

## (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.

(G) For purposes of determining the deadline by which a trade cancellation (or reversal) must be reported pursuant to paragraph (f) 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/NYSE 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/NYSE Trade Reporting Facility to the original trade report.

(g) 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 (a "give up agreement") as specified by FINRA and submitted it to the FINRA/NYSE 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/NYSE Trade Reporting Facility are responsible for ensuring that the information submitted is in compliance with all applicable rules and regulations.

## (h) 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/NYSE TRF, into a single transaction report.

### ••• 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 (f) 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-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-2009-002 eff. Jan. 12, 2009.  
 Amended by SR-FINRA-2008-060 eff. Jan. 12, 2009.  
 Renumbered from Rule 6380C and amended by SR-FINRA-2008-066 eff. Jan. 1, 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-FINRA-2008-002 eff. Jan. 28, 2008.  
 Amended by SR-NASD-2007-040 eff. Nov. 5, 2007.  
 Amended by SR-FINRA-2007-015 eff. Sep. 19, 2007.  
 Amended by SR-NASD-2007-037 eff. July 16, 2007.  
 Amended by SR-NASD-2007-014 eff. July 9, 2007.  
 Amended by SR-NASD-2007-047 eff. July 6, 2007.  
 Adopted by SR-NASD-2007-011 eff. April 18, 2007.

**Selected Notices:** [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](#).

## VERSIONS

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## 6410. General

This Rule 6400 Series sets forth quotation and trading requirements for "OTC Equity Securities" as that term is defined in Rule 6420.

Members shall use the OTC Reporting Facility for trade reporting in OTC Equity Securities and Restricted Equity Securities in compliance with the Rule 6600 and 7300 Series, as well as all other applicable rules and regulations.

Amended by SR-FINRA-2010-003 eff. June 28, 2010.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
Amended by SR-NASD-2004-076 eff. May 5, 2004.  
Amended by SR-NASD-2000-42 eff. June 27, 2003.

**Selected Notices:** 03-28, 08-57, 10-26.

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### VERSIONS

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## 6420. Definitions

[The Rule](#)[Notices](#)

(a) Terms used in this Rule shall have the same meaning as those defined in the FINRA By-Laws and rules unless otherwise specified herein.

(b) "Direct participation program" or DPP, means a program which provides for flow-through tax consequences regardless of the structure of the legal entity or vehicle for distribution including, but not limited to, oil and gas programs, real estate programs, agricultural programs, cattle programs, condominium securities, Subchapter S corporate offerings and all other programs of a similar nature, regardless of the industry represented by the program, or any combination thereof. A program may be composed of one or more legal entities or programs but when used herein, the term shall mean each of the separate entities or programs making up the overall program and/or the overall program itself. Excluded from this definition are real estate investment trusts, tax qualified pension and profit sharing plans pursuant to Sections 401 and 403(a) of the Internal Revenue Code and individual retirement plans under Section 408 of that Code, tax sheltered annuities pursuant to the provisions of Section 403(b) of the Internal Revenue Code, and any company, including separate accounts, registered pursuant to the Investment Company Act.

(c) "Inter-dealer quotation system" shall mean any system of general circulation to brokers or dealers which regularly disseminates quotations of identified brokers or dealers.

(d) "Non-Market Maker" means a member of FINRA that is not an OTC Market Maker with respect to a particular OTC Equity Security.

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

(f) "OTC Equity Security" means any equity security that is not an "NMS stock" as that term is defined in Rule 600(b)(47) of SEC Regulation NMS; provided, however, that the term "OTC Equity Security" shall not include any Restricted Equity Security.

(g) "OTC Market Maker" means a member of FINRA that holds itself out as a market maker by entering proprietary quotations or indications of interest for a particular OTC Equity Security in any inter-dealer quotation system, including any system that the SEC has qualified pursuant to Section 17B of the Exchange Act. A member is an OTC Market Maker only in those OTC Equity Securities in which it displays market making interest via an inter-dealer quotation system.

(h) "Priced entry" shall mean a quotation consisting of a bid, offer, or both at a specified price.

(i) "Quotation" shall mean any bid or offer at a specified price with respect to an OTC Equity Security, or any indication of interest by a broker or dealer in receiving bids or offers from others for such a security, or any indication by a broker or dealer that it wishes to advertise its general interest in buying or selling a particular non-exchange-listed security.

(j) "Quotation medium" means any inter-dealer quotation system or any publication or electronic communications network or other device that is used by brokers or dealers to make known to others their interest in transactions in any OTC Equity Security, including offers to buy or sell at a stated price or otherwise, or invitations of offers to buy or sell.

(k) "Restricted Equity Security" means any equity security that meets the definition of "restricted security" as contained in Securities Act Rule 144(a)(3).

(l) "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.

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

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

(2) the order is executed at the Stop Stock Price.

(n) "OTC Reporting Facility" means the service provided by FINRA that accommodates reporting for trades in OTC Equity Securities executed other than on or through an exchange and for trades in Restricted Equity Securities effected under Securities Act Rule 144A and dissemination of last sale reports. Regarding those OTC Equity Securities and Restricted Equity Securities that are not eligible for clearance and settlement through the facilities of the National Securities Clearing Corporation, the OTC Reporting Facility comparison function will not be available. However, the OTC Reporting Facility will support the entry and dissemination, as applicable, of last sale data on such securities.

(o) "OTC Reporting Facility Participant" means any member of FINRA in good standing that uses the OTC Reporting Facility.

