6151. Disclosure of Order Routing Information for NMS Securities

This version of the rule (or interpretive material) does not become effective until Jun 30, 2024.  
To view other versions open the versions dropdown on the right.

Every member that is required to publish a report pursuant to Rule 606(a) of SEC Regulation NMS shall provide the report to FINRA, in the manner prescribed by FINRA, within the same time and in the same formats that such report is required to be made publicly available pursuant to Rule 606(a). FINRA will publish such reports on its public website.

Adopted by SR-FINRA-2022-031 eff. June 30, 2024.

**Selected Notices:** [24-05](#).

# 6160. Multiple MPIDs for Trade Reporting Facility Participants

The Rule

Notices

(a) Any Trade Reporting Facility Participant that is required to obtain, or otherwise wishes to use, more than one Market Participant Symbol ("MPID") for purposes of reporting trades to a Trade Reporting Facility must submit a written request, in the form required by FINRA, to, and obtain approval from, FINRA Market Operations for such additional MPID(s).

(b) A Trade Reporting Facility Participant that posts a quotation on a FINRA system and reports to that FINRA system or another FINRA system a trade resulting from such posted quotation must utilize the same MPID for reporting purposes (e.g., a member that is both a Trade Reporting Facility Participant and a Registered Reporting ADF ECN must use the same MPID when reporting a trade that resulted from its posted quotation on ADF).

(c) Except as set forth in paragraph (d), a Trade Reporting Facility Participant that operates an alternative trading system ("ATS"), as that term is defined in Rule 300 of SEC Regulation ATS, must obtain a single, separate MPID for each such ATS designated for exclusive use for reporting each ATS's transactions. The member must use such separate MPID to report all transactions executed within the ATS to a Trade Reporting Facility (or Facilities), except if the member is submitting a clearing-only, non-regulatory report pursuant to Rule 7230A(i)(4) or 7230B(h)(4). The member shall not use such separate MPID to report any transaction that is not executed within the ATS. Any member that operates multiple ATSs must obtain a separate MPID for each ATS. Members must have policies and procedures in place to ensure that trades reported with a separate MPID obtained under this paragraph are restricted to trades executed within the ATS

(d) An ATS is permitted to use two separate MPIDs only if one MPID is used exclusively for reporting transactions to TRACE and the other MPID is used exclusively for reporting transactions to the equity trade reporting facilities (the Alternative Display Facility, the OTC Reporting Facility, the FINRA/Nasdaq TRF, or the FINRA/NYSE TRF).

## ••• Supplementary Material: -----

.01 FINRA considers the issuance of, and trade reporting with, multiple MPIDs to be a privilege and not a right. A Trade Reporting Facility Participant must identify the purpose(s) and system(s) for which the multiple MPIDs will be used. If FINRA determines that the use of multiple MPIDs is detrimental to the marketplace, or that a Trade Reporting Facility Participant is using one or more additional MPIDs improperly or for other than the purpose(s) identified by the Participant, FINRA staff retains full

discretion to limit or withdraw its grant of the additional MPID(s) to such Trade Reporting Facility Participant for purposes of reporting trades to a Trade Reporting Facility.

**.02** Any FINRA Trade Reporting Facility Business Member that chooses to publish aggregate daily trading volume for transactions executed within an ATS "dark pool" (defined for purposes of this Rule as an ATS that does not display quotations or subscribers' orders to any person or entity either internally within the ATS dark pool or externally beyond the ATS dark pool (other than employees of the ATS)) and reported to the Trade Reporting Facility will base such volume solely on transactions reported by the ATS dark pool for purposes of publication. The Business Member will prominently disclose that its web site may not reflect 100% of the volume for any given ATS dark pool and interested parties must consult all Business Members' web sites for purposes of obtaining an ATS dark pool's total volume.

A member's dark pool transaction data will not be included in the published volume unless the member affirmatively opts in to have its data included. A member operating an ATS dark pool must certify in writing to FINRA that (1) the member is affirmatively opting in for purposes of having its dark pool transaction data included in the published data and acknowledges that its data may be presented as an overall percentage volume only or may be broken down by security; (2) the member meets the definition of ATS dark pool above; and (3) the member has obtained a separate MPID that will be used exclusively for reporting all transactions executed within the ATS dark pool as required by paragraph (c) of this Rule.

Amended by SR-FINRA-2015-035 eff. Feb. 1, 2016.  
Amended by SR-FINRA-2014-042 eff. Feb. 2, 2015.  
Amended by SR-FINRA-2014-017 eff. Feb. 2, 2015.  
Amended by SR-FINRA-2013-042 eff. Jan 17, 2014 and Feb. 2, 2015.  
Amended by SR-FINRA-2013-008 eff. Jan. 25, 2013.  
Amended by SR-FINRA-2011-074 eff. Jan. 27, 2012.  
Amended by SR-FINRA-2011-003 eff. Jan. 28, 2011.  
Amended by SR-FINRA-2010-001 eff. March 5, 2010.  
Amended by SR-FINRA-2009-094 eff. Jan. 29, 2010.  
Amended by SR-FINRA-2008-068 eff. Jan. 30, 2009.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2008-003 eff. Jan. 25, 2008.  
Amended by SR-NASD-2007-008 eff. Jan. 26, 2007.  
Adopted by SR-NASD-2006-108 eff. Nov. 27, 2006.

**Selected Notice:** 08-57, 14-07, 15-51.



# 6170. Multiple MPIDs for Alternative Display Facility Participants

The Rule

Notices

(a) Terms used in this Rule 6170 shall have the same meaning as defined in Rule 6220.

(b) Any ADF participant that is required to obtain, or otherwise wishes to use, more than one Market Participant Identifier ("MPID") for purposes of displaying quotes/orders or reporting trades through the ADF must submit a written request, in the form required by FINRA, to, and obtain approval from, FINRA Market Operations for such additional MPID(s).

(c) An ADF Market Participant that posts a quotation on the ADF and reports a trade to the ADF or a Trade Reporting Facility resulting from such a posted quotation must utilize the same MPID for reporting purposes (e.g., Registered Reporting ADF ECNs must use the same MPID for ADF trade reporting as was used for ADF quotation posting).

(d) Except as set forth in paragraph (e), a member reporting trades to the ADF that operates an alternative trading system ("ATS"), as that term is defined in Rule 300 of SEC Regulation ATS, must obtain a single, separate MPID for each such ATS designated for exclusive use for reporting each ATS's transactions. The member must use such separate MPID to report all transactions executed within the ATS to the ADF, except if the member is submitting a clearing-only, non-regulatory report pursuant to Rule 7130(g)(4). The member shall not use such separate MPID to report any transaction that is not executed within the ATS. Any member that operates multiple ATSS must obtain a separate MPID for each ATS. Members must have policies and procedures in place to ensure that trades reported with a separate MPID obtained under this paragraph are restricted to trades executed within the ATS.

(e) An ATS is permitted to use two separate MPIDs only if one MPID is used exclusively for reporting transactions to TRACE and the other MPID is used exclusively for reporting transactions to the equity trade reporting facilities (the Alternative Display Facility, the OTC Reporting Facility, the FINRA/Nasdaq TRF, or the FINRA/NYSE TRF).

## ••• Supplementary Material: -----

.01 FINRA considers the issuance of, the display of, and the trade reporting with multiple MPIDs to be a privilege and not a right. An ADF participant must identify the purpose(s) and system(s) for which the multiple MPIDs will be used. If FINRA determines that the use of multiple MPIDs is detrimental to the marketplace, or that an ADF participant is using one or more additional MPIDs improperly or for other than the purpose(s) identified by the participant, FINRA staff retains full discretion to limit or withdraw

its grant of the additional MPID(s) to such ADF participant for purposes of displaying quotes/orders or reporting trades through the ADF.

**.02** Each of a Registered Reporting ADF ECN's MPIDs will be subject to the requirements of Rule 6279.

**.03** If an ADF Market Participant no longer fulfills the conditions appurtenant to one of its MPIDs (e.g., by being placed into an unexcused withdrawal), it may not use another MPID for any purpose in that security.

Amended by SR-FINRA-2016-031 eff. Sep. 12, 2016.  
Amended by SR-FINRA-2015-035 eff. Feb. 1, 2016.  
Amended by SR-FINRA-2014-042 eff. Feb. 2, 2015.  
Amended by SR-FINRA-2014-017 eff. Feb. 2, 2015.  
Amended by SR-FINRA-2014-045 eff. Dec. 1, 2014.  
Amended by SR-FINRA-2013-042 eff. Jan. 17, 2014 and Feb. 2, 2015.  
Amended by SR-FINRA-2013-008 eff. Jan. 25, 2013.  
Amended by SR-FINRA-2011-074 eff. Jan. 27, 2012.  
Amended by SR-FINRA-2011-003 eff. Jan. 28, 2011.  
Amended by SR-FINRA-2009-094 eff. Jan. 29, 2010.  
Amended by SR-FINRA-2008-068 eff. Jan. 30, 2009.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Adopted by SR-NASD-2006-096 eff. Aug. 8, 2006.

**Selected Notice:** 08-57, 14-07, 15-51, 16-33.

# 6181. Timely Transaction Reporting

The Rule

Notices

FINRA emphasizes the obligations of members to report securities transactions within the required time period. All reportable transactions not reported within the required time period shall be marked late, and FINRA routinely monitors members' compliance with the reporting requirements. If FINRA finds a pattern or practice of unexcused late reporting, that is, repeated reports of executions submitted after the required time period without reasonable justification or exceptional circumstances, the member may be found to be in violation of Rule 2010. Exceptional circumstances will be determined on a case-by-case basis and may include instances of system failure by a member or service bureau, or unusual market conditions, such as extreme volatility in a security, or in the market as a whole. Timely reporting of all transactions is necessary and appropriate for the fair and orderly operation of the marketplace, and FINRA will view noncompliance as a rule violation.

Amended by SR-FINRA-2009-061 eff. Nov. 1, 2010.  
Amended by SR-FINRA-2009-005 eff. Feb. 17, 2009.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Adopted by SR-NASD-2005-087 eff. Aug. 1, 2006.

**Selected Notice:** 08-57, 10-24.

# 6182. Trade Reporting of Short Sales

The Rule

Notices

Pursuant to applicable trade reporting rules, members must indicate on trade reports submitted to FINRA whether a transaction is a short sale or a short sale exempt transaction ("short sale reporting requirements"). The short sale reporting requirements apply to transactions in all NMS stocks, as defined in Rule 600(b)(47) of SEC Regulation NMS. Thus, all short sale transactions in these securities reported to FINRA must carry a "short sale" indicator (or a "short sale exempt" indicator if it is a short sale transaction in a "covered security" that may be marked "short exempt" pursuant to SEC Regulation SHO).

Amended by SR-FINRA-2010-058 eff. Feb. 28, 2011.  
Amended by SR-FINRA-2010-043 eff. Feb. 28, 2011.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2007-047 eff. July 6, 2007.  
Amended by SR-NASD-2006-087 eff. Aug. 1, 2006  
Adopted by SR-NASD-2005-087 eff. Aug. 1, 2006

**Selected Notices:** 07-31, 08-57, 10-48.

# 6183. Exemption from Trade Reporting Obligation for Certain Alternative Trading Systems

(a) Pursuant to the Rule 9600 Series, the staff for good cause shown after taking into consideration all relevant factors, may exempt, upon application and subject to specified terms and conditions, a member alternative trading system ("ATS") from the trade reporting obligation under paragraph (b) of Rules 6282, 6380A and 6380B, if such exemption is consistent with the protection of investors and the public interest. The staff will grant an exemption only if all of the following criteria are satisfied:

(1) Trades are between ATS subscribers that are both FINRA members.

(2) The ATS demonstrates that:

(A) The member subscribers are fully disclosed to one another at all times on the ATS;

(B) The system does not permit automatic execution, and a member subscriber must take affirmative steps beyond the submission of an order to agree to a trade with another member subscriber;

(C) The trade does not pass through any ATS account, and the ATS does not in any way hold itself out to be a party to the trade; and

(D) The ATS does not exchange shares or funds on behalf of the member subscribers, take either side of the trade for clearing or settlement purposes, including, but not limited to, at DTC or otherwise, or in any other way insert itself into the trade.

(3) The ATS and the member subscribers acknowledge and agree in writing that the ATS shall not be deemed a party to the trade for purposes of trade reporting and that trades shall be reported by the member subscriber that, as between the two member subscribers, would satisfy the definition of "executing party" under FINRA trade reporting rules.

(4) The ATS agrees to provide to FINRA on a monthly basis, or such other basis as prescribed by FINRA, data relating to the volume of trades by security executed by the ATS's member subscribers using the ATS's system, and the ATS acknowledges that failure to report such data to FINRA, in addition to constituting a violation of FINRA rules, will result in revocation of any exemption granted pursuant to this Rule.

(5) The ATS provides FINRA with a link to a public website that contains, at no charge and in a substantially similar format to ATS Trading Information published by FINRA pursuant

- (A) no later than two weeks following the end of the ATS Trading Information week, ATS Trading Information regarding NMS stocks in Tier 1 of the NMS Plan to Address Extraordinary Market Volatility; and
- (B) no later than four weeks following the end of the ATS Trading Information week, ATS Trading Information regarding NMS stocks that are subject to FINRA trade reporting requirements and are not in Tier 1 of the NMS Plan to Address Extraordinary Market Volatility.

(b) Where FINRA has granted an exemption under this Rule, trades shall be reported to FINRA by the member subscriber that, as between the two member subscribers, satisfies the definition of "executing party" under paragraph (b) of Rule 6282, 6380A or 6380B.

(c) Definitions

For purposes of this Rule, the term:

(1) "NMS stock" has the same meaning as that term is defined in Rule 600(b)(47) of SEC Regulation NMS; and

(2) "ATS Trading Information" means:

(A) the number of shares of each NMS stock executed within the ATS or executed by the ATS's member subscribers using the ATS's system; and

(B) the number of trades in each NMS stock executed within the ATS or executed by the ATS's member subscribers using the ATS's system.

••• Supplementary Material: -----

**.01** When calculating and posting the volume of securities traded and the number of trades pursuant to paragraph (a)(5), an ATS shall include only those trades executed by the ATS's member subscribers using the ATS's system. If two orders are crossed by the ATS, the volume shall include only the number of shares crossed as a single trade (e.g., crossing a buy order of 1,000 shares with a sell order of 1,000 shares would be calculated as a single trade of 1,000 shares of volume). In addition, to meet the "substantially similar format" requirement in paragraph (a)(5), the data must include the same data elements for the same timeframes, be accessible in the same manner as FINRA makes data available (e.g., downloadable), and include data for the same time periods (including current and historical data).

**.02** For purposes of calculating and posting volume under paragraph (a)(5) of this Rule, a trade is considered to be executed within an ATS if the ATS (i) executes the trade; (ii) is considered the

"executing party" to the trade under FINRA rules; or (iii) otherwise matches orders constituting the trade in a manner as contemplated by SEA Rule 3b-16 or SEC Regulation ATS. This would include, but not be limited to: any trade executed as a result of the ATS bringing together the purchaser and seller on or through its systems; any trade executed by the ATS's subscribers where the subscribers used the ATS to negotiate the trade, even if the ATS did not itself execute the trade; or any trade in which the ATS takes either side of a trade for clearing or settlement or in any other way inserts itself into a trade (e.g., exchanging securities or funds on behalf of one or both subscribers taking part in the trade). If an ATS routes an order to another member firm or other execution venue for handling or execution where that initial order matches against interest resident at the other venue, then the ATS would not be considered the executing party and would not include such volume for reporting purposes. A trade continues to be considered executed "within an ATS" for purposes of calculating and posting volume under this Rule, even if the ATS has been granted an exemption to its trade reporting obligations under the Rule.

Amended by SR-FINRA-2016-002 eff. Feb. 9, 2016.

Adopted by SR-FINRA-2011-051 eff. Nov. 4, 2011.

## 6184. Transactions in Exchange-Traded Managed Fund Shares ("NextShares")

(a) Members that effect secondary market transactions otherwise than on an exchange in exchange-traded managed fund shares or "NextShares," as defined under Nasdaq Rule 5745, must report such transactions to a FINRA/Nasdaq Trade Reporting Facility or the Alternative Display Facility in accordance with this Rule and the rules applicable to the trade reporting facility used by the reporting member. Such transactions cannot be reported to the FINRA/NYSE Trade Reporting Facility. As used in this Rule 6184, the term "FINRA/Nasdaq Trade Reporting Facility" means the FINRA/Nasdaq Trade Reporting Facility Carteret or the FINRA/Nasdaq Trade Reporting Facility Chicago, as applicable, depending on the facility to which the member elects to report.

(b) Reports of transactions in NextShares executed outside of Regular Market Session hours, in violation of Nasdaq Rule 5745, will be rejected by the FINRA trade reporting facility to which the trade report was submitted. "Regular Market Session" for purposes of this Rule shall have the meaning set forth under Nasdaq Rule 4120(b)(4).

(c) Except as otherwise provided in paragraph (d) of this Rule, members must use the "proxy price" format established by Nasdaq, and not the final trade price, on all reports of transactions in NextShares submitted to FINRA, including all tape and non-tape reports, intraday clearing reports, as/of reports and reports of reversals.

### (d) Submission of Transactions in NextShares for Clearing

(1) Transactions in NextShares can only be designated for submission by FINRA to the National Securities Clearing Corporation ("NSCC") for clearance and settlement through the FINRA/Nasdaq Trade Reporting Facility. The Alternative Display Facility does not accept such transactions for clearing purposes. Members that do not clear through the FINRA/Nasdaq Trade Reporting Facility must have an alternative means of clearing (e.g., via direct Qualified Special Representative ("QSR") submission to NSCC) such transactions.

(2) Where a member submits a transaction in NextShares for submission by the FINRA/Nasdaq Trade Reporting Facility to NSCC, the following requirements apply:

(A) For each transaction, members must submit two clearing reports to the FINRA/Nasdaq Trade Reporting Facility. First, the member must submit a clearing report intraday in the proxy price format in accordance with paragraph (c) of this Rule. Second, following publication of the NextShares Fund's net asset value per share ("NAV"), the member must submit a separate "Clearing Copy" report in accordance with paragraph (d) (2)(B) to reflect the final NAV-based trade price.



**(B) Reporting the Final NAV-Based Trade Price**

(i) Members must submit a separate clearing-only report for the transaction (a "Clearing Copy" report) with the final NAV-based trade price before the close of the FINRA/Nasdaq Trade Reporting Facility on the same day as submission of the transaction in the proxy price format.

(ii) Clearing Copy reports should only be submitted to the FINRA/Nasdaq Trade Reporting Facility if the transaction was originally reported in the proxy price format to the FINRA/Nasdaq Trade Reporting Facility.

(iii) Multiple transactions reported in the proxy price format cannot be aggregated and submitted in a single Clearing Copy report.

(iv) Clearing Copy reports must contain (1) the unique indicator specified by FINRA to denote a Clearing Copy report; and (2) the control number of the original transaction report assigned by the FINRA/Nasdaq Trade Reporting Facility.

(v) Following submission of the Clearing Copy report, the member is not required to cancel the initial clearing submission for the transaction in the proxy price format.

(C) Clearing reports for the purpose of transferring a position related to a previously executed trade, such as step-outs, must reflect the final NAV-based trade price, if submitted after publication of the NAV. Such reports shall not be "Clearing Copy" reports, as described in paragraph (d)(2)(B).

**• • • Supplementary Material: -----**

**.01 Proxy Price Format**

As provided under Nasdaq Rule 5745, NextShares will trade at market-based premiums or discounts to the fund's next-determined NAV. Because the NAV is not determined until after the market closes, the final NAV-based trade price will not be known at the time of trade execution. Accordingly, pursuant to paragraph (c) of this Rule, when reporting transactions in NextShares to FINRA, members are required to use the "proxy price" format established by Nasdaq to reflect the trade price. In proxy price format, a NextShares Fund's next-determined NAV is represented as 100.00 and a premium or discount of a stated amount to the next-determined NAV is represented by the same increment or decrement from 100.00. For example, NAV-\$0.01 will be reported as 99.99 and NAV+\$0.01 will be reported as 100.01. The securities information processor will publicly disseminate trades in the proxy price format. Thus, all transactions reported to FINRA for publication purposes must reflect the trade price in the proxy price format, in accordance with paragraph (c) of this Rule, even if the final NAV-based trade price is known at the time of submission (e.g., trades reported on an as/of basis).

Transactions that are designated for submission by the FINRA/Nasdaq Trade Reporting Facility to NSCC must be reported for clearing purposes both intraday in the proxy price format (even if the final NAV-based trade price is known at the time of submission, e.g., trades reported on an as/of basis) and at the final NAV-based trade price. However, transactions will not be submitted by the FINRA/Nasdaq Trade Reporting Facility to NSCC in the proxy price format. Rather, the FINRA/Nasdaq Trade Reporting Facility will calculate the contract price of the trade based on the fund's last published Intraday Indicative Value ("IIV"), as defined under Nasdaq Rule 5745, and submit the transaction in real-time to NSCC for purposes of intraday risk management. Transactions will not clear and settle at the price reported in the proxy price format or the IIV-based price, but instead at the final NAV-based trade price submitted by the reporting member in accordance with paragraph (d)(2)(B) of this Rule.

## **.02 End of Day Processing**

Members that clear transactions in NextShares directly at NSCC, e.g., via direct QSR submission, must ensure that they submit to NSCC all pricing information, including the IIV-based price on intraday submissions and the final NAV-based trade price after market close, in accordance with NSCC requirements; such information will not be provided to NSCC by FINRA.

