

(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.

◀ 6240. PROHIBITION FROM LOCKING OR CROSSING QUOTATIONS IN NMS STOCKS

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6260. REVIEW OF DIRECT OR INDIRECT ACCESS COMPLAINTS ▶

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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.

◀ 6250. QUOTE AND ORDER ACCESS REQUIREMENTS

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6270. QUOTING AND TRADING IN ADF-ELIGIBLE SECURITIES ▶

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6271. Registration as an ADF Market Maker or ADF ECN

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(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.

(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.

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6272. CHARACTER OF QUOTATIONS →

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6272. Character of Quotations

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(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.

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%);

(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.

◀ 6271. REGISTRATION AS AN ADF MARKET MAKER OR ADF ECN

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6273. NORMAL BUSINESS HOURS ▶

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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.

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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.

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6275. Withdrawal of Quotations

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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](#).

[← 6274. CLEARANCE AND SETTLEMENT](#)

[UP](#)

[6276. VOLUNTARY TERMINATION OF REGISTRATION →](#)

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> [6270. QUOTING AND TRADING IN ADF-ELIGIBLE SECURITIES](#)

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.

[6275. WITHDRAWAL OF QUOTATIONS](#)

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[6277. SUSPENSION AND TERMINATION OF QUOTATIONS BY FINRA ACTION](#)

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[> 6270. QUOTING AND TRADING IN ADF-ELIGIBLE SECURITIES](#)

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.

[← 6276. VOLUNTARY TERMINATION OF REGISTRATION](#)

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[6278. TERMINATION OF ALTERNATIVE DISPLAY FACILITY DATA SYSTEM SERVICE →](#)

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[6270. QUOTING AND TRADING IN ADF-ELIGIBLE SECURITIES](#)

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.

[◀ 6277. SUSPENSION AND TERMINATION OF QUOTATIONS BY FINRA ACTION](#)

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[6279. ALTERNATIVE TRADING SYSTEMS ▶](#)

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[6270. QUOTING AND TRADING IN ADF-ELIGIBLE SECURITIES](#)

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.

◀ [6278. TERMINATION OF ALTERNATIVE DISPLAY FACILITY DATA SYSTEM SERVICE](#)

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[6280. TRANSACTION REPORTING](#) ▶

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[6280. TRANSACTION REPORTING](#)

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.

◀ 6280. TRANSACTION REPORTING

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6282. TRANSACTIONS REPORTED BY MEMBERS TO THE ADF ▶

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> 6280. TRANSACTION REPORTING

6282. Transactions Reported by Members to the ADF

(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);