Following publication of the NAV, the FINRA/Nasdaq Trade Reporting Facility will make available to market participants a daily file with the final NAV-based trade price for each transaction in NextShares reported during the trading day to the FINRA/Nasdaq Trade Reporting Facility for public dissemination purposes.

Amended by SR-FINRA-2018-013 eff. Sept. 10, 2018.

Amended by SR-FINRA-2016-012 eff. April 4, 2016.

Adopted by SR-FINRA-2015-043, eff. Feb. 26, 2016.

# 6190. Compliance with Regulation NMS Plan to Address Extraordinary Market Volatility

The Rule

Notices

A member that is a trading center in an NMS Stock shall establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the requirements of the Regulation NMS Plan to Address Extraordinary Market Volatility (Plan) and specifically to prevent:

- (a) the execution of trades at prices that are below the Lower Price Band or above the Upper Price Band for an NMS Stock, except as permitted under the Plan;
- (b) the display of offers below the Lower Price Band and bids above the Upper Price Band for an NMS Stock; and
- (c) the execution of trades in an NMS Stock during a Trading Pause; however, bids and offers may be displayed during a Trading Pause, as permitted under the Plan.

## ••• Supplementary Material: -----

.01 For purposes of this Rule, the following terms shall have the meanings as set forth in the Regulation NMS Plan to Address Extraordinary Market Volatility: "Lower Price Band," "NMS Stock," "trading center," "Trading Pause" and "Upper Price Band."

Amended by SR-FINRA-2019-013 eff. Apr. 11, 2019.  
Adopted by SR-FINRA-2013-016 eff. April 8, 2013.

**Selected Notice:** 13-12.

# 6191. Compliance with Regulation NMS Plan to Implement a Tick Size Pilot Program

## **(a) Compliance with Quoting and Trading Restrictions**

### **(1) Member Compliance**

Members shall establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the applicable quoting and trading requirements of the Plan.

### **(2) FINRA Compliance**

FINRA systems will not display quotations in violation of the Plan and this Rule.

### **(3) Pilot Securities That Drop Below \$1.00 during the Pilot Period**

If the price of a Pilot Security drops below \$1.00 during regular trading hours on any trading day, such Pilot Security will continue to be subject to the Plan and the requirements enumerated in subparagraphs (4) through (6) below and will continue to trade in accordance with such Rules. However, if the Closing Price of a Pilot Security on any given trading day is below \$1.00, such Pilot Security will be moved out of its Pilot Test Group into the Control Group, and may then be quoted and traded at any price increment that is currently permitted for the remainder of the Pilot Period. Notwithstanding anything contained herein to the contrary, at all times during the Pilot Period, Pilot Securities (whether in the Control Group or any Pilot Test Group) will continue to be subject to the requirements contained in Paragraph (b).

### **(4) Pilot Securities in Test Group One**

No member may display, rank, or accept from any person any displayable or nondisplayable bids or offers, orders, or indications of interest in any Pilot Security in Test Group One in increments other than \$0.05. However, orders priced to execute at the midpoint of the national best bid and national best offer ("NBBO") or best protected bid and best protected offer ("PBBO") and orders entered in a Participant-operated retail liquidity program may be ranked and accepted in increments of less than \$0.05. Pilot Securities in Test Group One may continue to trade at any price increment that is currently permitted by applicable Participant, SEC and FINRA rules.

### **(5) Pilot Securities in Test Group Two**

(A) No member may display, rank, or accept from any person any displayable or non-displayable bids or offers, orders, or indications of interest in any Pilot Security in Test Group Two in increments other than \$0.05. However, orders priced to execute at the

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midpoint of the NBBO or PBBO and orders entered in a Participant-operated retail liquidity program may be ranked and accepted in increments of less than \$0.05.

(B) Absent any of the exceptions listed in subparagraph (5)(C) below, no member may execute orders in any Pilot Security in Test Group Two in price increments other than \$0.05. The \$0.05 trading increment will apply to all trades, including Brokered Cross Trades.

(C) Pilot Securities in Test Group Two may trade in increments less than \$0.05 under the following circumstances:

(i) Trading may occur at the midpoint between the NBBO or the PBBO;

(ii) Retail Investor Orders may be provided with price improvement that is at least \$0.005 better than the PBBO;

(iii) Negotiated Trades may trade in increments less than \$0.05; and

(iv) Executions of a customer order to comply with FINRA Rule 5320 following the execution of a proprietary trade by the member at an increment other than \$0.05, where such proprietary trade was permissible pursuant to an exception under the Plan.

## **(6) Pilot Securities in Test Group Three**

(A) No member may display, rank, or accept from any person any displayable or non-displayable bids or offers, orders, or indications of interest in any Pilot Security in Test Group Three in increments other than \$0.05. However, orders priced to execute at the midpoint of the NBBO or PBBO and orders entered in a Participant-operated retail liquidity program may be ranked and accepted in increments of less than \$0.05.

(B) Absent any of the exceptions listed in subparagraph (6)(C) below, no member may execute orders in any Pilot Security in Test Group Three in price increments other than \$0.05. The \$0.05 trading increment will apply to all trades, including Brokered Cross Trades.

(C) Pilot Securities in Test Group Three may trade in increments less than \$0.05 under the following circumstances:

(i) Trading may occur at the midpoint between the NBBO or PBBO;

(ii) Retail Investor Orders may be provided with price improvement that is at least \$0.005 better than the PBBO;

(iii) Negotiated Trades may trade in increments less than \$0.05; and

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(iv) Executions of a customer order to comply with FINRA Rule 5320 following

the execution of a proprietary trade by the member at an increment other than \$0.05, where such proprietary trade was permissible pursuant to an exception under the Plan.

(D) Pilot Securities in Test Group Three will be subject to the following Trade-at Prohibition:

(i) Absent any of the exceptions listed in subparagraph (D)(ii) below, no member that operates a Trading Center may execute a sell order for a Pilot Security in Test Group Three at the price of a Protected Bid or execute a buy order for a Pilot Security in Test Group Three at the price of a Protected Offer during regular trading hours ("Trade-at Prohibition"). Under the Trade-at Prohibition, a member that operates a Trading Center that is displaying a quotation, via either a processor or an SRO quotation feed, that is at a price equal to the traded-at Protected Bid or Protected Offer is permitted to execute orders at that level, but only up to the amount of its displayed size. A member that operates a Trading Center that was not displaying a quotation at a price equal to the traded-at Protected Quotation, via either a processor or an SRO quotation feed, is prohibited from price-matching protected quotations unless an exception applies;

(ii) A member that operates a Trading Center may execute a sell order for a Pilot Security in Test Group Three at the price of a Protected Bid or execute a buy order for a Pilot Security in Test Group Three at the price of a Protected Offer under the following circumstances:

a. The order is executed within the same independent aggregation unit of the member that operates the Trading Center that displayed the quotation via either a processor or an SRO Quotation Feed, to the extent such member uses independent aggregation units, at a price equal to the traded-at Protected Quotation that was displayed before the order was received, but only up to the full displayed size of that independent aggregation unit's previously displayed quote. A Trading Center that is displaying a quotation as agent or riskless principal may only execute as agent or riskless principal and a Trading Center displaying a quotation as principal (excluding riskless principal) may execute as principal, agent or riskless principal. "Independent aggregation unit" has the same meaning as provided under Rule 200(f) of SEC Regulation SHO;

b. The order is of Block Size at the time of origin and may not be:

1. An aggregation of non-block orders; or

2. Broken into orders smaller than Block Size prior to submitting the order to a Trading Center for execution.

c. The order is a Retail Investor Order executed with at least \$0.005 price improvement;

d. The order is executed when the Trading Center displaying the Protected Quotation that was traded at was experiencing a failure, material delay, or malfunction of its systems or equipment;

e. The order is executed as part of a transaction that was not a "regular way" contract;

f. The order is executed as part of a single-priced opening, reopening, or closing transaction by the Trading Center;

g. The order is executed when a Protected Bid was priced higher than a Protected Offer in the Pilot Security;

h. The order is identified as a Trade-at Intermarket Sweep Order;

i. The order is executed by a Trading Center that simultaneously routed Trade-at Intermarket Sweep Orders or Intermarket Sweep Orders to execute against the full displayed size of a Protected Quotation that was traded at;

j. The order is executed as part of a Negotiated Trade;

k. The order is executed when the Trading Center displaying the Protected Quotation that was traded at had displayed, within one second prior to execution of the transaction that constituted the Trade-at, a Best Protected Bid or Best Protected Offer, as applicable, for the Pilot Security with a price that was inferior to the price of the Trade-at transaction;

l. The order is executed by a Trading Center which, at the time of order receipt, the Trading Center had guaranteed an execution at no worse than a specified price (a "stopped order"), where:

1. The stopped order was for the account of a customer;

2. The customer agreed to the specified price on an order-by-order basis; and

3. The price of the Trade-at transaction was, for a stopped buy order, equal to or less than the National Best Bid in the Pilot Security at the time of execution or, for a stopped sell order, equal to or greater than

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the National Best Offer in the Pilot Security at the time of execution, as long as such order is priced at an acceptable increment; or

m. The order is for a fractional share of a Pilot Security, provided that such fractional share order was not the result of breaking an order for one or more whole shares of a Pilot Security into orders for fractional shares or was not otherwise effected to evade the requirements of the Trade-at Prohibition or any other provisions of the Plan; or

n. The order is to correct a bona fide error, which is recorded by the Trading Center in its error account. A bona fide error is defined as:

1. The inaccurate conveyance or execution of any term of an order including, but not limited to, price, number of shares or other unit of trading; identification of the security; identification of the account for which securities are purchased or sold; lost or otherwise misplaced order tickets; short sales that were instead sold long or vice versa; or the execution of an order on the wrong side of a market;

2. The unauthorized or unintended purchase, sale, or allocation of securities, or the failure to follow specific client instructions;

3. The incorrect entry of data into relevant systems, including reliance on incorrect cash positions, withdrawals, or securities positions reflected in an account; or

4. A delay, outage, or failure of a communication system used to transmit market data prices or to facilitate the delivery or execution of an order.

## **(7) Operation of Certain Exceptions to Tick Size Pilot Program**

### **(A) Retail Investor Order Exception.**

(i) "Retail Investor Order" means an order that originates from a natural person, provided that, prior to submission, no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. A Retail Investor Order may be an odd lot, round lot, or partial round lot.

(ii) Any member that operates a Trading Center may execute against a Retail Investor Order otherwise than on an exchange to satisfy the Retail Investor Order exceptions to the Tick Size Pilot Program.



(iii) Any member for which FINRA is the Designated Examining Authority

("DEA") that operates a Trading Center and executes Retail Investor Orders must submit a signed attestation to FINRA that substantially all orders to be executed as Retail Investor Orders will qualify as such under this Rule.

(B) A member relying on an exception to the Trade-At Prohibition for a transaction otherwise than on a national securities exchange must include all applicable modifiers in trade reports pursuant to Rules 6282, 6380A and 6380B.

(C) Trade-at Requirement

"Trade-at Intermarket Sweep Order" means a limit order for a Pilot Security that meets the following requirements:

(i) When routed to a Trading Center, the limit order is identified as a Trade-at Intermarket Sweep Order; and

(ii) Simultaneously with the routing of the limit order identified as a Trade-at Intermarket Sweep Order, one or more additional limit orders, as necessary, are routed to execute against the full displayed size of any protected bid, in the case of a limit order to sell, or the full displayed size of any protected offer, in the case of a limit order to buy, for the Pilot Security with a price that is better than or equal to the limit price of the limit order identified as a Trade-at Intermarket Sweep Order. These additional routed orders also must be marked as Trade-at Intermarket Sweep Orders or Intermarket Sweep Orders.

**(b) Compliance with Data Collection Requirements**

**(1) Policies and Procedures Requirement**

A member that operates a Trading Center shall establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the data collection and transmission requirements of Items I and II of Appendix B to the Plan, and a member that is a Market Maker shall establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the data collection and transmission requirements of Item IV of Appendix B to the Plan and Item I of Appendix C of the Plan.

**(2) Trading Center Data Requirements**

(A) Trading Center Data Collection and Submission Requirements

(i) A member that operates a Trading Center subject to the Tick Size Pilot Program and for which FINRA is the Designated Examining Authority ("DEA") shall

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collect and transmit to FINRA the data described in Items I and II of Appendix B to the Plan with respect to:

a. Each Pre-Pilot Data Collection Security for the period beginning six months prior to the Pilot Period through thirty-one days prior to the first day of the Pilot Period; and

b. Each Pilot Security for the period beginning thirty days prior to the first day of the Pilot Period through six months after the end of the Pilot Period.

(ii) Each member subject to paragraph (b)(2)(A) above shall comply with their collection and transmission obligations under Items I and II of Appendix B to the Plan and this Rule through their submission of the following OATS information when an order in a Pilot Security or Pre-Pilot Data Collection Security is received or originated:

a. Whether the member is a Trading Center in either the Pilot Security or the Pre-Pilot Data Collection Security;

b. If the member is an ADF Market Participant under Rule 6220, the display size of the order; and

c. Whether the order is routable.

(iii) When an order in a Pilot Security or Pre-Pilot Data Collection Security is executed, each member subject to paragraph (b)(2)(A) above shall comply with its collection and transmission obligations under Items I and II of Appendix B to the Plan and this Rule by identifying whether the member is relying upon the Retail Investor Order exception with respect to the execution of the order.

(iv) Members shall submit such OATS data by 8:00 a.m. EST the calendar day following the OATS-reportable event in accordance with Rule 7440 and this Rule.

(B) FINRA shall transmit the data required by Items I and II of Appendix B to the Plan, and collected pursuant to paragraph (b)(2)(A) above, to the SEC in a pipe delimited format on a disaggregated basis by Trading Center within 30 calendar days following month end. FINRA also shall make such data publicly available on the FINRA website within 120 calendar days following month end at no charge and shall not identify the Trading Center that generated the data.

### **(3) Daily Market Maker Participation Statistics Requirement**

(A) A member that is a Market Maker for which FINRA is the DEA shall collect and transmit to FINRA data relating to Item IV of Appendix B to the Plan, with respect to activity conducted on any Trading Center in furtherance of its status as a Market Maker, including

a Trading Center that executes trades otherwise than on a national securities exchange, for transactions that have settled or reached settlement date. Market Makers shall transmit such data in a pipe delimited format by 12:00 p.m. EST on T+4:

(i) For transactions in each Pre-Pilot Data Collection Security for the period beginning six months prior to the Pilot Period through thirty-one days prior to the first day of the Pilot Period; and

(ii) For transactions in each Pilot Security for the period beginning thirty days prior to the first day of the Pilot Period through six months after the end of the Pilot Period.

(B) FINRA shall transmit the data relating to Market Maker activity required by Item IV of Appendix B to the Plan, and collected pursuant to paragraph (b)(3)(A) above, to the Participant operating the Trading Center on which such activity occurred in a pipe delimited format on a disaggregated basis by Market Maker during the Pre-Pilot Period and within 15 calendar days following month end during the Pilot Period.

(C) FINRA shall transmit the data relating to Market Maker activity conducted otherwise than on a national securities exchange required by Item IV of Appendix B to the Plan, and collected pursuant to paragraph (b)(3)(A) above, to the SEC in a pipe delimited format on a disaggregated basis by Trading Center within 30 calendar days following month end. FINRA also shall make such data publicly available on the FINRA website within 120 calendar days following month end at no charge and shall not identify the Trading Center that generated the data.

#### **(4) Market Maker Profitability**

(A) A member that is a Market Maker, and for which FINRA is the DEA, shall collect and transmit to FINRA the data described in Item I of Appendix C to the Plan, as modified by paragraph (b)(5) below, with respect to executions on any Trading Center that have settled or reached settlement date. Market Makers shall transmit such data in a pipe delimited format by 12:00 p.m. EST on T+4:

(i) For executions during and outside of Regular Trading Hours in each Pre-Pilot Data Collection Security for the period beginning six months prior to the Pilot Period through thirty-one days prior to the first day of the Pilot Period; and

(ii) For executions during and outside of Regular Trading Hours in each Pilot Security for the period beginning thirty days prior to the first day of the Pilot Period through six months after the end of the Pilot Period.

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(B) FINRA shall collect the data required by Item I of Appendix C to the Plan and paragraph (b)(4)(A) above and, on a monthly basis, transmit such data, categorized by the Control Group and each Test Group, to the SEC in a pipe delimited format. The data transmitted to the SEC shall include the profitability statistics categorized by Market Maker and by security. FINRA shall aggregate and publish, categorized by the Control Group and each Test Group: (i) Market Maker profitability statistics for Market Makers for which FINRA is the DEA, (ii) Market Maker profitability statistics collected from other Participants that are DEAs, and (iii) Market Maker profitability statistics for Market Makers whose DEA is not a Participant. FINRA shall make this data publicly available on the FINRA web site within 30 calendar days following month end at no charge and shall not identify the Market Makers that generated the data or the individual securities.

#### **(5) Calculation of Market Maker Participation and Market Maker Profitability**

A member that is a Market Maker in a Pre-Pilot Data Collection Security or Pilot Security for which FINRA is the DEA subject to paragraphs (b)(3)(A) and (b)(4)(A) above shall be deemed to have satisfied the requirements of paragraphs (b)(3)(A) and (b)(4)(A) above, in addition to the requirements of Item IV of Appendix B to the Plan and Item I of Appendix C to the Plan, if such Market Maker submits to FINRA the following data for any principal trade, not including a riskless principal trade, in Pre-Pilot Data Collection Securities and Pilot Securities executed in furtherance of its status as a Market Maker on any Trading Center:

(A) Ticker Symbol;

(B) Trading Center where the trade was executed, or if not known, the destination where the order originally was routed for further handling and execution;

(C) Time of execution;

(D) Price;

(E) Size;

(F) Buy / sell;

(G) For trades executed away from the Market Maker, a unique identifier, as specified by the Market Maker's DEA, that will allow the trade to be associated with the Trading Center where the trade was executed; and

(H) For trades cancelled or corrected beyond T+3, whether the trade represents a cancellation or correction.

• • • **Supplementary Material:** -----

**.01** The terms used in this Rule 6191 shall have the same meaning as provided in the Plan, unless otherwise specified.

**.02** No member shall break an order into smaller orders or otherwise effect or execute an order to evade the requirements of the Trade-at Prohibition of this Rule or any other provisions of the Plan.

**.03** For purposes of the reporting requirement in Appendix B.II.(n), a Trading Center shall report "Y" when it is relying upon the Retail Investor Order exception to Test Groups Two and Three, and "N" in all other instances.

**.04** For purposes of Appendix B.I, the field "Affected by Limit-Up Limit-Down bands" shall be included. A Trading Center shall report a value of "Y" when the ability of an order to execute has been affected by the Limit-Up Limit-Down (LULD) bands in effect at the time of order receipt. A Trading Center shall report a value of "N" when the ability of an order to execute has not been affected by the LULD bands in effect at the time of order receipt. For purposes of Appendix B.I, the Participants shall classify all orders in Pilot and Pre-Pilot Securities that may trade in a foreign market as fully executed domestically or fully or partially executed on a foreign market. For purposes of Appendix B.II, the Participants shall classify all orders in Pilot and Pre-Pilot Securities that may trade in a foreign market as: directed to a domestic venue for execution; may only be directed to a foreign venue for execution; or fully or partially directed to a foreign venue at the discretion of the member.

**.05** (a) For purposes of Appendix B.I.a(14), B.I.a(15), B.I.a(21) and B.I.a(22), the time ranges shall be changed as follows:

(1) Appendix B.I.a(14A): The cumulative number of shares of orders executed from 100 microseconds to less than 1 millisecond after the time of order receipt;

(2) Appendix B.I.a(15): The cumulative number of shares of orders executed from 1 millisecond to less than 100 milliseconds after the time of order receipt;

(3) Appendix B.I.a(21A): The cumulative number of shares of orders canceled from 100 microseconds to less than 1 millisecond after the time of order receipt; and

(4) Appendix B.I.a(22): The cumulative number of shares of orders canceled from 1 millisecond to less than 100 milliseconds after the time of order receipt.

(b) For purposes of Appendix B.I.a(21) through B.I.a(27), unexecuted Immediate or Cancel orders shall be categorized separately irrespective of the duration of time after order receipt.

**.06** The requirement in Appendix B.I.a(33) relating to the share-weighted average BBO Spread also shall apply to a Trading Center that displays on the ADF.

**.07** For purposes of Appendix B.I.a(31)–(33), the relevant measurement is the time of order receipt.

**.08** For purposes of Appendix B.I.a(33), only a Trading Center that is displaying in its own name as a Trading Center when executing an order shall enter a value in this field.

**.09** For purposes of Appendix B, the following order types and numbers shall be included and assigned the following numbers: "not held" orders (18); clean cross orders (19); auction orders (20); orders that cannot otherwise be classified, including orders received when the NBBO is crossed (21); and limit orders priced more than \$0.10 away from the NBBO (22). For purposes of order types 12-14 in Appendix B, such order types shall include all orders and not solely "resting" orders.

**.10** A Member shall not be deemed a Trading Center for purposes of Appendix B of the Plan where that Member only executes orders otherwise than on a national securities exchange for the purpose of: (1) correcting a bona fide error related to the execution of a customer order; (2) purchasing a security from a customer at a nominal price solely for purposes of liquidating the customer's position; or (3) completing the fractional share portion of an order.

**.11** For purposes of Appendix B.IV, the count of the number of Market Makers used in the calculation of share (trade) participation shall be added to each category. For purposes of Appendix B.IV(b) and (c), share participation and trade participation shall be calculated by using a total count instead of a share-weighted average or a trade-weighted average. For purposes of Appendix B, B.IV(d) (cross-quote share (trade) participation), (e) (inside-the-quote share (trade) participation), (f) (at-the-quote share (trade) participation), and (g) (outside-the-quote share (trade) participation), shall be calculated by reference to the National Best Bid or National Best Offer in effect immediately prior to the trade.

**.12** A Trading Center shall begin the data collection required pursuant to Appendix B.I.a(1) through B.II.(y) to the Plan and Item I of Appendix C to the Plan on April 4, 2016. The requirement that FINRA provide information to the SEC within 30 days following month end pursuant to Appendix B and C to the Plan shall commence at the beginning of the Pilot Period. Notwithstanding the provisions of paragraphs (b)(2)(B) and (b)(3)(C) of this Rule, with respect to data for the Pre-Pilot Period and Pilot Period, the requirement that FINRA make Appendix B data publicly available on the FINRA website shall commence on August 31, 2017. Notwithstanding the provisions of paragraphs (b)(4)(B) of this Rule, FINRA shall make Appendix C data for the Pre-Pilot Period through January 2017 publicly available on the FINRA website by February 28, 2017.

**.13** For purposes of Item I of Appendix C, the Participants shall calculate daily Market Maker realized profitability statistics for each trading day on a daily last in, first out (LIFO) basis using reported trade price and shall include only trades executed on the subject trading day. The daily LIFO calculation shall not include any positions carried over from previous trading days. For purposes of Item I.c of Appendix C, the Participants shall calculate daily Market Maker unrealized profitability statistics for each trading day on an average price basis. Specifically, the Participants must calculate the volume weighted average price of the excess (deficit) of buy volume over sell volume for the current trading day using reported trade price. The gain (loss) of the excess (deficit) of buy volume over sell volume shall be determined by using the volume weighted average price compared to the closing price of the

security as reported by the primary listing exchange. In calculating unrealized trading profits, the Participant also shall report the number of excess (deficit) shares held by the Market Maker, the volume weighted average price of that excess (deficit), and the closing price of the security as reported by the primary listing exchange used in reporting unrealized profit.

.14 "Pre-Pilot Data Collection Securities" are the securities designated by the Participants for purposes of the data collection requirements described in Items I, II and IV of Appendix B and Item I of Appendix C to the Plan for the period beginning six months prior to the Pilot Period through thirty-one days prior to the Pilot Period. The Participants shall compile the list of Pre-Pilot Data Collection Securities by selecting all NMS stocks with a market capitalization of \$5 billion or less, a Consolidated Average Daily Volume (CADV) of 2 million shares or less and a closing price of \$1 per share or more. The market capitalization and the closing price thresholds shall be applied to the last day of the Pre-Pilot measurement period, and the CADV threshold shall be applied to the duration of the Pre-Pilot measurement period. The Pre-Pilot measurement period shall be the three calendar months ending on the day when the Pre-Pilot Data Collection Securities are selected. The Pre-Pilot Data Collection Securities shall be selected thirty days prior to the commencement of the six-month Pre-Pilot Period.

.15 Appendix B data to be made publicly available on the FINRA website pursuant to the Plan will combine over-the-counter data for firms for which Chicago Stock Exchange, Inc. is the designated examining authority, and such data will be aggregated within groupings of five to 25 Trading Centers each. The groupings methodology will distinguish between alternative trading systems ("ATs") and non-ATs, but no other details of the methodology used to formulate the groupings will be disclosed to maintain confidentiality of the published data. Trading Center group assignments will not be published and will remain unchanged for the duration of the data publication period (subject to modifications, as appropriate, to account for industry entrants).

.16 This Rule shall be in effect during a pilot period to coincide with the pilot period for the Plan (including any extensions to the pilot period for the Plan).

Amended by SR-FINRA-2017-006 eff. Aug. 26, 2017.  
Amended by SR-FINRA-2017-010 eff. April 28, 2017.  
Amended by SR-FINRA-2017-005 eff. Feb. 23, 2017.  
Amended by SR-FINRA-2016-042 eff. Nov. 15, 2016.  
Amended by SR-FINRA-2016-038 eff. Oct. 3, 2016.  
Amended by SR-FINRA-2016-026 eff. Oct. 3, 2016.  
Paragraph (a) Adopted by SR-FINRA-2015-047 eff. Oct. 3, 2016.  
Amended by SR-FINRA-2016-035 eff. Aug. 30, 2016.  
Paragraph (b) Adopted by SR-FINRA-2015-048 eff. April 4, 2016.

# 6210. General

The Rule

Notices

The Alternative Display Facility ("ADF") is a facility operated by FINRA for members that choose to quote or effect trades in ADF-eligible securities otherwise than on an exchange. The ADF collects and disseminates quotations and trade reports, and compares trades. Those FINRA members that use ADF systems for quotation or trade reporting activities must comply with the Rule 6200 and 7100 Series, as well as all other applicable FINRA rules and the federal securities laws.

Amended by SR-FINRA-2013-053 eff. Feb. 3, 2014.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2006-091 eff. March 5, 2007.  
Amended by SR-NASD-2007-005 eff. Jan. 27, 2007.  
Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
Amended by SR-NASD-2004-160 eff. Oct. 26, 2004.  
Amended by SR-NASD-2004-012 eff. Jan. 26, 2004.  
Amended by SR-NASD-2003-67 eff. April 7, 2003.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notice:** 08-57.



## 6220. Definitions

The Rule

Notices

(a) Unless the context requires otherwise, the terms used in the Rule 6200 and Rule 7100 Series shall have the meanings below. Terms not specifically defined below shall have the meaning in the FINRA By-Laws and rules and Rule 600 of SEC Regulation NMS.

(1) "Exchange Act" or "SEA" means the Securities Exchange Act of 1934.

(2) "ADF-eligible security" means an NMS stock as defined in Rule 600(b)(54) of SEC Regulation NMS.

(3) "ADF Market Participant" or "Market Participant" means a Registered Reporting ADF Market Maker, or a Registered Reporting ADF ECN.

(4) "ADF Trading Center" means a Registered Reporting ADF Market Maker, or a Registered Reporting ADF ECN that is a "Trading Center," as defined in Rule 600(b)(95) of SEC Regulation NMS, and that is certified, pursuant to Rule 6250, to display its quotations or orders through the ADF.

(5) "Certification Record" means the document that an ADF Trading Center must execute and continue to comply with, pursuant to Rule 6250, to display its quotations through the ADF.

(6) "CQS security" is a security that is eligible for inclusion in the Consolidated Quotation Plan and reported to the Consolidated Tape in accordance with the Consolidated Tape Association Plan. These securities include all common stocks, preferred stocks, long-term warrants, and rights entitling the holder to acquire an eligible security, listed or admitted to unlisted trading privileges on the BATS Exchange Inc., NYSE MKT LLC, NYSE Arca LLC or the New York Stock Exchange, and securities listed on regional stock exchanges that have been designated by such regional exchange as eligible for reporting to the Consolidated Tape.

(7) "Nasdaq" means the NASDAQ Stock Market, LLC other than any facilities operated by The NASDAQ Stock Market, LLC on behalf of FINRA.

(8) "Nasdaq security" means any security listed on The NASDAQ Stock Market, LLC.

(9) "Normal unit of trading" means 100 shares of a security unless, with respect to a particular security, the market where the security is listed determines that a normal unit of trading shall constitute other than 100 shares.

(10) "Otherwise than on an exchange" means a trade effected by a FINRA member otherwise than on or through the facilities of a national securities exchange. The determination of

what constitutes a trade "on or through" a particular national securities exchange shall be determined by that exchange in accordance with all applicable statutes, rules and regulations, and with any necessary SEC approval.

(11) "Registered Reporting ADF ECN" means a member of FINRA that is an electronic communications network ("ECN") that elects to display orders in the ADF. A member shall cease being a Registered Reporting ADF ECN when it has withdrawn or voluntarily terminated its quotations on the ADF or when its quotations have been suspended or terminated by action of FINRA. This term also shall include a FINRA member that is an alternative trading system ("ATS") that displays orders in the ADF. A Registered Reporting ADF ECN may voluntarily withdraw from participation on the ADF upon providing, through electronic delivery, written notice to FINRA Market Operations of its intention to withdraw as an Registered Reporting ADF ECN, with such withdrawal to be effective upon the first trading day following the provision of such notice announcing the Registered Reporting ADF ECN's intention to withdraw, or such other date as specified in the written notice.

(12) "Registered Reporting ADF Market Maker" means a member of FINRA that is registered as a FINRA market maker in a particular designated security and, with respect to that security, holds itself out (by entering quotations in the Alternative Display Facility) as being willing to buy and sell such security for its own account on a regular and continuous basis. A member is a Registered Reporting ADF Market Maker in only those designated securities for which it is registered as an ADF market maker. A member shall cease being a Registered Reporting ADF Market Maker in a designated security when it has withdrawn or voluntarily terminated its quotations in that security on the ADF or when its quotations have been suspended or terminated by action of FINRA.

(13) "Registered Reporting Member" means a Registered Reporting ADF Market Maker or Registered Reporting ADF ECN.

(14) "Stop Stock Price" means the specified price at which a member and another party agree a Stop Stock Transaction shall be executed, and which price is based upon the prices at which the security is trading at the time the order is received by the member, taking into consideration that the specified price may deviate from the current market prices to factor in the size of the order and the number of shares available at those prices.

(15) "Stop Stock Transaction" means any transaction that meets both of the following conditions:

(A) the transaction is the result of an order in which a member and another party agree that the order will be executed at a Stop Stock Price or better; and.

(B) the order is executed at the Stop Stock Price or better.

(b) For purposes of Rule 6275, the following terms shall have the meanings as defined in Rule 100 of SEC Regulation M: "affiliated purchaser," "covered security," "distribution," "distribution participant," "restricted period," and "selling security holder."

Amended by SR-FINRA-2023-003 eff. Mar. 10, 2023.

Amended by SR-FINRA-2016-031 eff. Sep. 12, 2016.

Amended by SR-FINRA-2013-053 eff. Feb. 3, 2014.

Amended by SR-FINRA-2011-024 eff. June 17, 2011.

Amended by SR-FINRA-2008-057 eff. Dec. 15, 2008.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.

Amended by SR-NASD-2006-091 eff. March 5, 2007.

Amended by SR-NASD-2006-087 eff. Aug. 1, 2006.

Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.

Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notices:** 08-57, 08-74, 16-33.

# 6230. Use of Alternative Display Facility Data Systems

FINRA may at any time authorize the use of Alternative Display Facility data systems on a test basis for whatever studies it considers necessary and appropriate.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notice:** 08-57.

# 6240. Prohibition from Locking or Crossing Quotations in NMS Stocks

The Rule

Notices

(a) Definitions. For purposes of these Rules, the following definitions shall apply:

(1) The terms "automated quotation," "National Market System Plan" (NMS Plan), "intermarket sweep order," "manual quotation," "NMS stock," "protected quotation," and "trading center" shall have the meanings set forth in Rule 600(b) of SEC Regulation NMS.

(2) The term crossing quotation shall mean the display of a bid for an NMS stock at any time between 8:00 a.m. and 6:30 p.m. Eastern Time at a price that is higher than the price of an offer for such NMS stock previously disseminated pursuant to an effective NMS Plan, or the display of an offer for an NMS stock at any time between 8:00 a.m. and 6:30 p.m. Eastern Time at a price that is lower than the price of a bid for such NMS stock previously disseminated pursuant to an effective NMS Plan.

(3) The term locking quotation shall mean the display of a bid for an NMS stock at any time between 8:00 a.m. and 6:30 p.m. Eastern Time at a price that equals the price of an offer for such NMS stock previously disseminated pursuant to an effective NMS Plan, or the display of an offer for an NMS stock at any time between 8:00 a.m. and 6:30 p.m. Eastern Time at a price that equals the price of a bid for such NMS stock previously disseminated pursuant to an effective NMS Plan.

(b) Prohibition. Except for quotations that fall within the provisions of paragraph (d) of this Rule, members shall reasonably avoid displaying, and shall not engage in a pattern or practice of displaying, any quotations that lock or cross a protected quotation, and any manual quotations that lock or cross a quotation previously disseminated pursuant to an effective NMS Plan.

(c) Manual quotations. FINRA prohibits the display of manual quotations in the Alternative Display Facility, as specified in Rule 6250. However, if a member displays a manual quotation in another FINRA facility that locks or crosses a quotation previously disseminated pursuant to an effective NMS Plan, such member shall promptly either withdraw the manual quotation or route an intermarket sweep order to execute against the full displayed size of the locked or crossed quotation.

(d) Exceptions.

(1) The locking or crossing quotation was displayed at a time when the trading center displaying the locked or crossed quotation was experiencing a failure, material delay, or malfunction of its systems or equipment.

(2) The locking or crossing quotation was displayed at a time when a protected bid was higher than a protected offer in the NMS stock.

(3) The locking or crossing quotation was an automated quotation, and the member displaying such automated quotation simultaneously routed an intermarket sweep order to execute against the full displayed size of any locked or crossed protected quotation.

(4) The locking or crossing quotation was a manual quotation that locked or crossed another manual quotation, and the member displaying the locking or crossing manual quotation simultaneously routed an intermarket sweep order to execute against the full displayed size of the locked or crossed manual quotation.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.

Amended by SR-NASD-2007-001 eff. March 5, 2007.

Adopted by SR-NASD-2006-091 eff. March 5, 2007.

**Selected Notice:** 08-57.

# 6250. Quote and Order Access Requirements

The Rules

Notices

(a) For each security in which an ADF Trading Center displays a bid and offer (for Registered Reporting ADF Market Makers), or a bid or offer (for Registered Reporting ADF ECNs), in the ADF, it must:

(1) Provide other ADF Trading Centers direct electronic access, as defined below;

(2) Provide registered broker-dealers that are not ADF Trading Centers direct electronic access and allow for indirect electronic access, as defined below. In any event, an ADF Trading Center is prohibited from: (A) in any way directly or indirectly influencing or prescribing the prices that its customer broker-dealer may choose to impose for providing indirect access; and (B) precluding or discouraging indirect electronic access, including through the imposition of discriminatory pricing or quality of service with regard to a broker-dealer that is providing indirect electronic access;

(3) Provide a level and cost of access to its quotations in an NMS stock displayed in the ADF that is substantially equivalent to the level and cost of access to quotations displayed by SRO trading facilities in that NMS stock;

(4) Demonstrate that it has sufficient technology to automatically update its quotations and immediately respond to orders for execution directly against the individual ADF Trading Center's best bid or offer;

(5) Ensure that it does not impose unfairly discriminatory terms that prevent or inhibit any person, through a registered broker-dealer, from obtaining efficient access to such quotations;

(6) Provide at least 14 calendar days advance written notice, via facsimile, personal delivery, courier or overnight mail, to FINRA Market Operations before denying any registered broker-dealer direct electronic access as defined below. The notice provided hereunder must be based on the good faith belief of an ADF Trading Center that such denial of access is appropriate and does not violate any of the ADF Trading Center's obligations under FINRA rules or the federal securities laws. Further, any notification or publication of an ADF Trading Center's intent to deny access will have no bearing on the merits of any claim between the ADF Trading Center and any affected registered broker-dealer, nor will it insulate the ADF Trading Center from liability for violations of FINRA rules or the federal securities laws, such as Rule 602 of SEC Regulation NMS. The 14-day period begins on the first business day that FINRA Market Operations has receipt of the notice; and

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(7) Comply with the minimum performance standards set forth in paragraph (e) of this Rule and the terms agreed to in the Certification Record.

(b) ADF Trading Centers are required to specify as part of their Certification Record the method and terms by which they will comply with the requirements of this Rule. FINRA will not allow an ADF Trading Center to display quotations in the ADF unless the method and terms provided by the ADF Trading Center are in compliance with this Rule and applicable provisions of SEC Regulation NMS. Acceptance by FINRA of an ADF Trading Center's Certification Record does not relieve an ADF Trading Center of any of its on-going obligations. Moreover, FINRA's acceptance of such Certification Record, shall not constitute an estoppel as to FINRA or bind FINRA in any subsequent administrative, civil or disciplinary proceeding.

### **(c) Definitions**

(1) "Direct electronic access" means the ability to deliver an order for execution directly against an individual ADF Trading Center's best bid or offer subject to applicable FINRA rules and the federal securities laws, including SEC Regulation NMS. As described herein, ADF Trading Centers must provide direct electronic access, in conformity with this Rule, through the use of a communications service(s) that is deemed to be sufficient by FINRA.

(2) "Indirect electronic access" means the ability to route an order through a FINRA member, subscriber broker-dealer, or customer broker-dealer of an ADF Trading Center that are not an affiliate of the ADF Trading Center, for execution against the ADF Trading Center's best bid or offer subject to applicable FINRA rules and the federal securities laws, including SEC Regulation NMS. An ADF Trading Center shall not impose unfairly discriminatory terms that prevent or inhibit any person from obtaining efficient access to such quotation through a FINRA member, subscriber broker-dealer, or customer broker-dealer. A FINRA member that is providing indirect electronic access shall remain responsible for orders routed through it as though the orders were the firm's own orders.

### **(d) Minimum Performance Standards**

(1) ADF Trading Centers must submit "Automated Quotations" as defined in Rule 600(b)(6) of SEC Regulation NMS to the ADF for posting. "Manual Quotations," as defined in Rule 600(b)(45) of SEC Regulation NMS, shall not be submitted to the ADF. As a precondition to becoming an ADF Trading Center, an ADF Trading Center must, among other things, certify to FINRA their compliance with this paragraph based on reasonable forecasts of peak volume activity and the establishment of policies and procedures to ensure only "Automated Quotations," as defined in Rule 600(b)(6) of SEC Regulation NMS, are submitted to the ADF.

(2) In the event that an ADF Trading Center experiences three unexcused system outages during a period of five business days, the ADF Trading Center may be suspended from quoting in the ADF in all or certain issues for a period of 20 business days. With respect to an ADF



Trading Center, a "system outage" shall mean an inability to post "Automated Quotations," as defined by Rule 600(b)(6) of SEC Regulation NMS, in the ADF or an inability to immediately and automatically respond to orders.

(3) Officers of FINRA designated by the Chief Executive Officer of FINRA shall, pursuant to the procedures set forth in paragraph (e) of this Rule, have the authority to review any system outage to determine whether the system outage should be excused. An officer may deem a system outage excused upon proof by the ADF Trading Center that the system outage resulted from circumstances not within the control of the ADF Trading Center. The burden shall rest with the ADF Trading Center to demonstrate that a system outage should be excused.

(4) An ADF Trading Center may contact FINRA Product Management and request that a system outage be deemed excused, whether or not the system outage resulted from circumstances within the control of the ADF Trading Center; however, if FINRA Product Management becomes aware of the system outage prior to the ADF Trading Center's request for an excused system outage, FINRA Product Management may, at its own discretion, deem the system outage to be unexcused, based on the specific facts and circumstances surrounding the outage.

#### **(e) Procedures for Reviewing System Outages**

(1) Any ADF Trading Center that seeks to have a system outage reviewed pursuant to paragraph (d)(3) of this Rule, shall submit a written request, via facsimile, e-mail, personal delivery, courier or overnight mail to FINRA Product Management by close of the business day on which the system outage occurs, or the following business day if the system outage occurs outside of normal market hours.

(2) An ADF Trading Center that seeks review of a system outage shall supply any supporting information for a determination under paragraph (f)(d) to FINRA staff by the close of business on the day following the system outage.

(3) An ADF Trading Center that seeks review of a system outage shall supply FINRA staff with any information requested to make a determination pursuant to paragraph (d)(3).

(4) An officer shall, in accordance with paragraph (d)(3), make a determination whether a system outage is excused by the close of business on the day following the receipt of information supplied pursuant to paragraphs (e)(2) and (e)(3).

(5) An ADF Trading Center may appeal a determination made under paragraph (d)(3) to a three-member subcommittee comprised of current or former industry members of FINRA's Market Regulation Committee in writing, via facsimile or otherwise, by the close of business on the day a determination is rendered pursuant to paragraph (d)(3). An appeal to the subcommittee shall operate as a stay of the determination made pursuant to paragraph (d)(3).

Once a written appeal has been received, the ADF Trading Center may submit any additional supporting written documentation, via facsimile or otherwise, up until the time the appeal is considered by the subcommittee. The subcommittee shall render a determination by the close of business following the day a notice of appeal is received. The subcommittee's determination shall be final and binding.

#### **(f) Inactive Quoting**

In order to maintain ADF certification, Registered Reporting ADF ECNs must post at least one marketable quote/order through the ADF on each side of the market every 30 calendar days. A quote/order that is posted through the ADF will be presumptively a marketable quote/order if such quote/order is accessed (i.e., traded against) by another trading center or market participant (other than a subscriber of the Registered Reporting ADF ECN). A Registered Reporting ADF ECN that fails to post at least one marketable quote/order through the ADF on each side of the market every 30 calendar days, shall lose its ADF certification at the sole discretion of FINRA staff. Registered Reporting ADF ECNs seeking to regain ADF certification shall be required to recertify pursuant to this Rule 6250.

Amended by SR-FINRA-2023-003 eff. Mar. 10, 2023.  
Amended by SR-FINRA-2015-050 eff. Dec. 24, 2015.  
Amended by SR-FINRA-2015-034 eff. Dec. 20, 2015.  
Amended by SR-FINRA-2013-053 eff. Feb. 3, 2014.  
Amended by SR-FINRA-2009-085 eff. Jan. 4, 2010.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2007-001 eff. March 5, 2007.  
Amended by SR-NASD-2006-091 eff. March 5, 2007.  
Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
Amended by SR-NASD-2004-02 eff. Oct. 20, 2004.  
Amended by SR-NASD-2003-145 eff. Jan. 6, 2004.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notices:** 04-68, 08-57, 16-04.

# 6260. Review of Direct or Indirect Access Complaints

## **(a) Authority to Receive Complaints**

(1) For the purposes of this Rule, a "direct or indirect access complaint" is a complaint against an ADF Trading Center, as defined in Rule 6220, that alleges a denial or limitation of access in contravention of Rule 6250 or the federal securities laws.

(2) Any registered broker-dealer that wishes to file a direct or indirect access complaint shall submit a written complaint stating the pertinent facts that constitute the grounds for such complaint, via facsimile, e-mail, personal delivery, courier or overnight mail, to FINRA Market Operations and simultaneously serve by the same means the ADF Trading Center in accordance with Rule 9134(b). Officers of FINRA designated by the Chief Executive Officer of FINRA shall have the authority to review and make a determination regarding direct or indirect access complaints.

(3) Based upon a review of the complaint and such investigation that the officer, in his or her sole discretion, may decide to conduct, the officer shall promptly determine whether there has been a denial of access by the ADF Trading Center. If the officer determines that there has been a denial of access in contravention of Rule 6250 or the federal securities laws, the officer shall direct the ADF Trading Center to provide access to its ADF quotes and may limit participation in the ADF by such party if it does not comply promptly with the directive, including the withdrawal of the ADF Trading Center's quotations from the ADF until access is provided. FINRA shall provide to the parties written notification of the determination by the close of business following the day the determination is rendered. The determination shall be sent to the facsimile number listed in the parties' contact questionnaire submitted to FINRA pursuant to Article IV, Section 3 of the FINRA By-Laws or another contact specifically designated by a party. The determination, and any directive to provide access or action to limit participation in the ADF, shall be effective when issued or as specified, and shall remain in effect during any review or appeal. The determination shall not constitute an estoppel as to FINRA nor bind FINRA in any subsequent administrative, civil, or disciplinary proceeding.

## **(b) Procedures for Review of Determinations**

(1) Any registered broker-dealer, including an ADF Trading Center, that seeks review of a determination issued pursuant to paragraph (a) hereof, shall submit a written appeal setting forth the grounds for such review. The written appeal shall be submitted via facsimile, e-mail, personal delivery, courier or overnight mail, to FINRA and served by the same means on the opposite party, in accordance with Rule 9134(b), by close of the next business day after receipt of the

written determination. Written appeals that are not served upon FINRA and the opposite party by the close of the next business day after receipt of the written determination will not qualify for further administrative consideration, without prejudice as to the rights of a party to submit the dispute to arbitration or another adjudicatory forum.

(2) Once a written appeal has been received in accordance with paragraph (b)(1) above:

(A) the party seeking review shall have up to twenty-four (24) hours, or such longer period as specified by FINRA staff, to submit to FINRA and the opposite party via facsimile, personal delivery, courier or overnight mail, any supporting written information concerning the appeal;

(B) after receipt of the foregoing supporting written information, the party served with the appeal shall have up to twenty-four (24) hours, or such longer period as specified by FINRA staff, to submit any relevant written information to FINRA and the party seeking review via facsimile, personal delivery, courier or overnight mail;

(C) if the party seeking review fails to serve the opposite party any written information required pursuant to this subparagraph, that party's written complaint will not qualify for further administrative consideration, without prejudice as to the rights of a party to submit the dispute to arbitration or another adjudicatory forum.

(3) Each registered broker-dealer and/or person associated with a registered broker-dealer involved in the review shall provide FINRA with any information that it requests to resolve the matter on a timely basis notwithstanding the time parameters set forth in paragraph (b)(2) above. If a registered broker-dealer does not provide such requested information in a timely manner, FINRA may, in its discretion, consider the matter based upon the information provided. Moreover, if the registered broker-dealer and/or person associated with a registered broker-dealer is a member or person associated with a member, failure to provide requested information can constitute a violation of FINRA rules.

(4) All requests for information pursuant to this Rule shall be sent by the specified means to a receiving location that, from time to time, may be designated by FINRA.

**(c) Review by a Subcommittee of the Market Regulation Committee**

(1) If a party has applied for review of a determination, and the procedural requirements of paragraph (b) above have been satisfied, the determination shall be reviewed and a decision rendered by a three-member subcommittee comprised of current or former industry members of FINRA's Market Regulation Committee. Upon consideration of the record, and after such hearings as it may in its discretion order, the subcommittee, in accordance with the requirements set forth in Rule 6250, shall affirm or reverse the determination of the FINRA officer pursuant to paragraph (a)(3) above.

(2) The subcommittee shall provide written notification of its determination to the parties by the close of business following the day the determination is rendered. The subcommittee's determination shall not prejudice the rights of a party to submit the dispute to arbitration or another adjudicatory forum. The subcommittee's determination, including affirmation of any directive or action rendered in accordance with paragraph (a)(3), shall be effective when issued or as specified, constitute final FINRA action, and remain in effect during any review or appeal. The subcommittee's determination shall not constitute an estoppel as to FINRA nor bind FINRA in any subsequent administrative, civil, or disciplinary proceeding.

Amended by SR-FINRA-2013-053 eff. Feb. 3, 2014.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.

Amended by SR-NASD-2006-091 eff. March 5, 2007.

Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.

Adopted by SR-NASD-2004-159 eff. May 26, 2005.

**Selected Notices:** 05-30, 08-57.

# 6271. Registration as an ADF Market Maker or ADF ECN

The Rule

Notices

(a) A member seeking registration as an ADF Market Participant shall:

(1) file an application with FINRA in which the member:

(A) specifies whether the member is seeking registration in Nasdaq and/or CQS securities;

(B) certifies the member's good standing with FINRA;

(C) demonstrates compliance with the net capital and other financial responsibility provisions of the Exchange Act;

(D) agrees that failing to submit quotes and report trades in NMS stocks to the ADF during the two-year term will result in the forfeiture of some or all of the ADF Deposit Amount pursuant to the ADF Deposit Terms;

(E) agrees that failing to submit 75% of the ADF Market Participant's quoting and trading volume to the ADF will result in the forfeiture of some or all of the ADF Deposit Amount pursuant to the ADF Deposit Terms;

(F) provides FINRA with reasonable monthly projections of the volume of data that the member anticipates submitting to the ADF;

(G) agrees to submit the ADF Deposit Amount in five equal installments into an escrow account at a bank mutually acceptable to the member and FINRA on a timetable as agreed to by the member and FINRA; and

(H) agrees to the ADF Deposit Terms; and

(2) execute the Certification Record, as defined in Rule 6220; and

(3) execute a Participant Agreement with FINRA at least six months (or such other shorter time period as may be designated by FINRA) prior to quoting or reporting trades on the ADF.

(b) A member's registration as an ADF Market Participant shall not become effective until:

(1) the member has received a notice of approval from FINRA in the designated security types specified in the member's application pursuant to paragraph (a)(1)(A);

(2) the member has executed the Certification Record pursuant to paragraph (a)(2); and

(3) FINRA and the member have executed:

(A) the application pursuant to paragraph (a)(1); and

(B) the Participant Agreement pursuant to paragraph (a)(3).

(c) ADF Deposit Amount and ADF Deposit Terms

For purposes of this Rule:

(1) the "ADF Deposit Amount" shall be \$250,000; provided, however, that the ADF Deposit Amount shall be \$500,000 if the member:

(A) requests that FINRA accelerate the ADF migration onto FINRA's Multi Product Platform; or

(B) begins quoting on or reporting trades to the ADF within 90 calendar days after an ADF Market Participant that requested acceleration of the ADF migration begins quoting on or reporting trades to the ADF.

(2) the "ADF Deposit Terms" shall include the following, subject to any de minimis additions or qualifications in such terms to which FINRA and the member agree:

(A) One-fifth of the ADF Deposit Amount shall be released to FINRA if, in any calendar month beginning with the fourth calendar month following certification of the ADF Market Participant to quote on or report trades to the ADF, the ADF Market Participant fails to submit 75% of the member's quoting and trading activity to the ADF as agreed to by the member and FINRA pursuant to paragraph (a)(1)(E) above.

(B) For every \$1.00 received by FINRA from the National Market System Securities Information Processor data plans associated with ADF trade report activity that is attributable, in FINRA's sole discretion, to the member's trading activity on the ADF, the member shall receive \$0.50 out of the escrow account established pursuant to paragraph (a)(1)(G) above. Any such amount due to the member shall be paid to the member on a quarterly basis after FINRA has received its quarterly disbursement from the data plans; provided that the member shall only be entitled to receive up to four-fifths of the ADF Deposit Amount pursuant to this provision until the end of the two-year term agreed to pursuant to paragraph (a)(1)(D) above. At the end of the two-year term agreed to pursuant to paragraph (a)(1)(D) above, the member will be entitled to that portion of the remaining one-fifth of the ADF Deposit Amount on the same basis as the original four-fifths.

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(C) If a member is sold, goes out of business, otherwise does not meet its obligations, or fails to complete the process for becoming an ADF Market Participant, the member will forfeit the ADF Deposit Amount, or any lesser amount remaining in the escrow account established pursuant to paragraph (a)(1)(G) above, and all funds will be released from such escrow account to FINRA; provided, that the member will not forfeit the ADF Deposit Amount if the member is sold to an entity that would meet the qualifications as an ADF Market Participant and agrees to be bound by the ADF Deposit Terms. If an amount less than the ADF Deposit Amount has been placed into the escrow account established pursuant to paragraph (a)(1)(G) above, the member shall pay FINRA any difference between that amount and the ADF Deposit Amount, if necessary.

(D) If FINRA fails to make the ADF available for a member within nine months of the date of the member's first deposit into the escrow account established pursuant to paragraph (a)(1)(G) above, one-fifth of the ADF Deposit Amount will be released from such escrow account to the member. An additional one-fifth of the ADF Deposit Amount, or any lesser amount remaining in such escrow account, will be released to the member every month thereafter if FINRA fails to make the ADF available for the member until all funds have been released from such escrow account.

Amended by SR-FINRA-2013-031. eff. Feb. 3, 2014.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2006-091 eff. March 5, 2007.  
Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notices:** 08-57, 14-04.



# 6272. Character of Quotations

The Rule

Notices

## **(a) Quotation Requirements and Obligations**

A member registered as a Registered Reporting ADF Market Maker shall engage in a course of dealings for its own account to assist in the maintenance, insofar as reasonably practicable, of fair and orderly markets in accordance with this Rule.

### **(1) Two-Sided Quote Obligation.**

For each ADF-eligible security for which a member is a Registered Reporting ADF Market Maker, the member shall be willing to buy and sell such security for its own account on a continuous basis during regular market hours and shall enter and maintain a two-sided trading interest ("Two-Sided Obligation"), subject to the procedures for excused withdrawal set forth in Rule 6275.

Interest eligible to be considered as part of the Registered Reporting ADF Market Maker's Two-Sided Obligation shall have a displayed quotation size of at least one normal unit of trading (or a larger multiple thereof); provided, however, that a Registered Reporting ADF Market Maker may augment its Two-Sided Obligation size to display limit orders priced at the same price as the Two-Sided Obligation. Unless otherwise designated, a "normal unit of trading" shall be 100 shares. After an execution against its Two-Sided Obligation, a Registered Reporting ADF Market Maker must ensure that additional trading interest exists to satisfy its Two-Sided Obligation either by immediately entering new interest to comply with this obligation to maintain continuous two-sided quotations or by identifying existing interest on the ADF that will satisfy this obligation.

### **(2) Pricing Obligations for Registered Reporting ADF Market Makers.**

For ADF-eligible securities, a Registered Reporting ADF Market Maker shall adhere to the pricing obligations established by this Rule during the trading day; provided, however, that such pricing obligations (i) shall not commence during any trading day until after the first regular way transaction on the primary listing market in the security, as reported by the responsible single plan processor, and (ii) shall be suspended during a trading halt, suspension, or pause, and shall not recommence until after the first regular way transaction in the primary listing market in the security following such halt, suspension, or pause, as reported by the responsible single plan processor, except as permitted under the Regulation NMS Plan to Address Extraordinary Market Volatility.

### **(A) Bid Quotations.**

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At the time of entry of bid interest satisfying the Two-Sided Obligation, the price of the bid interest shall be not more than the Designated Percentage away from the then current National Best Bid, or if no National Best Bid, not more than the Designated Percentage away from the last reported sale from the responsible single plan processor. In the event that the National Best Bid (or if no National Best Bid, the last reported sale) increases to a level that would cause the bid interest of the Two-Sided Obligation to be more than the Defined Limit away from the National Best Bid (or if no National Best Bid, the last reported sale), or if the bid is executed or cancelled, the Registered Reporting ADF Market Maker shall enter new bid interest at a price not more than the Designated Percentage away from the then current National Best Bid (or if no National Best Bid, the last reported sale), or identify to FINRA current resting interest that satisfies the Two-Sided Obligation.

#### **(B) Offer Quotations.**

At the time of entry of offer interest satisfying the Two-Sided Obligation, the price of the offer interest shall be not more than the Designated Percentage away from the then current National Best Offer, or if no National Best Offer, not more than the Designated Percentage away from the last reported sale from the responsible single plan processor. In the event that the National Best Offer (or if no National Best Offer, the last reported sale) increases to a level that would cause the offer interest of the Two-Sided Obligation to be more than the Defined Limit away from the National Best Offer (or if no National Best Offer, the last reported sale), or if the bid is executed or cancelled, the Registered Reporting ADF Market Maker shall enter new offer interest at a price not more than the Designated Percentage away from the then current National Best Offer (or if no National Best Offer, the last reported sale), or identify to FINRA current resting interest that satisfies the Two-Sided Obligation.

#### **(3) Quotations Closer to the National Best Bid or Offer.**

Nothing in this Rule shall preclude a Registered Reporting ADF Market Maker from quoting at price levels that are closer to the National Best Bid and Offer than the levels required by this Rule.

#### **(4) Definitions.**

For purposes of this Rule:

(A) the "Defined Limit" shall be:

(i) 9.5% for Designated Stocks (except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, the Defined Limit for Designated Stocks shall be 21.5%);

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(ii) 29.5% for Other NMS Stocks with a price equal to or greater than \$1; and

(iii) 31.5% for Other NMS Stocks with a price less than \$1.

(B) the "Designated Percentage" shall be:

(i) 8% for Designated Stocks (except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, the Designated Percentage for Designated Stocks shall be 20%);

(ii) 28% for Other NMS Stocks with a price equal to or greater than \$1; and

(iii) 30% for Other NMS Stocks with a price less than \$1.

(C) the term "Designated Stock" shall mean an ADF-eligible security that is included in the S&P 500® Index, Russell 1000® Index, or a pilot list of Exchange Traded Products;

(D) the term "Other NMS Stock" shall mean any ADF-eligible security that is not a Designated Stock; and

(E) the determination of the price of a stock shall be based on the closing price on the previous trading day, or, if no closing price exists, the last sale reported to the Consolidated Tape on the previous trading day.

#### **(b) Minimum Price Variation for Quotations**

The minimum quotation increment for quotations of \$1.00 or above in all ADF-eligible securities shall be \$0.01. The minimum quotation increment for quotations below \$1.00 in all ADF-eligible securities shall be \$0.0001. Quotations failing to meet this standard shall be rejected.

#### **(c) Firm Quotations**

(1) Consistent with Rule 602(b)(2) of SEC Regulation NMS, an ADF Trading Center that receives an offer to buy or sell from another broker-dealer shall execute a transaction for at least a normal unit of trading at its displayed quotations as disseminated through the ADF at the time of receipt of any such offer. If an ADF Trading Center displays a quotation for a size greater than a normal unit of trading, it shall, upon receipt of an offer to buy or sell from another broker-dealer, execute a transaction at least at the size displayed.

(2) If an ADF Trading Center, upon receipt of an offer to buy or sell from another broker-dealer in any amount that is at least one normal unit of trading greater than its published quotation size as disseminated through the ADF at the time of receipt of any such offer, executes a transaction in an amount of shares less than the size of the offer, then such ADF Trading Center shall, immediately after such execution, display a revised quotation at a price that is inferior to its previous published quotation. The failure of an ADF Trading Center to execute the

offer in an amount greater than its published quotation size shall not constitute a violation of paragraph (c)(1) of this Rule.

(d) Quotations and quotation sizes in ADF-eligible securities may be entered into the ADF only by a Registered Reporting ADF Market Maker or Registered Reporting ADF ECN or other entity approved by FINRA to function in such a capacity. The ADF's protected quotation will be identified by FINRA based upon price, size and time priority.

Amended by SR-FINRA-2014-016 eff. May 1, 2014.  
Amended by SR-FINRA-2013-053 eff. Feb. 3, 2014.  
Amended by SR-FINRA-2013-031 eff. Feb. 3, 2014.  
Amended by SR-FINRA-2011-023 eff. Aug. 8, 2011.  
Amended by SR-FINRA-2010-049 eff. Dec. 6, 2010.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2008-003 eff. Jan. 25, 2008.  
Amended by SR-NASD-2007-001 eff. March 5, 2007.  
Amended by SR-NASD-2006-091 eff. March 5, 2007.  
Amended by SR-NASD-2007-008 eff. Jan 26, 2007.  
Amended by SR-NASD-2006-096 eff. Aug. 8, 2006.  
Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
Amended by SR-NASD-2003-175 eff. Mar. 12, 2004.  
Amended by SR-NASD-2003-181 eff. Dec. 4, 2003.  
Amended by SR-NASD-2003-67 eff. April 7, 2003.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notices:** 08-57, 14-04.

## 6273. Normal Business Hours

An ADF Trading Center shall be open for business as of 9:30 a.m. Eastern Time and shall close no earlier than 4:00 p.m. Eastern Time. An ADF Trading Center may be open for business on a voluntary basis for any period of time between 8:00 a.m. Eastern Time and 9:30 a.m. Eastern Time or between 4:00 p.m. Eastern Time and 6:30 p.m. Eastern Time. An ADF Trading Center whose quotes are open before 9:30 a.m. Eastern Time or after 4:00 p.m. Eastern Time shall be obligated to comply, while its quotes are open, with all FINRA rules that are not by their express terms, or by an official interpretation of FINRA, inapplicable to any part of the 8:00 a.m. to 9:30 a.m. Eastern Time or the 4:00 p.m. to 6:30 p.m. Eastern Time periods.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2007-001 eff. March 5, 2007.  
Amended by SR-NASD-2006-091 eff. March 5, 2007.  
Amended by SR-NASD-2005-087 eff. Aug 1, 2006.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notice:** 08-57.

## 6274. Clearance and Settlement

(a) A member shall clear and settle transactions effected on the ADF in ADF-eligible securities that are eligible for net settlement through the facilities of a registered clearing agency that uses a continuous net settlement system. This requirement may be satisfied by direct participation, use of direct clearing services, or by entry into a correspondent clearing arrangement with another member that clears trades through such an agency.

(b) Notwithstanding paragraph (a), transactions in ADF-eligible securities may be settled "ex-clearing" provided that both parties to the transaction agree.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.

Amended by SR-NASD-2006-091 eff. March 5, 2007.

Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.

Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notice:** 08-57.

# 6275. Withdrawal of Quotations

The Rule

Notices

(a) An ADF Trading Center that wishes to withdraw quotations in a security, other than instances when an ADF Trading Center is unable to submit automated quotations to the ADF, shall contact ADF Operations to obtain excused withdrawal status prior to withdrawing its quotations. If an ADF Trading Center cannot submit automated quotations or is unable to immediately and automatically respond to orders, as required by [Rule 6250\(c\)](#), the ADF Trading Center must immediately withdraw its quotations and promptly contact ADF Operations. An excused withdrawal of quotations may be granted by ADF Operations upon satisfying one of the conditions specified in this Rule.

(b) Excused withdrawal status based on circumstances beyond the ADF Trading Center's control may be granted for up to five business days, unless extended by ADF Operations. Excused withdrawal status based on demonstrated legal or regulatory requirements, supported by appropriate documentation and accompanied by a representation that the condition necessitating the withdrawal of quotations is not permanent in nature, may, upon notification, be granted for not more than 60 days (unless such request is required to be made pursuant to paragraph (d) of this Rule). Excused withdrawal status based on religious holidays may be granted only if notice is received by FINRA one business day in advance and is approved by FINRA. Excused withdrawal status based on vacation may be granted only if:

- (1) the request for withdrawal is received by FINRA one business day in advance, and is approved by FINRA; and
- (2) the request includes a list of the securities for which withdrawal is requested.

(c) Excused withdrawal status may be granted to a Registered Reporting ADF Market Maker that has withdrawn from an issue prior to the public announcement of a merger or acquisition and wishes to re-register in the issue pursuant to the same-day registration procedures contained in [Rule 6271](#), above, provided the Registered Reporting ADF Market Maker has remained registered in one of the affected issues. The withdrawal of quotations because of pending news, a sudden influx of orders or price changes, or to effect transactions with competitors shall not constitute acceptable reasons for granting excused withdrawal status.

(d) Excused withdrawal status may be granted by ADF Operations to an ADF Trading Center that experiences a documented problem or failure impacting the operation or utilization of any automated system operated by or on behalf of the ADF Trading Center (chronic system failures within the control of the member will not constitute a problem or failure impacting a firm's automated system).

(e) Excused withdrawal status may be granted by ADF Operations to an ADF Trading Center that fails to maintain a clearing arrangement with a registered clearing agency or with a member of such an agency, thereby terminating its registration as an ADF Trading Center; provided however, that if FINRA finds that the ADF Trading Center's failure to maintain a clearing arrangement is voluntary, the withdrawal of quotations will be considered voluntary and unexcused pursuant to [Rule 6276](#).

(f) Excused withdrawal status may be granted by ADF Operations to a Registered Reporting ADF Market Maker that is a distribution participant, affiliated purchaser, selling security holder or issuer of a distribution of a security that is a covered security subject to a restricted period under Rule 101 or 102 of SEC Regulation M on the following conditions:

(1) Such Registered Reporting ADF Market Maker shall, unless another member has assumed responsibility in writing for compliance with this Rule, provide a written request to FINRA, in such form as specified by FINRA, to withdraw the Registered Reporting ADF Market Maker's quotations, no later than the business day prior to the first complete trading session of the one-day or five-day restricted period under Rule 101 or 102 of SEC Regulation M, unless later notification is necessary under the specific circumstances.

(2) Such Registered Reporting ADF Market Maker shall submit a written request to FINRA, in such form as specified by FINRA, to rescind the Registered Reporting ADF Market Maker's excused withdrawal status, which request shall include the date and time of the pricing of the offering and the offering price, no later than the close of business the next business day following the pricing of the distribution.

(g) A three-member subcommittee comprised of current or former industry members of FINRA's Market Regulation Committee shall have jurisdiction over proceedings brought by market makers seeking review of a denial of an excused withdrawal pursuant to this Rule, or the conditions imposed on their reentry.

••• Supplementary Material: -----

.01 If FINRA finds that an ADF Market Maker's failure to maintain a clearing arrangement pursuant to [Rule 7120](#) is voluntary, the withdrawal of quotations will be considered voluntary and unexcused under this Rule.

Amended by SR-FINRA-2023-003 eff. Mar. 10, 2023.  
Amended by SR-FINRA-2013-053 eff. Feb. 3, 2014.  
Amended by SR-FINRA-2008-057 eff. Dec. 15, 2008.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2006-091 eff. March 5, 2007.  
Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
Amended by SR-NASD-2003-145 eff. Jan. 6, 2004.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.



**Selected Notices:** [08-57](#), [08-74](#).

## 6276. Voluntary Termination of Registration

A Registered Reporting ADF Market Maker may voluntarily terminate its registration in a security by (1) withdrawing its quotations from the Alternative Display Facility and not re-entering its quotations for five (5) minutes, or (2) failing to re-enter quotations within thirty (30) minutes of the end of a trading halt. A Registered Reporting ADF Market Maker that voluntarily terminates its registration in a security may not re-register as a market maker in that security for twenty (20) business days, absent an excused withdrawal specified in Rule 6275. Withdrawal from participation as a Registered Reporting ADF Market Maker in the Alternative Display Facility shall constitute termination of registration as a market maker in that security for purposes of this Rule; provided, however, that a Registered Reporting ADF Market Maker that fails to maintain a clearing arrangement with a registered clearing agency or with a member of such an agency and thereby terminates its registration as a market maker in Nasdaq securities may register as a market maker at any time after a clearing arrangement has been reestablished.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notice:** 08-57.

# 6277. Suspension and Termination of Quotations by FINRA Action

FINRA may suspend, condition, limit, prohibit or terminate an ADF Trading Center's authority to enter quotations in one or more ADF-eligible securities for violations of applicable requirements or prohibitions.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.

Amended by SR-NASD-2006-091 eff. March 5, 2007.

Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.

Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notice:** 08-57.

# 6278. Termination of Alternative Display Facility Data System Service

FINRA may, upon notice, terminate ADF Data System service in the event that an ADF Trading Center fails to qualify under specified standards of eligibility or fails to pay promptly for services rendered by FINRA.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2006-091 eff. March 5, 2007.  
Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notice:** 08-57.

## 6279. Alternative Trading Systems

(a) FINRA may provide a means to permit alternative trading systems ("ATSS"), as such term is defined in Regulation ATS, and electronic communications networks ("ECNs"), as such term is defined in Rule 600(b)(31) of SEC Regulation NMS, to comply with the display requirements of Rule 301(b)(3) of SEC Regulation ATS and the terms of the ECN display alternative provided for in Rule 602(b)(5)(ii) (A) and (B) of SEC Regulation NMS ("ECN display alternatives"). FINRA will not facilitate compliance with access requirements, which are the responsibility of ADF Trading Centers under Rule 6250.

(b) An ATS or ECN that seeks to use FINRA-provided means to comply with Rule 301(b)(3) of SEC Regulation ATS and/or the ECN display alternatives, or to provide orders to the ADF voluntarily shall:

(1) demonstrate to FINRA that it is in compliance with Regulation ATS or that it qualifies as an ECN meeting the definition in the SEC Regulation NMS;

(2) be registered as a FINRA member;

(3) agree to provide for FINRA's dissemination in the quotation data made available to quotation vendors the prices and sizes of FINRA Registered Market Maker orders (and orders from other subscribers of the ATS or ECN, if the ATS or ECN so chooses or is required by Rule 301(b)(3) of SEC Regulation ATS to display a subscriber's order in the ADF), at the highest buy price and the lowest sell price for each ADF-eligible security entered in and disseminated by the ATS or ECN; and prior to entering such prices and sizes, register with FINRA Market Operations as a Registered Reporting ADF ECN; and

(4) comply with Rule 6250.

(c) When a FINRA member attempts to access electronically an ATS or ECN-displayed order by sending an order that is larger than the ATS' or ECN's ADF-displayed size and the ATS or ECN is displaying the order on a reserved size basis, the FINRA member that operates the ATS or ECN shall execute such delivered order:

(1) up to the size of the delivered order, if the ATS or ECN order (including the reserved size and displayed portions) is the same size or larger than the delivered order; or

(2) up to the size of the ATS or ECN order (including the reserved size and displayed portions), if the delivered order is the same size or larger than the ATS or ECN order (including the reserved size and displayed portions).

No Registered Reporting ADF ECN operating through the ADF pursuant to this Rule is permitted to provide a reserved-size function unless the size of the order displayed through the ADF is 100

shares or greater. For purposes of this Rule, the term "reserved size" shall mean that a customer entering an order into an ATS or ECN has authorized the ATS or ECN to display publicly part of the full size of the customer's order with the remainder held in reserve on an undisplayed basis to be displayed in whole or in part as the displayed part is executed.

Amended by SR-FINRA-2023-003 eff. Mar. 10, 2023.

Amended by SR-FINRA-2013-053 eff. Feb. 3, 2014.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.

Amended by SR-NASD-2006-091 eff. March 5, 2007.

Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.

Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notice:** 08-57.

# 6281. Reporting Transactions in ADF-Eligible Securities

The Rule

Notices

This Rule 6280 Series governs the reporting by members of transactions in ADF-eligible securities through the ADF. Transactions executed otherwise than on an exchange must be reported to the ADF, in accordance with Rule 6282 and the Rule 7100 Series, as well as all other applicable FINRA rules, unless they are reported to another reporting facility designated by the SEC as being authorized to accept trade reports for trades executed otherwise than on an exchange.

Amended by SR-FINRA-2013-053 eff. Feb. 3, 2014.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2006-091 eff. March 5, 2007.  
Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notice:** 08-57.

# 6282. Transactions Reported by Members to the ADF

This version is valid from Nov 15, 2021 through May 27, 2024.

Amendments have been announced but are not yet effective. To view other versions open the versions tab on the right.

## **(a) When and How Transactions are Reported**

### **(1) Transaction Reporting During Normal Market Hours**

Members shall, as soon as practicable but no later than 10 seconds after execution, transmit to the ADF, or if the ADF is unavailable due to system or transmission failure, by telephone, facsimile or e-mail to FINRA Market Operations, last sale reports of transactions in ADF-eligible securities executed between 9:30 a.m. and 4:00 p.m. Eastern Time otherwise than on an exchange. Transactions not reported within 10 seconds after execution shall be designated as late.

### **(2) Transaction Reporting Outside Normal Market Hours**

(A) Last sale reports of transactions in ADF-eligible securities executed between 8:00 a.m. and 9:30 a.m. Eastern Time shall be reported as soon as practicable but no later than 10 seconds after execution and be designated with the unique trade report modifier, as specified by FINRA, to denote their execution outside normal market hours.

(B) Last sale reports of transactions in ADF-eligible securities executed between 4:00 p.m. and 6:30 p.m. Eastern Time shall be reported as soon as practicable but no later than 10 seconds after execution and be designated with the unique trade report modifier, as specified by FINRA, to denote their execution outside normal market hours.

(C) Last sale reports of transactions in ADF-eligible securities executed between midnight and 8:00 a.m. Eastern Time shall be reported by 8:15 a.m. Eastern Time on trade date and be designated with the unique trade report modifier, as specified by FINRA, to denote their execution outside normal market hours.

(D) Last sale reports of transactions in ADF-eligible securities executed (i) between 6:30 p.m. and midnight Eastern Time or (ii) on any non-business day (i.e., weekend or holiday) shall be reported the following business day by 8:15 a.m. Eastern Time, be designated "as/of" trades to denote their execution on a prior day and be designated with the unique trade report modifier, as specified by FINRA, to denote their execution outside normal market hours.



### **(3) All Trade Tickets Must be Time-Stamped**

Members shall time-stamp all trade tickets at the time of execution for transactions in ADF-eligible securities. Execution time shall be reported to FINRA on all last sale reports and shall be expressed in hours, minutes and seconds based on Eastern Time in military format, unless another provision of FINRA rules requires that a different time be included on the report.

### **(4) Other Modifiers Required to be Reported**

Reporting Members also shall append the applicable trade report modifiers as specified by FINRA to all last sale reports, including reports of "as/of" trades:

(A) if the trade is executed during normal market hours and it is reported later than 10 seconds after execution;

(B) if the trade is a Seller's Option Trade, denoting the number of days for delivery;

(C) if the trade is a Cash Trade;

(D) if the trade is a Next Day Trade;

(E) if the trade occurs at a price based on an average weighting or another special pricing formula;

(F) if the trade is a Stop Stock Transaction (as defined in [Rule 6220](#)) (Note: the transaction report shall include both the time of execution of the trade and the time at which the member and the other party agreed to the Stop Stock Price; if the Stop Stock Transaction is executed and reported within 10 seconds of the time the member and the other party agree to the Stop Stock Price, the designated modifier shall not be appended and only the time of execution of the trade shall be reported);

(G) if the transaction report reflects a price different from the current market when the execution price is based on a prior reference point in time (Note: the transaction report shall include both the time of execution of the trade and the prior reference time; if the trade is executed and reported within 10 seconds from the prior reference point in time, the designated modifier shall not be appended and only the time of execution of the trade shall be reported);

(H) to identify pre-opening and after-hours trades (executed between 8:00 a.m. and 9:30 a.m. Eastern Time or between 4:00 p.m. and 6:30 p.m. Eastern Time) reported more than 10 seconds after execution;

(I) if the trade would be a trade-through of a protected quotation, but for the trade being qualified for an exception or exemption from Rule 611 of SEC Regulation NMS

(Note: to ensure consistency in the usage of Rule 611 of SEC Regulation NMS related modifiers by registered broker-dealers, this modifier will be used in conformity with the specifications approved by the Operating Committee of the relevant National Market System Plans to identify trades executed pursuant to an exception or exemption from Rule 611 of SEC Regulation NMS);

(J) if the trade would be a trade-through of a protected quotation, but for the trade being qualified for an exception or exemption from Rule 611 of SEC Regulation NMS, members must, in addition to the modifier required in subparagraph (I) above, append an appropriate unique modifier, specified by FINRA, that identifies the specific applicable exception or exemption from Rule 611 of SEC Regulation NMS that a member is relying upon (Note: to ensure consistency in the usage of Rule 611 of SEC Regulation NMS related modifiers by registered broker-dealers, these modifiers will be used in conformity with the specifications approved by the Operating Committee of the relevant National Market System Plans to identify trades executed pursuant to an exception or exemption from Rule 611 of SEC Regulation NMS); and

(K) any other modifier as specified by FINRA or the SEC.

To the extent that any of the modifiers required by this Rule conflict, FINRA shall provide guidance regarding the priorities among modifiers and members shall report in accordance with such guidance, as applicable.

(5) The ADF will append the appropriate modifier to indicate that a trade was executed outside normal market hours or that a report was submitted late to the ADF, where such report contains the time of execution, but does not contain the appropriate modifier.

(6) To identify pre-opening and after-hours trades reported late, the ADF will convert to the late modifier, as applicable, on any pre-opening or after-hours report submitted to the ADF more than 10 seconds after execution.

### **(7) Form T Reporting Obligations**

All members shall report as soon as practicable to the Market Regulation Department on Form T, last sale reports of transactions in ADF-eligible securities for which electronic submission to the ADF is not possible (e.g., the ticker symbol for the security is no longer available or a market participant identifier is no longer active). Transactions that can be reported to the ADF, whether on trade date or on a subsequent date on an "as/of" basis (T+N), shall not be reported on Form T.

(8) Transactions not reported within 10 seconds after execution, or such other time period prescribed by rule, shall be designated as late. Any transaction that is required to be reported on trade date, but is not reported on trade date, must be reported on an "as/of" basis on a

subsequent date (T+N) and shall be designated as late. Any transaction that is required to be reported on an "as/of" basis the following business day (T+1), but is not reported T+1, must be reported on a subsequent date (T+N) and shall be designated as late. A pattern or practice of late reporting without reasonable justification or exceptional circumstances may be considered conduct inconsistent with high standards of commercial honor and just and equitable principles of trade in violation of [Rule 2010](#).

### **(b) Which Party Reports Transaction**

(1) In transactions between two members, the executing party shall report the trade.

(2) In transactions between a member and a customer or non-member, the member shall report the trade.

For purposes of this paragraph (b), "executing party" shall mean the member that receives an order for handling or execution or is presented an order against its quote, does not subsequently re-route the order, and executes the transaction. In a transaction between two members where both members may satisfy the definition of executing party (e.g., manually negotiated transactions via the telephone), the member representing the sell-side shall report the transaction, unless the parties agree otherwise and the member representing the sell-side contemporaneously documents such agreement.

### **(c) Information To Be Reported**

Each last sale report shall contain the following information:

(1) Stock symbol of the designated security;

(2) Number of shares or bonds;

(3) Price of the transaction as required by paragraph (d) below;

(4) A symbol indicating whether the transaction is a buy, sell or cross, and if applicable, sell short or sell short exempt;

(5) The time of execution expressed in hours, minutes and seconds based on Eastern Time in military format, unless another provision of FINRA rules requires that a different time be included in the report; and

(6) For any transaction in an order for which a member has recording and reporting obligations under Rules [6830](#) and [6870](#), the trade report must include an order identifier, meeting such parameters as may be prescribed by FINRA, assigned to the order that uniquely identifies the order for the date it was received (see Rule [6830\(a\)\(1\)\(A\)](#)).

### **(d) Procedures for Reporting Price, Volume, Capacity and Identification of Other Members**

Members that report transactions pursuant to paragraph (b) above shall transmit last sale reports in the following manner:

### **(1) Reporting Agency Transactions**

For agency transactions, report the number of shares (or bonds) and the price excluding the commission charged.

#### **Example:**

SELL as agent 100 shares at 40 less a commission of \$12.50;

REPORT 100 shares at 40.

### **(2) Reporting Dual Agency Transactions**

For dual agency transactions, report the number of shares (or bonds) only once, and report the price excluding the commission charged.

#### **Example:**

SELL as agent 100 shares at 40 less a commission of \$12.50;

BUY as agent 100 shares at 40 plus a commission of \$12.50;

REPORT 100 shares at 40.

### **(3) Reporting Principal and Riskless Principal Transactions**

(A) For principal transactions, except as provided below, report each purchase and sale transaction separately and report the number of shares (or bonds) and the price. For principal transactions that are executed at a price that includes a mark-up, mark-down or service charge, the price reported shall exclude the mark-up, mark-down or service charge. Such reported price shall be reasonably related to the prevailing market, taking into consideration all relevant circumstances including, but not limited to, market conditions with respect to the security, the number of shares (or bonds) involved in the transaction, the published bids and offers with size at the time of the execution (including the reporting firm's own quotation), the cost of execution and the expenses involved in clearing the transaction.

#### **Example:**

BUY as principal 100 shares from another member at 40 (no mark-down included);

REPORT 100 shares at 40.

**Example:**

BUY as principal 100 shares from a customer at 39.85 which includes a .15 mark-down from prevailing market at 40;

REPORT 100 shares at 40.

**Example:**

SELL as principal 100 shares to a customer at 40.15, which includes a .15 mark-up from the prevailing market of 40;

REPORT 100 shares at 40.

**Example:**

BUY as principal 10,000 shares from a customer at 39.75, which includes a .25 mark-down or service charge from the prevailing market of 40;

REPORT 10,000 shares at 40.

(B) Exception: A "riskless" principal transaction in which a member after having received an order to buy a security, purchases the security as principal at the same price to satisfy the order to buy or, after having received an order to sell, sells the security as principal at the same price to satisfy the order to sell, shall be reported to the ADF as one transaction in the same manner as an agency transaction, excluding the mark-up or mark-down, commission-equivalent, or other fee. Alternatively, a member may report a riskless principal transaction by submitting the following report(s):

(i) The member with the obligation to report the transaction pursuant to paragraph (b) above must submit a last sale report for the initial leg of the transaction.

(ii) Where the initial leg of the transaction has been reported to FINRA, regardless of whether a member has a reporting obligation pursuant to paragraph (b) above, the firm must submit, for the offsetting, "riskless" portion of the transaction, either:

a. a clearing-only report with a capacity indicator of "riskless principal," if a clearing report is necessary to clear the transaction; or

b. a non-tape, non-clearing report with a capacity indicator of "riskless principal," if a clearing report is not necessary to clear the transaction.

**Example:**

SELL as a principal 100 shares to another member at 40 to fill an existing order;

BUY as principal 100 shares from a customer at 40 minus a mark-down of \$12.50;

REPORT 100 shares at 40 by submitting a single trade report marked with a "riskless principal" capacity indicator to the ADF or by submitting the following reports:

1. where required by this Rule, a tape report marked with a "principal" capacity indicator; and
2. either a non-tape, non-clearing report or a clearing-only report marked with a "riskless principal" capacity indicator.

In a riskless principal transaction in which a member purchases or sells the security on an exchange to satisfy a customer's order, the trade will be reported by the exchange. A member may, however, submit to the ADF a clearing only report or a non-tape, non-clearing report for the "riskless" leg of a riskless principal transaction where the initial leg has been reported on or through an exchange. Any such report submitted to the ADF shall comply with all applicable requirements for trade reports set forth in this [Rule 6282](#).

**Example:**

BUY as principal 100 shares on an exchange at 40 to fill an existing order;

DO NOT REPORT this leg (will be reported by exchange).

SELL as principal 100 shares to a customer at 40 plus a mark-up of \$12.50.

A member MAY submit to the ADF either a non-tape, non-clearing report or a clearing-only report for this leg marked with a "riskless principal" capacity indicator.

**(4) Identification of Other Members for Agency and Riskless Principal Transactions**

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Any member that has a reporting obligation pursuant to paragraph (b) above and is acting in a riskless principal or agency capacity on behalf of one or more other members shall submit to FINRA one or more non-tape (either non-tape, clearing-only or non-tape, non-clearing) report(s) identifying such other member(s) as a party to the transaction, if such other member(s) is not identified on the initial trade report submitted to FINRA or a report submitted to FINRA pursuant to Rule 6282(d)(3)(B) for the offsetting leg of a riskless principal transaction. Nothing in this Rule 6282(d)(4) shall negate or modify the riskless principal transaction reporting requirements set forth in Rule 6282(d)(3)(B).

**Example #1:**

Member A, as agent or riskless principal on behalf of Member B, BUYS 100 shares from Member C at 40 (no mark-down included)

Member A has the reporting obligation under Rule 6282(b)

TAPE REPORT 100 shares at 40 By Member A between Member A and Member C

NON-TAPE REPORT 100 shares at 40 By Member A identifying Member B

**Example #2A:**

Member A MATCHES, as agent, the orders of Member B and Member C for 100 shares at 40

Member A has the reporting obligation under Rule 6282(b)

TAPE REPORT 100 shares at 40 By Member A between Member A and Member B (or Member C)

NON-TAPE REPORT 100 shares at 40 By Member A identifying Member C (or Member B)

**Example #2B:**

Member A MATCHES, as agent, the orders of Member B and Member C for 100 shares at 40

Member A has the reporting obligation under Rule 6282(b)

TAPE REPORT a CROSS of 100 shares at 40 By Member A

NON-TAPE REPORT 100 shares at 40 By Member A identifying Member B *and*

NON-TAPE REPORT 100 shares at 40 By Member A identifying Member C

**Example #3:**

Member A, as agent or riskless principal on behalf of Member B, BUYS 100 shares on an exchange at 40

DO NOT TAPE REPORT this leg (will be reported by exchange)

NO NON-TAPE REPORT required; however, Member A *may* submit a NON-TAPE REPORT as between Member A and Member B

**(e) Prohibition on Aggregation of Transactions**

Individual executions of orders in a security at the same price may not be aggregated, for transaction reporting purposes, into a single transaction report.

**(f) Reporting Requirements For Certain Transactions and Transfers of Securities**

(1) The following shall not be reported to the ADF:

(A) transactions that are part of a primary distribution by an issuer or of a registered secondary distribution (other than "shelf distributions") or of an unregistered secondary distribution; for purposes of this subparagraph, the term "distribution" has the meaning set forth under Rule 100 of SEC Regulation M;

(B) transactions made in reliance on Section 4(2) of the Securities Act;

(C) transactions reported on or through an exchange;

(D) the acquisition of securities by a member as principal in anticipation of making an immediate exchange distribution or exchange offering on an exchange;

(E) purchases of securities off the floor of an exchange pursuant to a tender offer;

(F) transfers of securities made pursuant to an asset purchase agreement (APA) that is subject to the jurisdiction and approval of a court of competent jurisdiction in insolvency matters, provided that the purchase price under the APA is not based on, and cannot be adjusted to reflect, the current market prices of the securities on or following the effective date of the APA; and

(G) the transfer of equity securities for the sole purpose of creating or redeeming an instrument that evidences ownership of or otherwise tracks the underlying securities transferred (e.g., an American Depositary Receipt or exchange-traded fund).

(2) The following shall not be reported to the ADF for publication purposes, but shall be reported for regulatory transaction fee assessment purposes under [Rule 7130\(f\)](#):



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(A) transactions where the buyer and seller have agreed to trade at a price substantially unrelated to the current market for the security, e.g., to enable the seller to make a gift;

(B) purchases or sales of securities effected upon the exercise of an option pursuant to the terms thereof or the exercise of any other right to acquire securities at a pre-established consideration unrelated to the current market; and

(C) transfers of proprietary securities positions where the transfer (1) is effected in connection with a merger or direct or indirect acquisition and (2) is not in furtherance of a trading or investment strategy. Members must provide FINRA at least three business days advance written notice of their intent to use this exception, including the basis for their determination that the transfer meets the terms of the exception.

## **(g) Reporting Cancelled and Reversed Trades**

### **(1) Obligation and Party Responsible for Reporting Cancelled and Reversed Trades**

With the exception of trades cancelled in accordance with the [Rule 11890 Series](#), members shall report the cancellation or reversal of any trade through the ADF that was previously submitted to FINRA through the ADF. The member responsible under Rule 6282 for submitting the original trade report shall submit the cancellation or reversal report in accordance with the procedures set forth in paragraphs (g)(2) and (3).

### **(2) Deadlines for Reporting Cancelled and Reversed Trades**

(A) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled at or before 4:00 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation as soon as practicable but no later than 10 seconds after the time the trade is cancelled.

(B) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled after 4:00 p.m., but before 6:30 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall use its best efforts to report the cancellation not later than 6:30 p.m. on the date of execution, and otherwise it shall report the cancellation on the following business day by 6:30 p.m.

(C) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled at or after 6:30 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation on the following business day by 6:30 p.m.

(D) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled prior to 6:30 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation by 6:30 p.m.

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(E) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled at or after 6:30 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation on the following business day by 6:30 p.m.

(F) For any trade cancelled or reversed on any date after the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation (or reversal) (i) by 6:30 p.m. on the date of cancellation (or reversal) if the trade is cancelled (or reversed) before 6:30 p.m., or (ii) by 6:30 p.m. on the following business day if the trade is cancelled (or reversed) at or after 6:30 p.m.

(G) For purposes of determining the deadline by which a trade cancellation (or reversal) must be reported to FINRA pursuant to paragraph (g) of this Rule the term "cancelled" (or "reversed," as applicable) shall mean the time at which (i) the member with the reporting responsibility informs its contra party, or is informed by its contra party, that a trade is being cancelled (or reversed), (ii) the member with the reporting responsibility and its contra party agree to cancel (or reverse) a trade if neither party can unilaterally cancel (or reverse) the trade, or (iii) the member with the reporting responsibility takes an action to cancel (or reverse) the trade on its books and records, whichever event occurs first.

(3) When submitting a report of a reversal to the ADF, members must identify the original report of the previously submitted trade by including the original report date and the control number assigned by the ADF to the original trade report.

(h) A member may agree to allow a Participant to report and lock-in trades on its behalf, if both parties have completed an agreement to that effect as specified by FINRA and submitted it to FINRA Market Operations. However, the member with the reporting obligation remains responsible for the transaction submitted on its behalf. Further, both the member with the reporting obligation and the member submitting the trade to the ADF are responsible for ensuring that the information submitted is in compliance with all applicable rules and regulations.

• • • **Supplementary Material:** -----

**.01** Members that would otherwise have the trade reporting obligation under paragraph (b) of this Rule must provide to FINRA notice that they are relying on the exception from trade reporting under paragraph (f)(1)(A) of this Rule for transactions that are part of an unregistered secondary distribution. For each transaction that is part of the unregistered secondary distribution and not trade reported, the member must provide the following information to FINRA: security name and symbol, execution date, execution time, number of shares, trade price and parties to the trade. Such notice and information must be provided no later than three (3) business days following trade date and in such form as specified by FINRA. If the trade executions will occur over multiple days, then initial notice and available information must be provided no later than three (3) business days following the first trade date and final notice and information must be provided no later than three (3) business days following

the last trade date. The member must retain records sufficient to document the basis for relying on this trade reporting exception, including but not limited to, the basis for determining that the definition of "distribution" under Rule 100 of SEC Regulation M has been satisfied, as well as evidence of compliance with applicable notification requirements under [Rule 5190](#).

## **.02 Trade Reporting Time Frame**

(a) With respect to the requirement under paragraphs (a) and (g) of this Rule that members report trades and trade cancellations "as soon as practicable," a member with the trade reporting obligation under paragraph (b) of this Rule must adopt policies and procedures reasonably designed to comply with this requirement and must implement systems that commence the trade reporting process without delay upon execution (or cancellation, as applicable). Where a member has such reasonably designed policies, procedures and systems in place, the member generally will not be viewed as violating the "as soon as practicable" requirement because of delays in trade reporting that are due to extrinsic factors that are not reasonably predictable and where the member does not purposely intend to delay the reporting of the trade. In no event may a member purposely withhold trade reports, e.g., by programming its systems to delay reporting until the last permissible second.

(b) FINRA recognizes that a very small universe of trades are reported manually, and as a result, even where a member does not purposely withhold trade reports, the trade reporting process may not be completed within 10 seconds following execution. In these cases, for purposes of determining whether "reasonable justification" exists to excuse what otherwise may be deemed to be a pattern or practice of late trade reporting under this Rule and [Rule 6181](#), FINRA will take into consideration such factors as the complexity and manual nature of the execution and reporting of the trade, where the trade details must be manually entered into the trade reporting system following execution.

**.03** Trade reports of block transactions using the Intermarket Sweep Order (ISO) exception (outbound) under Rule 611 of SEC Regulation NMS must include the time that all material terms of the transaction are known (including, but not limited to, the final number of shares executed after reflecting any fills of routed ISOs) and, if different from the time of execution, members must also include the time that ISOs are sent to trading centers with protected quotations that are priced superior to the block transaction price.

**.04** All time fields required by this Rule must be reported in hours, minutes, seconds and milliseconds, if the member's system captures time in milliseconds. Pursuant to the FINRA Rule 6800 Series (Consolidated Audit Trail Compliance Rule), Industry Members must report the execution of an order, in whole or in part ("order execution events") to the Central Repository. Industry Members must report time fields required by this Rule using the same timestamp granularity that they use to report order execution events to the Central Repository, in accordance with [Rule 6860](#).

Amended by SR-FINRA-2020-029 eff. Nov. 15, 2021.

Amended by SR-FINRA-2021-017 eff. Sept. 1, 2021.

Amended by SR-FINRA-2015-027 eff. Aug. 24, 2015.

Amended by SR-FINRA-2013-050 and SR-FINRA-2015-008 eff. July 13, 2015.  
Amended by SR-FINRA-2014-045 eff. Dec. 1, 2014.  
Amended by SR-FINRA-2013-050 and SR-FINRA-2014-039 eff. Nov. 10, 2014.  
Amended by SR-FINRA-2013-053 eff. Feb. 3, 2014.  
Amended by SR-FINRA-2013-013 eff. Nov. 4, 2013.  
Amended by SR-FINRA-2011-027 eff. Nov. 1, 2011.  
Amended by SR-FINRA-2011-061 eff. Oct. 14, 2011.  
Amended by SR-FINRA-2010-058 eff. Feb. 28, 2011.  
Amended by SR-FINRA-2010-043 eff. Feb. 28, 2011.  
Amended by SR-FINRA-2009-061 eff. Nov. 1, 2010.  
Amended by SR-FINRA-2009-082 eff. April 12, 2010.  
Amended by SR-FINRA-2009-031 eff. Jan. 11, 2010.  
Amended by SR-FINRA-2009-027 eff. Aug. 3, 2009.  
Amended by SR-FINRA-2008-011 eff. Aug. 3, 2009.  
Amended by SR-FINRA-2009-024 eff. May 4, 2009.  
Amended by SR-FINRA-2008-060 eff. Jan. 12, 2009.  
Amended by SR-FINRA-2008-057 eff. Dec. 15, 2008.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-FINRA-2007-017 eff. March 3, 2008.  
Amended by SR-NASD-2007-040 eff. Nov. 5, 2007.  
Amended by SR-NASD-2007-047 eff. July 6, 2007.  
Amended by SR-NASD-2007-001 eff. March 5, 2007.  
Amended by SR-NASD-2006-091 eff. March 5, 2007.  
Amended by SR-NASD-2006-098 eff. Dec. 1, 2006.  
Amended by SR-NASD-2006-055 eff. Dec. 1, 2006.  
Amended by SR-NASD-2005-87 eff. Aug. 1, 2006.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notices:** [07-31](#), [07-33](#), [07-38](#), [07-63](#), [08-57](#), [09-08](#), [09-21](#), [09-52](#), [10-07](#), [10-24](#), [10-48](#), [11-40](#), [13-19](#), [14-21](#), [20-41](#), [21-21](#).

# 6300A. FINRA/NASDAQ TRADE REPORTING FACILITIES

There are two FINRA/Nasdaq Trade Reporting Facilities: FINRA/Nasdaq Trade Reporting Facility Carteret and FINRA/Nasdaq Trade Reporting Facility Chicago. As used in the Rule 6300A Series, the term "FINRA/Nasdaq Trade Reporting Facility" means either the FINRA/Nasdaq Trade Reporting Facility Carteret or FINRA/Nasdaq Trade Reporting Facility Chicago, as applicable, depending on the facility to which the Participant elects to report. The two FINRA/Nasdaq Trade Reporting Facilities are separate and distinct facilities, and as such, for example, the correction, cancellation or reversal of a trade can only be reported to the FINRA/Nasdaq Trade Reporting Facility to which the trade was originally reported.

The forms of agreements required under the Rule 6300A Series, including the agreement to allow a Participant to report and lock-in trades on a member's behalf required under Rule 6380A(h), shall be identical for both FINRA/Nasdaq Trade Reporting Facilities and a single agreement can be used for purposes of both FINRA/Nasdaq Trade Reporting Facilities. Members that elect to participate in both FINRA/Nasdaq Trade Reporting Facilities must amend any existing agreements under the Rule 6300A Series to reflect their application to both Facilities.

Any determinations made by FINRA to suspend, condition, limit or terminate a Participant's ability to use one of the FINRA/Nasdaq Trade Reporting Facilities shall also apply to the other FINRA/Nasdaq Trade Reporting Facility with respect to that Participant.

Amended by SR-FINRA-2018-013 eff. Sept. 10, 2018.

## 6310A. General

Members may use the FINRA/Nasdaq Trade Reporting Facility to report transactions executed otherwise than on an exchange in all NMS stocks as defined in Rule 600(b)(47) of SEC Regulation NMS ("designated securities"). Members that use the FINRA/Nasdaq Trade Reporting Facility must comply with the Rule 6300A and 7200A Series, as well as all other applicable rules. The Rule 6300A and 7200A Series shall apply only to members using the FINRA/Nasdaq Trade Reporting Facility.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.

Amended by SR-NASD-2006-104 eff. March 5, 2007.

Amended by SR-NASD-2006-087 eff. Aug. 1, 2006.

Adopted by SR-NASD-2005-087 eff. Aug. 1, 2006.

**Selected Notice:** 08-57.

## 6320A. Definitions

(a) For purposes of the Rule 6300A Series, unless the context requires otherwise:

(1) "Exchange Act" or "SEA" means the Securities Exchange Act of 1934.

(2) "Designated securities" means all NMS stocks as defined in Rule 600(b)(47) of SEC Regulation NMS.

(3) "Member" means a broker or dealer admitted to FINRA membership.

(4) "Market Maker" means an "exchange market maker" or "OTC market maker," as those terms are defined in Rule 600(b) of SEC Regulation NMS, that is registered in a particular designated security as such with an exchange or a registered securities association or a facility thereof. A member is considered a Market Maker only in those designated securities for which it is registered as such.

(5) "Nasdaq" means the NASDAQ Stock Market, LLC and its facilities.

(6) "Normal market hours" means 9:30 a.m. Eastern Time to 4:00 p.m. Eastern Time.

(7) "Normal unit of trading" means 100 shares of a security unless, with respect to a particular security, FINRA determines that a normal unit of trading shall constitute other than 100 shares.

(8) "Otherwise than on an exchange" means a trade effected by a FINRA member otherwise than on or through the facilities of a national securities exchange. The determination of what constitutes a trade "on or through" a particular national securities exchange shall be determined by that exchange in accordance with all applicable statutes, rules and regulations, and with any necessary SEC approval.

(9) "Round lot holder" means a holder of a normal unit of trading.

(10) "Stop Stock Price" means the specified price at which a member and another party agree a Stop Stock Transaction shall be executed, and which price is based upon the prices at which the security is trading at the time the order is received by the member, taking into consideration that the specified price may deviate from the current market prices to factor in the size of the order and the number of shares available at those prices.

(11) "Stop Stock Transaction" means any transaction that meets both of the following conditions:

(A) the transaction is the result of an order in which a member and another party agree that the order will be executed at a Stop Stock Price or better; and

(B) the order is executed at the Stop Stock Price or better.

(12) "Trade Reporting Facility Participant" or "Participant" means any member in good standing that uses the FINRA/Nasdaq Trade Reporting Facility.

(13) Terms used in this Rule 6300A Series shall have the meaning as defined in FINRA By-Laws and rules, and Rule 600 of SEC Regulation NMS and the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation, and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis, unless otherwise defined herein.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.

Amended by SR-NASD-2006-104 eff. March 5, 2007.

Amended by SR-NASD-2006-087 eff. Aug. 1, 2006.

Adopted by SR-NASD-2005-087 eff. Aug. 1, 2006.

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# 6330A. Use of FINRA/Nasdaq Trade Reporting Facility on a Test Basis

FINRA may at any time authorize the use of the FINRA/Nasdaq Trade Reporting Facility on a test basis for whatever studies it considers necessary and appropriate.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.

Amended by SR-NASD-2006-104 eff. March 5, 2007.

Adopted by SR-NASD-2005-087 eff. Aug. 1, 2006.

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## 6340A. Reports

A Trade Reporting Facility Participant shall make such reports to FINRA as may be prescribed from time to time by FINRA.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Adopted by SR-NASD-2005-087 eff. Aug. 1, 2006.

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## 6350A. Clearance and Settlement

(a) A Trade Reporting Facility Participant shall clear and settle transactions in designated securities through the facilities of a registered clearing agency that uses a continuous net settlement system. This requirement may be satisfied by direct participation, use of direct clearing services, or by entry into a correspondent clearing arrangement with another member that clears trades through such an agency.

(b) Notwithstanding paragraph (a), transactions in designated securities may be settled "ex-clearing" provided that both parties to the transaction agree.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Adopted by SR-NASD-2005-087 eff. Aug. 1, 2006.

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# 6360A. Suspension and Termination by FINRA Action

FINRA may, pursuant to the procedures set forth in the Rule 9000 Series, suspend, condition, limit, prohibit or terminate a Trade Reporting Facility Participant's ability to use FINRA/Nasdaq Trade Reporting Facility services in one or more designated securities for violations of applicable requirements or prohibitions. For avoidance of doubt, any determination by FINRA to suspend, limit, prohibit, or terminate a Participant's ability to use services of one of the two FINRA/Nasdaq Trade Reporting Facilities will apply equally to the other FINRA/Nasdaq Trade Reporting Facility with respect to that Participant.

Amended by SR-FINRA-2018-013 eff. Sept. 10, 2018.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2006-104 eff. March 5, 2007.  
Adopted by SR-NASD-2005-087 eff. Aug. 1, 2006.

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# 6370A. Termination of FINRA/Nasdaq Trade Reporting Facility Service

FINRA may, upon notice, terminate FINRA/Nasdaq Trade Reporting Facility service in the event that a Trade Reporting Facility Participant fails to qualify under specified standards of eligibility or fails to pay promptly for services rendered. For avoidance of doubt, any determination by FINRA to terminate the services of one of the two FINRA/Nasdaq Trade Reporting Facilities with respect to a Participant will also terminate the services of the other FINRA/Nasdaq Trade Reporting Facility with respect to that Participant.

Amended by SR-FINRA-2018-013 eff. Sept. 10, 2018.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.

Amended by SR-NASD-2006-104 eff. March 5, 2007.

Adopted by SR-NASD-2005-087 eff. Aug. 1, 2006.

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# 6380A. Transaction Reporting

This version is valid from Nov 15, 2021 through May 27, 2024.

Amendments have been announced but are not yet effective. To view other versions open the versions tab on the right.

## (a) When and How Transactions are Reported

(1) Trade Reporting Facility Participants shall, as soon as practicable but no later than 10 seconds after execution, transmit to the FINRA/Nasdaq Trade Reporting Facility or if the FINRA/Nasdaq Trade Reporting Facility is unavailable due to system or transmission failure, by telephone to the FINRA/Nasdaq Trade Reporting Facility Operations Department, last sale reports of transactions in designated securities executed during normal market hours. Transactions not reported within 10 seconds after execution shall be designated as late.

(2) Transaction Reporting to the FINRA/Nasdaq Trade Reporting Facility Outside Normal Market Hours

(A) Last sale reports of transactions in designated securities executed between 8:00 a.m. and 9:30 a.m. Eastern Time shall be reported as soon as practicable but no later than 10 seconds after execution and be designated with the unique trade report modifier, as specified by FINRA, to denote their execution outside normal market hours.

(B) Last sale reports of transactions in designated securities executed between 4:00 p.m. and 8:00 p.m. Eastern Time shall be reported as soon as practicable but no later than 10 seconds after execution and be designated with the unique trade report modifier, as specified by FINRA, to denote their execution outside normal market hours.

(C) Last sale reports of transactions in designated securities executed between midnight and 8:00 a.m. Eastern Time shall be reported by 8:15 a.m. Eastern Time on trade date and be designated with the unique trade report modifier, as specified by FINRA, to denote their execution outside normal market hours.

(D) Last sale reports of transactions in designated securities executed (i) between 8:00 p.m. and midnight Eastern Time or (ii) on any non-business day (i.e., weekend or holiday) shall be reported the following business day by 8:15 a.m. Eastern Time, be designated "as/of" trades to denote their execution on a prior day and be designated with the unique trade report modifier, as specified by FINRA, to denote their execution outside normal market hours.

(3) Members shall time-stamp all trade tickets at the time of execution for transactions in designated securities. Execution time shall be reported to FINRA on all last sale reports and

shall be expressed in hours, minutes and seconds based on Eastern Time in military format, unless another provision of FINRA rules requires that a different time be included on the report.

(4) Transactions not reported within 10 seconds after execution, or such other time period prescribed by rule, shall be designated as late. Any transaction that is required to be reported on trade date, but is not reported on trade date, must be reported on an "as/of" basis on a subsequent date (T+N) and shall be designated as late. Any transaction that is required to be reported on an "as/of" basis the following business day (T+1), but is not reported T+1, must be reported on a subsequent date (T+N) and shall be designated as late. A pattern or practice of late reporting without reasonable justification or exceptional circumstances may be considered conduct inconsistent with high standards of commercial honor and just and equitable principles of trade in violation of [Rule 2010](#).

(5) Members also shall append the applicable trade report modifiers as specified by FINRA to all last sale reports, including reports of "as/of" trades:

(A) if the trade is executed during normal market hours and it is reported later than 10 seconds after execution;

(B) if the trade is a Seller's Option Trade, denoting the number of days for delivery;

(C) if the trade is a Cash Trade;

(D) if the trade is a Next Day Trade;

(E) if the trade occurs at a price based on an average weighting or another special pricing formula;

(F) if the trade is a Stop Stock Transaction (as defined in Rule 6320A) (Note: the transaction report shall include both the time of execution of the trade and the time at which the member and the other party agreed to the Stop Stock Price; if the Stop Stock Transaction is executed and reported within 10 seconds of the time the member and the other party agree to the Stop Stock Price, the designated modifier shall not be appended and only the time of execution of the trade shall be reported);

(G) if the transaction report reflects a price different from the current market when the execution price is based on a prior reference point in time (Note: the transaction report shall include both the time of execution of the trade and the prior reference time; if the trade is executed and reported within 10 seconds from the prior reference point in time, the designated modifier shall not be appended and only the time of execution of the trade shall be reported);

(H) to identify pre-opening and after-hours trades (executed between 8:00 a.m. and 9:30 a.m. Eastern time or between 4:00 p.m. and 8:00 p.m. Eastern time) reported more

(I) if the trade would be a trade-through of a protected quotation, but for the trade being qualified for an exception or exemption from Rule 611 of SEC Regulation NMS (Note: to ensure consistency in the usage of Rule 611 of SEC Regulation NMS related modifiers by registered broker-dealers, this modifier will be used in conformity with the specifications approved by the Operating Committee of the relevant National Market System Plans to identify trades executed pursuant to an exception or exemption from Rule 611 of SEC Regulation NMS);

(J) if the trade would be a trade-through of a protected quotation, but for the trade being qualified for an exception or exemption from Rule 611 of SEC Regulation NMS, members must, in addition to the modifier required in subparagraph (I) above, append an appropriate unique modifier, specified by FINRA, that identifies the specific applicable exception or exemption from Rule 611 of SEC Regulation NMS that a member is relying upon (Note: to ensure consistency in the usage of Rule 611 of SEC Regulation NMS related modifiers by registered broker-dealers, these modifiers will be used in conformity with the specifications approved by the Operating Committee of the relevant National Market System Plans to identify trades executed pursuant to an exception or exemption from Rule 611 of SEC Regulation NMS); and

(K) any other modifier as specified by FINRA or the SEC.

To the extent that any of the modifiers required by this Rule conflict, FINRA shall provide guidance regarding the priorities among modifiers and members shall report in accordance with such guidance, as applicable.

(6) The FINRA/Nasdaq Trade Reporting Facility will append the appropriate modifier to indicate that a trade was executed outside normal market hours or that a report was submitted late to the FINRA/Nasdaq Trade Reporting Facility, where such report contains the time of execution, but does not contain the appropriate modifier.

(7) To identify pre-opening and after-hours trades reported late, the FINRA/Nasdaq Trade Reporting Facility will convert to the late modifier, as applicable, on any pre-opening or after-hours report submitted to the FINRA/Nasdaq Trade Reporting Facility more than 10 seconds after execution.

(8) All members shall report as soon as practicable to the Market Regulation Department on Form T, last sale reports of transactions in designated securities for which electronic submission to the FINRA/Nasdaq Trade Reporting Facility is not possible (e.g., the ticker symbol for the security is no longer available or a market participant identifier is no longer active). Transactions that can be reported to the FINRA/Nasdaq Trade Reporting Facility, whether on trade date or on a subsequent date on an "as/of" basis (T+N), shall not be reported on Form T.



## **(b) Which Party Reports the Transaction**

(1) In transactions between two members, the executing party shall report the trade.

(2) In transactions between a member and a non-member or customer, the member shall report the trade.

For purposes of this paragraph (b), "executing party" shall mean the member that receives an order for handling or execution or is presented an order against its quote, does not subsequently re-route the order, and executes the transaction. In a transaction between two members where both members may satisfy the definition of executing party (e.g., manually negotiated transactions via the telephone), the member representing the sell-side shall report the transaction, unless the parties agree otherwise and the member representing the sell-side contemporaneously documents such agreement.

## **(c) Information To Be Reported**

Each last sale report shall contain the following information:

(1) Stock symbol of the designated security;

(2) Number of shares or bonds;

(3) Price of the transaction as required by paragraph (d) below;

(4) A symbol indicating whether the transaction is a buy, sell or cross, and if applicable, sell short or sell short exempt;

(5) The time of execution expressed in hours, minutes and seconds based on Eastern Time in military format, unless another provision of FINRA rules requires that a different time be included in the report; and

(6) For any transaction in an order for which a member has recording and reporting obligations under Rules [6830](#) and [6870](#), the trade report must include an order identifier, meeting such parameters as may be prescribed by FINRA, assigned to the order that uniquely identifies the order for the date it was received (see Rule [6830\(a\)\(1\)\(A\)](#)).

## **(d) Procedures for Reporting Price, Volume, Capacity and Identification of Other Members**

Members that report transactions to the FINRA/Nasdaq Trade Reporting Facility, pursuant to paragraph (b) above shall transmit last sale reports for all purchases and sales in designated securities in the following manner:

### **(1) Reporting Agency Transactions**

For agency transactions, report the number of shares and the price excluding the commission charged.

**Example:**

SELL as agent 100 shares at 40 less a commission of \$12.50;

REPORT 100 shares at 40.

**(2) Reporting Dual Agency Transactions**

For dual agency transactions, report the number of shares only once, and report the price excluding the commission charged.

**Example:**

SELL as agent 100 shares at 40 less a commission of \$12.50;

BUY as agent 100 shares at 40 plus a commission of \$12.50;

REPORT 100 shares at 40.

**(3) Reporting Principal and Riskless Principal Transactions**

(A) For principal transactions, except as provided below, report each purchase and sale transaction separately and report the number of shares or bonds and the price. For principal transactions that are executed at a price that includes a mark-up, mark-down or service charge, the price reported shall exclude the mark-up, mark-down or service charge. Such reported price shall be reasonably related to the prevailing market, taking into consideration all relevant circumstances including, but not limited to, market conditions with respect to the security, the number of shares or bonds involved in the transaction, the published bids and offers with size at the time of the execution (including the reporting firm's own quotation), the cost of execution and the expenses involved in clearing the transaction.

**Example:**

BUY as principal 100 shares from another member at 40 (no mark-down included);

REPORT 100 shares at 40.

**Example:**

BUY as principal 100 shares from a customer at 39.90 which includes a \$0.10 mark-down from prevailing market at 40;

REPORT 100 shares at 40.

**Example:**

SELL as principal 100 shares to a customer at 40.10, which includes a \$0.10 mark-up from the prevailing market of 40;

REPORT 100 shares at 40.

**Example:**

BUY as principal 10,000 shares from a customer at 39.75, which includes a \$0.25 mark-down or service charge from the prevailing market of 40;

REPORT 10,000 shares at 40.

(B) Exception: A "riskless" principal transaction in which a member after having received an order to buy a security, purchases the security as principal at the same price to satisfy the order to buy or, after having received an order to sell, sells the security as principal at the same price to satisfy the order to sell, shall be reported to the FINRA/Nasdaq Trade Reporting Facility as one transaction in the same manner as an agency transaction, excluding the mark-up or mark-down, commission-equivalent, or other fee. Alternatively, a member may report a riskless principal transaction by submitting the following report(s):

(i) The member with the obligation to report the transaction pursuant to paragraph (b) above must submit a last sale report for the initial leg of the transaction.

(ii) Where the initial leg of the transaction has been reported to FINRA, regardless of whether a member has a reporting obligation pursuant to paragraph (b) above, the firm must submit, for the offsetting, "riskless" portion of the transaction, either:

a. a clearing-only report with a capacity indicator of "riskless principal," if a clearing report is necessary to clear the transaction; or

b. a non-tape, non-clearing report with a capacity indicator of "riskless principal," if a clearing report is not necessary to clear the transaction.

**Example:**

SELL as a principal 100 shares to another member at 40 to fill an existing order;

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BUY as principal 100 shares from a customer at 40 minus a mark-down of \$12.50;

REPORT 100 shares at 40 by submitting a single trade report marked with a "riskless principal" capacity indicator to the FINRA/Nasdaq Trade Reporting Facility or by submitting the following reports:

1. where required by this Rule, a tape report marked with a "principal" capacity indicator; and
2. either a non-tape, non-clearing report or a clearing-only report marked with a "riskless principal" capacity indicator.

In a riskless principal transaction in which a member purchases or sells the security on an exchange to satisfy a customer's order, the trade will be reported by the exchange. A member may, however, submit to the FINRA/Nasdaq Trade Reporting Facility a clearing only report or a non-tape, non-clearing report for the "riskless" leg of a riskless principal transaction where the initial leg has been reported on or through an exchange. Any such report submitted to the FINRA/Nasdaq Trade Reporting Facility shall comply with all applicable requirements for trade reports set forth in this Rule 6380A.

**Example:**

BUY as principal 100 shares on an exchange at 40 to fill an existing order;

DO NOT REPORT this leg (will be reported by exchange).

SELL as principal 100 shares to a customer at 40 plus a mark-up of \$12.50.

A member MAY submit to the FINRA/Nasdaq Trade Reporting Facility either a non-tape, non-clearing report or a clearing-only report for this leg marked with a "riskless principal" capacity indicator.

**(4) Identification of Other Members for Agency and Riskless Principal Transactions**

Any member that has a reporting obligation pursuant to paragraph (b) above and is acting in a riskless principal or agency capacity on behalf of one or more other members shall submit to FINRA one or more non-tape (either non-tape, clearing-only or non-tape, non-clearing) report(s) identifying such other member(s) as a party to the transaction, if such other member(s) is not identified on the initial trade report submitted to FINRA or a report submitted to FINRA pursuant to Rule 6380A(d)(3)(B) for the offsetting leg of a riskless principal transaction. Nothing in this Rule 6380A(d)(4) shall negate or modify the riskless principal transaction reporting requirements set forth in Rule 6380A(d)(3)(B).

**Example #1:**

Member A, as agent or riskless principal on behalf of Member B, BUYS 100 shares from Member C at 40 (no mark-down included)

Member A has the reporting obligation under Rule 6380A(b)

TAPE REPORT 100 shares at 40 By Member A between Member A and Member C

NON-TAPE REPORT 100 shares at 40 By Member A identifying Member B

**Example #2A:**

Member A MATCHES, as agent, the orders of Member B and Member C for 100 shares at 40

Member A has the reporting obligation under Rule 6380A(b)

TAPE REPORT 100 shares at 40 By Member A between Member A and Member B (or Member C)

NON-TAPE REPORT 100 shares at 40 By Member A identifying Member C (or Member B)

**Example #2B:**

Member A MATCHES, as agent, the orders of Member B and Member C for 100 shares at 40

Member A has the reporting obligation under Rule 6380A(b)

TAPE REPORT a CROSS of 100 shares at 40 By Member A

NON-TAPE REPORT 100 shares at 40 By Member A identifying Member B *and*

NON-TAPE REPORT 100 shares at 40 By Member A identifying Member C

**Example #3:**

Member A, as agent or riskless principal on behalf of Member B, BUYS 100 shares on an exchange at 40

DO NOT TAPE REPORT this leg (will be reported by exchange)

NO NON-TAPE REPORT required; however, Member A *may* submit a NON-TAPE REPORT as between Member A and Member B

**(e) Reporting Requirements For Certain Transactions and Transfers of Securities**

(1) The following shall not be reported to the FINRA/Nasdaq Trade Reporting Facility:

(A) transactions that are part of a primary distribution by an issuer or of a registered secondary distribution (other than "shelf distributions") or of an unregistered secondary distribution; for purposes of this subparagraph, the term "distribution" has the meaning set forth under Rule 100 of SEC Regulation M;

(B) transactions made in reliance on Section 4(2) of the Securities Act;

(C) transactions reported on or through an exchange;

(D) the acquisition of securities by a member as principal in anticipation of making an immediate exchange distribution or exchange offering on an exchange;

(E) purchases of securities off the floor of an exchange pursuant to a tender offer;

(F) transfers of securities made pursuant to an asset purchase agreement (APA) that is subject to the jurisdiction and approval of a court of competent jurisdiction in insolvency matters, provided that the purchase price under the APA is not based on, and cannot be adjusted to reflect, the current market prices of the securities on or following the effective date of the APA; and

(G) the transfer of equity securities for the sole purpose of creating or redeeming an instrument that evidences ownership of or otherwise tracks the underlying securities transferred (e.g., an American Depositary Receipt or exchange-traded fund).

(2) The following shall not be reported to the FINRA/Nasdaq Trade Reporting Facility for publication purposes, but shall be reported for regulatory transaction fee assessment purposes under Rule 7230A(g):

(A) transactions where the buyer and seller have agreed to trade at a price substantially unrelated to the current market for the security, e.g., to enable the seller to make a gift;

(B) purchases or sales of securities effected upon the exercise of an option pursuant to the terms thereof or the exercise of any other right to acquire securities at a pre-established consideration unrelated to the current market; and

(C) transfers of proprietary securities positions where the transfer (1) is effected in connection with a merger or direct or indirect acquisition and (2) is not in furtherance of a trading or investment strategy. Members must provide FINRA at least three business days

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advance written notice of their intent to use this exception, including the basis for their determination that the transfer meets the terms of the exception.

#### **(f) Prohibition on Aggregation of Transaction Reports**

Individual executions of orders in a security at the same price may not be aggregated, for purposes of transaction reporting to the FINRA/Nasdaq Trade Reporting Facility, into a single transaction report.

#### **(g) Reporting Cancelled and Reversed Trades**

##### **(1) Obligation and Party Responsible for Reporting Cancelled and Reversed Trades**

With the exception of trades cancelled in accordance with the [Rule 11890 Series](#), members shall report to the FINRA/Nasdaq Trade Reporting Facility the cancellation or reversal of any trade previously submitted to the FINRA/Nasdaq Trade Reporting Facility. The member responsible for submitting the original trade report shall submit the cancellation or reversal report in accordance with the procedures set forth in paragraphs (g)(2) and (3).

##### **(2) Deadlines for Reporting Cancelled and Reversed Trades**

(A) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled at or before 4:00 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation as soon as practicable but no later than 10 seconds after the time the trade is cancelled.

(B) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled after 4:00 p.m., but before 8:00 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall use its best efforts to report the cancellation not later than 8:00 p.m. on the date of execution, and otherwise it shall report the cancellation on the following business day by 8:00 p.m.

(C) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled at or after 8:00 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation on the following business day by 8:00 p.m.

(D) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled prior to 8:00 p.m. on the date of execution, the member responsible for reporting under paragraph (g)(1) shall report the cancellation by 8:00 p.m.

(E) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled at or after 8:00 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation on the following business day by 8:00 p.m.

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(F) For any trade cancelled or reversed on any date after the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation (or reversal) (i) by 8:00 p.m. on the date of cancellation (or reversal) if the trade is cancelled (or reversed) before 8:00 p.m., or (ii) by 8:00 p.m. on the following business day if the trade is cancelled (or reversed) at or after 8:00 p.m.

(G) For purposes of determining the deadline by which a trade cancellation (or reversal) must be reported pursuant to paragraph (g) of this Rule the term "cancelled" (or "reversed," as applicable) shall mean the time at which (i) the member with the reporting responsibility informs its contra party, or is informed by its contra party, that a trade is being cancelled (or reversed), (ii) the member with the reporting responsibility and its contra party agree to cancel (or reverse) a trade if neither party can unilaterally cancel (or reverse) the trade, or (iii) the member with the reporting responsibility takes an action to cancel (or reverse) the trade on its books and records, whichever event occurs first.

(3) When submitting a report of a reversal to the FINRA/Nasdaq Trade Reporting Facility, members must identify the original report of the previously submitted trade by including the original report date and the control number assigned by the FINRA/Nasdaq Trade Reporting Facility to the original trade report.

(h) A member may agree to allow a Participant to report and lock-in trades on its behalf, if both parties have completed an agreement to that effect as specified by FINRA and submitted it to the FINRA/Nasdaq Trade Reporting Facility. However, the member with the reporting obligation remains responsible for the transaction submitted on its behalf. Further, both the member with the reporting obligation and the member submitting the trade to the FINRA/Nasdaq Trade Reporting Facility are responsible for ensuring that the information submitted is in compliance with all applicable rules and regulations.

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••• **Supplementary Material:** -----

.01 Members that would otherwise have the trade reporting obligation under paragraph (b) of this Rule must provide to FINRA notice that they are relying on the exception from trade reporting under paragraph (e)(1)(A) of this Rule for transactions that are part of an unregistered secondary distribution. For each transaction that is part of the unregistered secondary distribution and not trade reported, the member must provide the following information to FINRA: security name and symbol, execution date, execution time, number of shares, trade price and parties to the trade. Such notice and information must be provided no later than three (3) business days following trade date and in such form as specified by FINRA. If the trade executions will occur over multiple days, then initial notice and available information must be provided no later than three (3) business days following the first trade date and final notice and information must be provided no later than three (3) business days following the last trade date. The member must retain records sufficient to document the basis for relying on this



trade reporting exception, including but not limited to, the basis for determining that the definition of "distribution" under Rule 100 of SEC Regulation M has been satisfied, as well as evidence of compliance with applicable notification requirements under [Rule 5190](#).

## **.02 Trade Reporting Time Frame**

(a) With respect to the requirement under paragraphs (a) and (g) of this Rule that members report trades and trade cancellations "as soon as practicable," a member with the trade reporting obligation under paragraph (b) of this Rule must adopt policies and procedures reasonably designed to comply with this requirement and must implement systems that commence the trade reporting process without delay upon execution (or cancellation, as applicable). Where a member has such reasonably designed policies, procedures and systems in place, the member generally will not be viewed as violating the "as soon as practicable" requirement because of delays in trade reporting that are due to extrinsic factors that are not reasonably predictable and where the member does not purposely intend to delay the reporting of the trade. In no event may a member purposely withhold trade reports, e.g., by programming its systems to delay reporting until the last permissible second.

(b) FINRA recognizes that a very small universe of trades are reported manually, and as a result, even where a member does not purposely withhold trade reports, the trade reporting process may not be completed within 10 seconds following execution. In these cases, for purposes of determining whether "reasonable justification" exists to excuse what otherwise may be deemed to be a pattern or practice of late trade reporting under this Rule and [Rule 6181](#), FINRA will take into consideration such factors as the complexity and manual nature of the execution and reporting of the trade, where the trade details must be manually entered into the trade reporting system following execution.

**.03** Trade reports of block transactions using the Intermarket Sweep Order (ISO) exception (outbound) under Rule 611 of SEC Regulation NMS must include the time that all material terms of the transaction are known (including, but not limited to, the final number of shares executed after reflecting any fills of routed ISOs) and, if different from the time of execution, members must also include the time that ISOs are sent to trading centers with protected quotations that are priced superior to the block transaction price.

**.04** All time fields required by this Rule must be reported in hours, minutes, seconds and milliseconds, if the member's system captures time in milliseconds. Pursuant to the FINRA Rule 6800 Series (Consolidated Audit Trail Compliance Rule), Industry Members must report the execution of an order, in whole or in part ("order execution events") to the Central Repository. Industry Members must report time fields required by this Rule using the same timestamp granularity that they use to report order execution events to the Central Repository, in accordance with [Rule 6860](#).

Amended by SR-FINRA-2020-029 eff. Nov. 15, 2021.

Amended by SR-FINRA-2021-017 eff. Sept. 1, 2021.

Amended by SR-FINRA-2015-027 eff. Aug. 24, 2015.

Amended by SR-FINRA-2013-050 and SR-FINRA-2015-008 eff. July 13, 2015.

Amended by SR-FINRA-2013-050 and SR-FINRA-2014-039 eff. Nov. 10, 2014.

Amended by SR-FINRA-2013-013 eff. Nov. 4, 2013.

Amended by SR-FINRA-2011-027 eff. Nov. 1, 2011.

Amended by SR-FINRA-2011-061 eff. Oct. 14, 2011.

Amended by SR-FINRA-2010-058 eff. Feb. 28, 2011.

Amended by SR-FINRA-2010-043 eff. Feb. 28, 2011.

Amended by SR-FINRA-2009-061 eff. Nov. 1, 2010.

Amended by SR-FINRA-2009-082 eff. April 12, 2010.

Amended by SR-FINRA-2010-002 eff. Feb. 15, 2010.

Amended by SR-FINRA-2009-031 eff. Jan. 11, 2010.

Amended by SR-FINRA-2008-011 eff. Aug. 3, 2009.

Amended by SR-FINRA-2009-024 eff. May 4, 2009.

Amended by SR-FINRA-2008-060 eff. Jan. 12, 2009.

Amended by SR-FINRA-2008-057 eff. Dec. 15, 2008.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.

Amended by SR-FINRA-2007-017 eff. March 3, 2008.

Amended by SR-NASD-2007-040 eff. Nov. 5, 2007.

Amended by SR-NASD-2007-037 eff. July 16, 2007.

Amended by SR-NASD-2007-002 eff. July 9, 2007.

Amended by SR-NASD-2007-047 eff. July 6, 2007.

Amended by SR-NASD-2007-020 eff. March 5, 2007.

Amended by SR-NASD-2006-104 eff. March 5, 2007.

Amended by SR-NASD-2006-120 eff. Dec. 4, 2006.

Amended by SR-NASD-2006-098 eff. Dec. 1, 2006.

Amended by SR-NASD-2006-055 eff. Dec. 1, 2006.

Adopted by SR-NASD-2005-087 eff. Aug. 1, 2006.

**Selected Notices:** [06-39](#), [07-23](#), [07-31](#), [07-33](#), [07-38](#), [07-63](#), [08-57](#), [09-08](#), [09-21](#), [09-52](#), [10-07](#), [10-24](#), [10-48](#), [11-40](#), [13-19](#), [14-21](#), [20-41](#), [21-21](#).

## 6310B. General

Members may use the FINRA/NYSE Trade Reporting Facility to report transactions executed otherwise than on an exchange in all NMS stocks as defined in Rule 600(b)(47) of SEC Regulation NMS ("designated securities"). Members that use the FINRA/NYSE Trade Reporting Facility must comply with the Rule 6300B and 7200B Series, as well as all other applicable rules. The Rule 6300B and 7200B Series shall apply only to members using the FINRA/NYSE Trade Reporting Facility.

Renumbered from Rule 6310C and amended by SR-FINRA-2008-066 eff. Jan. 1, 2009.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Adopted by SR-NASD-2007-011 eff. April 18, 2007.

**Selected Notice:** 08-57.

## 6320B. Definitions

(a) For purposes of the Rule 6300B Series, unless the context requires otherwise:

(1) "Exchange Act" or "SEA" means the Securities Exchange Act of 1934.

(2) "Designated securities" means all NMS stocks as defined in Rule 600(b)(47) of SEC Regulation NMS.

(3) "Member" means a broker or dealer admitted to FINRA membership.

(4) "Market Maker" means an "exchange market maker" or "OTC market maker," as those terms are defined in Rule 600(b) of SEC Regulation NMS, that is registered in a particular designated security as such with an exchange or a registered securities association or a facility thereof. A member is considered a Market Maker only in those designated securities for which it is registered as such.

(5) "NYSE" means the NYSE Market, Inc.

(6) "Normal market hours" means 9:30 a.m. Eastern Time to 4:00 p.m. Eastern Time.

(7) "Normal unit of trading" means 100 shares of a security unless, with respect to a particular security, FINRA determines that a normal unit of trading shall constitute other than 100 shares.

(8) "Otherwise than on an exchange" means a trade effected by a FINRA member otherwise than on or through a national securities exchange. The determination of what constitutes a trade "on or through" a particular national securities exchange shall be determined by that exchange in accordance with all applicable statutes, rules and regulations, and with any necessary SEC approval.

(9) "Round lot holder" means a holder of a normal unit of trading.

(10) "Stop Stock Price" means the specified price at which a member and another party agree a Stop Stock Transaction shall be executed, and which price is based upon the prices at which the security is trading at the time the order is received by the member, taking into consideration that the specified price may deviate from the current market prices to factor in the size of the order and the number of shares available at those prices.

(11) "Stop Stock Transaction" means any transaction that meets both of the following conditions:

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(A) the transaction is the result of an order in which a member and another party agree that the order will be executed at a Stop Stock Price or better; and

(B) the order is executed at the Stop Stock Price or better.

(12) "Trade Reporting Facility Participant" or "Participant" means any member of FINRA in good standing that uses the FINRA/NYSE Trade Reporting Facility.

(13) Terms used in this Rule 6300B Series shall have the meaning as defined in the FINRA By-Laws and rules, Rule 600(b) of SEC Regulation NMS and the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation, and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis, unless otherwise defined herein.

Renumbered from Rule 6320C and amended by SR-FINRA-2008-066 eff. Jan. 1, 2009.  
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**Selected Notice:** 08-57.

# 6330B. Use of FINRA/NYSE Trade Reporting Facility on a Test Basis

FINRA may at any time authorize the use of the FINRA/NYSE Trade Reporting Facility on a test basis for whatever studies it considers necessary and appropriate.

Renumbered from Rule 6330C by SR-FINRA-2008-066 eff. Jan. 1, 2009.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.

Adopted by SR-NASD-2007-011 eff. April 18, 2007.

**Selected Notice:** 08-57.

## 6340B. Reports

A Trade Reporting Facility Participant shall make such reports to FINRA as may be prescribed from time to time by FINRA.

Renumbered from Rule 6340C by SR-FINRA-2008-066 eff. Jan. 1, 2009.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
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**Selected Notice:** 08-57.

## 6350B. Clearance and Settlement

(a) A Trade Reporting Facility Participant shall clear and settle transactions in designated securities through the facilities of a registered clearing agency that uses a continuous net settlement system. This requirement may be satisfied by direct participation, use of direct clearing services, or by entry into a correspondent clearing arrangement with another member that clears trades through such an agency.

(b) Notwithstanding paragraph (a), transactions in designated securities may be settled "ex-clearing" provided that both parties to the transaction agree.

Renumbered from Rule 6350B by SR-FINRA-2008-066 eff. Jan. 1, 2009.  
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**Selected Notice:** 08-57.



# 6360B. Suspension and Termination by FINRA Action

FINRA may, pursuant to the procedures set forth in the Rule 9000 Series, suspend, condition, limit, prohibit or terminate a Trade Reporting Facility Participant's ability to use FINRA/NYSE Trade Reporting Facility services in one or more designated securities for violations of applicable requirements or prohibitions.

Renumbered from Rule 6360C by SR-FINRA-2008-066 eff. Jan. 1, 2009.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
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**Selected Notice:** 08-57.

# 6370B. Termination of FINRA/NYSE Trade Reporting Facility Service

FINRA may, upon notice, terminate FINRA/NYSE Trade Reporting Facility service in the event that a Trade Reporting Facility Participant fails to qualify under specified standards of eligibility or fails to pay promptly for services rendered.

Renumbered from Rule 6370C by SR-FINRA-2008-066 eff. Jan. 1, 2009.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
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**Selected Notice:** 08-57.

# 6380B. Transaction Reporting

This version is valid from Nov 15, 2021 through May 27, 2024.

Amendments have been announced but are not yet effective. To view other versions open the versions tab on the right.

## (a) When and How Transactions are Reported

(1) Trade Reporting Facility Participants shall, as soon as practicable but no later than 10 seconds after execution, transmit to the FINRA/NYSE Trade Reporting Facility or, if the FINRA/NYSE Trade Reporting Facility is unavailable due to system or transmission failure, by telephone to the FINRA/NYSE TRF Operations Department, last sale reports of transactions in designated securities executed during normal market hours. Transactions not reported within 10 seconds after execution shall be designated as late.

### (2) Transaction Reporting to the FINRA/NYSE Trade Reporting Facility Outside Normal Market Hours

(A) Last sale reports of transactions in designated securities executed between 8:00 a.m. and 9:30 a.m. Eastern Time shall be reported as soon as practicable but no later than 10 seconds after execution and be designated with the unique trade report modifier, as specified by FINRA, to denote their execution outside normal market hours.

(B) Last sale reports of transactions in designated securities executed between 4:00 p.m. and 8:00 p.m. Eastern Time shall be reported as soon as practicable but no later than 10 seconds after execution and be designated with the unique trade report modifier, as specified by FINRA, to denote their execution outside normal market hours.

(C) Last sale reports of transactions in designated securities executed between midnight and 8:00 a.m. Eastern Time shall be reported by 8:15 a.m. Eastern Time on trade date and be designated with the unique trade report modifier, as specified by FINRA, to denote their execution outside normal market hours.

(D) Last sale reports of transactions in designated securities executed (i) between 8:00 p.m. and midnight Eastern Time or (ii) on any non-business day (i.e., weekend or holiday) shall be reported the following business day by 8:15 a.m. Eastern Time, be designated "as/of" trades to denote their execution on a prior day and be designated with the unique trade report modifier, as specified by FINRA, to denote their execution outside normal market hours.

(3) Members shall time-stamp all trade tickets at the time of execution for transactions in designated securities. Execution time shall be reported to FINRA on all last sale reports and

shall be expressed in hours, minutes and seconds based on Eastern Time in military format, unless another provision of FINRA rules requires that a different time be included on the report.

(4) Transactions not reported within 10 seconds after execution, or such other time period prescribed by rule, shall be designated as late. Any transaction that is required to be reported on trade date, but is not reported on trade date, must be reported on an "as/of" basis on a subsequent date (T+N) and shall be designated as late. Any transaction that is required to be reported on an "as/of" basis the following business day (T+1), but is not reported T+1, must be reported on a subsequent date (T+N) and shall be designated as late. A pattern or practice of late reporting without reasonable justification or exceptional circumstances may be considered conduct inconsistent with high standards of commercial honor and just and equitable principles of trade in violation of [Rule 2010](#).

(5) Members also shall append the applicable trade report modifiers as specified by FINRA to all last sale reports, including reports of "as/of" trades:

(A) if the trade is executed during normal market hours and it is reported later than 10 seconds after execution;

(B) if the trade is a Seller's Option Trade, denoting the number of days for delivery;

(C) if the trade is a Cash Trade;

(D) if the trade is a Next Day Trade;

(E) if the trade occurs at a price based on an average weighting or another special pricing formula;

(F) if the trade is a Stop Stock Transaction (as defined in Rule 6320B) (Note: the transaction report shall include both the time of execution of the trade and the time at which the member and the other party agreed to the Stop Stock Price; if the Stop Stock Transaction is executed and reported within 10 seconds of the time the member and the other party agree to the Stop Stock Price, the designated modifier shall not be appended and only the time of execution of the trade shall be reported);

(G) if the transaction report reflects a price different from the current market when the execution price is based on a prior reference point in time (Note: the transaction report shall include both the time of execution of the trade and the prior reference time; if the trade is executed and reported within 10 seconds from the prior reference point in time, the designated modifier shall not be appended and only the time of execution of the trade shall be reported);

(H) to identify pre-opening and after-hours trades (executed between 8:00 a.m. and 9:30 a.m. Eastern time or between 4:00 p.m. and 8:00 p.m. Eastern time) reported more

(I) if the trade would be a trade-through of a protected quotation, but for the trade being qualified for an exception or exemption from Rule 611 of SEC Regulation NMS (Note: to ensure consistency in the usage of Rule 611 of SEC Regulation NMS related modifiers by registered broker-dealers, this modifier will be used in conformity with the specifications approved by the Operating Committee of the relevant National Market System Plans to identify trades executed pursuant to an exception or exemption from Rule 611 of SEC Regulation NMS);

(J) if the trade would be a trade-through of a protected quotation, but for the trade being qualified for an exception or exemption from Rule 611 of SEC Regulation NMS, members must, in addition to the modifier required in subparagraph (I) above, append an appropriate unique modifier, specified by FINRA, that identifies the specific applicable exception or exemption from Rule 611 of SEC Regulation NMS that a member is relying upon (Note: to ensure consistency in the usage of Rule 611 of SEC Regulation NMS related modifiers by registered broker-dealers, these modifiers will be used in conformity with the specifications approved by the Operating Committee of the relevant National Market System Plans to identify trades executed pursuant to an exception or exemption from Rule 611 of SEC Regulation NMS); and

(K) any other modifier as specified by FINRA or the SEC.

To the extent that any of the modifiers required by this Rule conflict, FINRA shall provide guidance regarding the priorities among modifiers and members shall report in accordance with such guidance, as applicable.

(6) The FINRA/NYSE Trade Reporting Facility will append the appropriate modifier to indicate that a trade was executed outside normal market hours or that a report was submitted late to the FINRA/NYSE Trade Reporting Facility, where such report contains the time of execution, but does not contain the appropriate modifier.

(7) To identify pre-opening and after-hours trades reported late, the FINRA/NYSE Trade Reporting Facility will convert to the late modifier, as applicable, on any pre-opening or after-hours report submitted to the FINRA/NYSE Trade Reporting Facility more than 10 seconds after execution.

(8) Participants must use an alternative mechanism, and comply with all rules applicable to such alternative mechanism, to report transactions to FINRA in designated securities for which electronic submission to the FINRA/NYSE Trade Reporting Facility is not possible. Where last sale reports of transactions in designated securities cannot be submitted to FINRA via an alternative electronic mechanism (e.g., the ticker symbol for the security is no longer available or a market participant identifier is no longer active), members shall report such transactions as

soon as practicable to the FINRA Market Regulation Department on Form T. Transactions that can be reported to FINRA electronically, whether on trade date or on a subsequent date on an "as/of" basis (T+N), shall not be reported on Form T.

### **(b) Which Party Reports the Transaction**

(1) In transactions between two members, the executing party shall report the trade.

(2) In transactions between a member and a non-member or customer, the member shall report the trade.

For purposes of this paragraph (b), "executing party" shall mean the member that receives an order for handling or execution or is presented an order against its quote, does not subsequently re-route the order, and executes the transaction. In a transaction between two members where both members may satisfy the definition of executing party (e.g., manually negotiated transactions via the telephone), the member representing the sell-side shall report the transaction, unless the parties agree otherwise and the member representing the sell-side contemporaneously documents such agreement.

### **(c) Information To Be Reported**

Each last sale report shall contain the following information:

(1) Stock symbol of the designated security;

(2) Number of shares or bonds;

(3) Price of the transaction as required by paragraph (d) below;

(4) A symbol indicating whether the transaction is a buy, sell or cross, and if applicable, sell short or sell short exempt;

(5) The time of execution expressed in hours, minutes and seconds based on Eastern Time in military format, unless another provision of FINRA rules requires that a different time be included in the report; and

(6) For any transaction in an order for which a member has recording and reporting obligations under Rules [6830](#) and [6870](#), the trade report must include an order identifier, meeting such parameters as may be prescribed by FINRA, assigned to the order that uniquely identifies the order for the date it was received (see [Rule 6830\(a\)\(1\)\(A\)](#)).

### **(d) Procedures for Reporting Price, Volume, Capacity and Identification of Other Members**

Members that report transactions to the FINRA/NYSE Trade Reporting Facility, pursuant to paragraph (b) above shall transmit last sale reports for all purchases and sales in designated

securities in the following manner:

### **(1) Reporting Agency Transactions**

For agency transactions, report the number of shares or bonds and the price excluding the commission charged.

#### **Example:**

SELL as agent 100 shares at 40 less a commission of \$12.50;

REPORT 100 shares at 40.

### **(2) Reporting Dual Agency Transactions**

For dual agency transactions, report the number of shares or bonds only once, and report the price excluding the commission charged.

#### **Example:**

SELL as agent 100 shares at 40 less a commission of \$12.50;

BUY as agent 100 shares at 40 plus a commission of \$12.50;

REPORT 100 shares at 40.

### **(3) Reporting Principal and Riskless Principal Transactions**

(A) For principal transactions, except as provided below, report each purchase and sale transaction separately and report the number of shares or bonds and the price. For principal transactions that are executed at a price that includes a mark-up, mark-down or service charge, the price reported shall exclude the mark-up, mark-down or service charge. Such reported price shall be reasonably related to the prevailing market, taking into consideration all relevant circumstances including, but not limited to, market conditions with respect to the security, the number of shares or bonds involved in the transaction, the published bids and offers with size at the time of the execution (including the reporting firm's own quotation), the cost of execution and the expenses involved in clearing the transaction.

#### **Example:**

BUY as principal 100 shares from another member at 40 (no mark-down included);

REPORT 100 shares at 40.

#### **Example:**

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BUY as principal 100 shares from a customer at 39.90 which includes a \$0.10 mark-down from prevailing market at 40;

REPORT 100 shares at 40.

**Example:**

SELL as principal 100 shares to a customer at 40.10, which includes a \$0.10 mark-up from the prevailing market of 40;

REPORT 100 shares at 40.

**Example:**

BUY as principal 10,000 shares from a customer at 39.75, which includes a \$0.25 mark-down or service charge from the prevailing market of 40;

REPORT 10,000 shares at 40.

(B) Exception: A "riskless" principal transaction in which a member after having received an order to buy a security, purchases the security as principal at the same price to satisfy the order to buy or, after having received an order to sell, sells the security as principal at the same price to satisfy the order to sell, shall be reported to the FINRA/NYSE Trade Reporting Facility as one transaction in the same manner as an agency transaction, excluding the mark-up or mark-down, commission-equivalent, or other fee. Alternatively, a member may report a riskless principal transaction by submitting the following report(s):

(i) The member with the obligation to report the transaction pursuant to paragraph (b) above must submit a last sale report for the initial leg of the transaction.

(ii) Where the initial leg of the transaction has been reported to FINRA, regardless of whether a member has a reporting obligation pursuant to paragraph (b) above, the firm must submit, for the offsetting, "riskless" portion of the transaction, either:

a. a clearing-only report with a capacity indicator of "riskless principal," if a clearing report is necessary to clear the transaction; or

b. a non-tape, non-clearing report with a capacity indicator of "riskless principal," if a clearing report is not necessary to clear the transaction.

**Example:**



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SELL as a principal 100 shares to another member at 40 to fill an existing order;

BUY as principal 100 shares from a customer at 40 minus a mark-down of \$12.50;

REPORT 100 shares at 40 by submitting a single trade report marked with a "riskless principal" capacity indicator to the FINRA/NYSE Trade Reporting Facility or by submitting the following reports:

1. where required by this Rule, a tape report marked with a "principal" capacity indicator; and
2. either a non-tape, non-clearing report or a clearing-only report marked with a "riskless principal" capacity indicator.

In a riskless principal transaction in which a member purchases or sells the security on an exchange to satisfy a customer's order, the trade will be reported by the exchange. A member may, however, submit to the FINRA/NYSE Trade Reporting Facility a clearing-only report or a non-tape, non-clearing report for the "riskless" leg of a riskless principal transaction where the initial leg has been reported on or through an exchange. Any such report submitted to the FINRA/NYSE Trade Reporting Facility shall comply with all applicable requirements for trade reports set forth in this Rule 6380B.

**Example:**

BUY as principal 100 shares on an exchange at 40 to fill an existing order;

DO NOT REPORT this leg (will be reported by exchange).

SELL as principal 100 shares to a customer at 40 plus a mark-up of \$12.50.

A member MAY submit to the FINRA/NYSE Trade Reporting Facility either a non-tape, non-clearing report or a clearing-only report for this leg marked with a "riskless principal" capacity indicator.

**(4) Identification of Other Members for Agency and Riskless Principal Transactions**

Any member that has a reporting obligation pursuant to paragraph (b) above and is acting in a riskless principal or agency capacity on behalf of one or more other members shall submit to FINRA one or more non-tape (either non-tape, clearing-only or non-tape, non-clearing) report(s) identifying such other member(s) as a party to the transaction, if such other member(s) is not identified on the initial trade report submitted to FINRA or a report submitted to FINRA pursuant to Rule 6380B(d)(3)(B) for the offsetting leg of a riskless principal transaction. Nothing in this

Rule 6380B(d)(4) shall negate or modify the riskless principal transaction reporting requirements set forth in Rule 6380B(d)(3)(B).

**Example #1:**

Member A, as agent or riskless principal on behalf of Member B, BUYS 100 shares from Member C at 40 (no mark-down included)

Member A has the reporting obligation under Rule 6380B(b)

TAPE REPORT 100 shares at 40 By Member A between Member A and Member C

NON-TAPE REPORT 100 shares at 40 By Member A identifying Member B

**Example #2A:**

Member A MATCHES, as agent, the orders of Member B and Member C for 100 shares at 40

Member A has the reporting obligation under Rule 6380B(b)

TAPE REPORT 100 shares at 40 By Member A between Member A and Member B (or Member C)

NON-TAPE REPORT 100 shares at 40 By Member A identifying Member C (or Member B)

**Example #2B:**

Member A MATCHES, as agent, the orders of Member B and Member C for 100 shares at 40

Member A has the reporting obligation under Rule 6380B(b)

TAPE REPORT a CROSS of 100 shares at 40 By Member A

NON-TAPE REPORT 100 shares at 40 By Member A identifying Member B *and*

NON-TAPE REPORT 100 shares at 40 By Member A identifying Member C

**Example #3:**

Member A, as agent or riskless principal on behalf of Member B, BUYS 100 shares on an exchange at 40

DO NOT TAPE REPORT this leg (will be reported by exchange)

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**NO NON-TAPE REPORT required; however, Member A may submit a NON-TAPE REPORT as between Member A and Member B**

**(e) Reporting Requirements For Certain Transactions and Transfers of Securities**

(1) The following shall not be reported to the FINRA/NYSE Trade Reporting Facility:

(A) transactions that are part of a primary distribution by an issuer or of a registered secondary distribution (other than "shelf distributions") or of an unregistered secondary distribution; for purposes of this subparagraph, the term "distribution" has the meaning set forth under Rule 100 of SEC Regulation M;

(B) transactions made in reliance on Section 4(2) of the Securities Act;

(C) transactions reported on or through an exchange;

(D) the acquisition of securities by a member as principal in anticipation of making an immediate exchange distribution or exchange offering on an exchange;

(E) purchases of securities off the floor of an exchange pursuant to a tender offer;

(F) transfers of securities made pursuant to an asset purchase agreement (APA) that is subject to the jurisdiction and approval of a court of competent jurisdiction in insolvency matters, provided that the purchase price under the APA is not based on, and cannot be adjusted to reflect, the current market prices of the securities on or following the effective date of the APA; and

(G) the transfer of equity securities for the sole purpose of creating or redeeming an instrument that evidences ownership of or otherwise tracks the underlying securities transferred (e.g., an American Depositary Receipt or exchange-traded fund).

(2) The following shall not be reported to the FINRA/NYSE Trade Reporting Facility for publication purposes, but shall be reported for regulatory transaction fee assessment purposes under Rule 7230B(f):

(A) transactions where the buyer and seller have agreed to trade at a price substantially unrelated to the current market for the security, e.g., to enable the seller to make a gift;

(B) purchases or sales of securities effected upon the exercise of an option pursuant to the terms thereof or the exercise of any other right to acquire securities at a pre-established consideration unrelated to the current market; and

(C) transfers of proprietary securities positions where the transfer (1) is effected in connection with a merger or direct or indirect acquisition and (2) is not in furtherance of a

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trading or investment strategy. Members must provide FINRA at least three business days advance written notice of their intent to use this exception, including the basis for their determination that the transfer meets the terms of the exception.

## **(f) Reporting Cancelled and Reversed Trades**

### **(1) Obligation and Party Responsible for Reporting Cancelled and Reversed Trades**

With the exception of trades cancelled in accordance with the [Rule 11890 Series](#), members shall report to the FINRA/NYSE Trade Reporting Facility the cancellation or reversal of any trade previously submitted to the FINRA/NYSE Trade Reporting Facility. The member responsible for submitting the original trade report shall submit the cancellation or reversal report in accordance with the procedures set forth in paragraphs (f)(2) and (3).

### **(2) Deadlines for Reporting Cancelled and Reversed Trades**

(A) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled at or before 4:00 p.m. on the date of execution, the member responsible under paragraph (f)(1) shall report the cancellation as soon as practicable but no later than 10 seconds after the time the trade is cancelled.

(B) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled after 4:00 p.m., but before 8:00 p.m. on the date of execution, the member responsible under paragraph (f)(1) shall use its best efforts to report the cancellation not later than 8:00 p.m. on the date of execution, and otherwise it shall report the cancellation on the following business day by 8:00 p.m.

(C) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled at or after 8:00 p.m. on the date of execution, the member responsible under paragraph (f)(1) shall report the cancellation on the following business day by 8:00 p.m.

(D) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled prior to 8:00 p.m. on the date of execution, the member responsible for reporting under paragraph (f)(1) shall report the cancellation by 8:00 p.m.

(E) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled at or after 8:00 p.m. on the date of execution, the member responsible under paragraph (f)(1) shall report the cancellation on the following business day by 8:00 p.m.

(F) For any trade cancelled or reversed on any date after the date of execution, the member responsible under paragraph (f)(1) shall report the cancellation (or reversal) (i) by 8:00 p.m. on the date of cancellation (or reversal) if the trade is cancelled (or reversed) before 8:00 p.m., or (ii) by 8:00 p.m. on the following business day if the trade is cancelled (or reversed) at or after 8:00 p.m.