Amended by SR-FINRA-2012-027 eff. July 9, 2012.  
Amended by SR-FINRA-2010-060 eff. Dec. 15, 2010.  
Amended by SR-FINRA-2010-051 eff. Nov. 1, 2010.  
Amended by SR-FINRA-2009-061 eff. Nov. 1, 2010.  
Amended by SR-FINRA-2010-003 eff. June 28, 2010.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
Amended by SR-NASD-2004-151 eff. Oct. 12, 2004.  
Amended by SR-NASD-2004-076 eff. May 5, 2004.

**Selected Notice:** 08-57, 10-24, 10-26.

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6432. COMPLIANCE WITH THE INFORMATION REQUIREMENTS OF SEA RULE 15C2-11 >

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## 6432. Compliance with the Information Requirements of SEA Rule 15c2-11

The Rule

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(a) Except as provided in SEA Rules 15c2-11(a)(1)(ii), 15c2-11(f)(1) through (7), and 15c2-11(g), no member shall initiate or resume the quotation of a non-exchange-listed security in any quotation medium unless the member has demonstrated compliance with this Rule and the applicable requirements for information maintenance under SEA Rule 15c2-11. Except as provided in paragraph (b) of this Rule, a member shall demonstrate compliance by making a filing with, and in the form required by, FINRA and must receive notification from FINRA that such form has been processed before initiating or resuming quotations in the quotation medium.

(b) Any qualified inter-dealer quotation system that has made a publicly available determination described in SEA Rule 15c2-11(a)(2) with respect to a non-exchange-listed security shall demonstrate compliance with this Rule and the applicable requirements for information maintenance under SEA Rule 15c2-11 by making a filing with, and in the form required by, FINRA. Such filing must be received no later than 6:30:00 p.m. Eastern Time on the business day following the qualified inter-dealer quotation system's publicly available determination under SEA Rule 15c2-11(a)(2).

(c) The information to be filed shall contain:

(1) One copy of all information required to be maintained under SEA Rule 15c2-11(b)(1), (2), (3), (4), or (5), including any information that may be required by future amendments thereto. Members are not required to file with FINRA copies of any information that is available through the SEC's Electronic Data Gathering, Analysis, and Retrieval ("EDGAR") system; provided, however, that the filing with FINRA shall contain identifying information for each issuer report or statement available through EDGAR that was relied upon in satisfying the member's obligations under this Rule and SEA Rule 15c2-11(b), (including the type of report, report date and any other information as may be requested by FINRA). If the information specified under SEA Rule 15c2-11(b)(1), (2), (3), (4), or (5) is not available on EDGAR and is publicly available through a qualified inter-dealer quotation system, in lieu of filing a copy of the required information, the filing with FINRA may contain identifying information for each issuer report or statement available through the qualified inter-dealer quotation system that was relied upon in satisfying the member's obligations under this Rule and SEA Rule 15c2-11(a)(1)(i) or (a)(2), as applicable (including the type of report, report date, the permanent website address of the location of the information on the website of the qualified inter-dealer quotation system or its affiliate broker-dealer, and any other information as may be requested by FINRA).

(2) Identification of the issuer, the issuer's predecessor in the event of a merger or reorganization within the previous 12 months, the type of non-exchange-listed security to be quoted (e.g., ADR, warrant, unit, or common stock), the quotation medium to be used, a list of all officers and directors of the issuer, the member's initial or resumed quotation (except with respect to a qualified inter-dealer quotation system), and the particular subsection of SEA Rule 15c2-11 with which the member is demonstrating compliance.

(3) If a member is initiating or resuming quotation of a non-exchange-listed security with a priced entry, the basis upon which that priced entry was determined and the factors considered in making that determination.

(4) A certification that neither the member nor persons associated with the member have accepted or will accept any payment or other consideration prohibited by FINRA [Rule 5250](#).

(d) Except with respect to a qualified inter-dealer quotation system, if a member's initial or resumed quotation does not include a priced entry, a member shall supplement its prior filing under this Rule, in the form required by FINRA, before inserting a priced entry for the affected non-exchange-listed security in a quotation medium. The supplemental filing shall specify the basis upon which the proposed priced entry was determined and the factors considered in making that determination. A member other than a qualified inter-dealer quotation system must submit the supplemental filing to FINRA and must receive notification from FINRA that such filing has been processed before the member may enter a priced quotation for the non-exchange-listed security in the quotation medium.

(e) All filings made with FINRA under this Rule must be reviewed and signed by a principal of the member firm.

(f) For purposes of this Rule, the term "non-exchange-listed security" means any equity security, other than a Restricted Equity Security, that is not traded on any national securities exchange.

(g) The term "qualified inter-dealer quotation system" has the same meaning as defined in SEA Rule 15c2-11(e)(6).

••• Supplementary Material: -----

**.01** Any member initiating or resuming quotations in reliance on the exception provided by SEA Rule 15c2-11(f)(2) must be able to demonstrate eligibility for the exception by making a contemporaneous record of:

- (a) the identification of each associated person who receives the unsolicited customer order or indication of interest directly from the customer, if applicable;
- (b) the identity of the customer;
- (c) the date and time the unsolicited customer order or indication of interest was received; and
- (d) the terms of the unsolicited customer order or indication of interest that is the subject of the quotation (e.g., security name and symbol, size, side of the market, duration (if specified) and, if priced, the price).

Any member displaying a quote representing an unsolicited customer order or indication of interest that was received from another broker-dealer must contemporaneously record the identity of the person from whom information regarding the unsolicited customer order or indication of interest was received, if applicable; the date and time the unsolicited customer order or indication of interest was received by the member displaying the quotation; and the terms of the order that is the subject of the quotation.

**.02 Qualified Inter-dealer Quotation System Daily File.** Where the qualified inter-dealer quotation system has made one or more publicly available determinations described in SEA Rule 15c2-11(a)(2), (f)(2)(iii)(B), (f)(3)(ii)(A), or (f)(7), the qualified inter-dealer quotation system must submit to FINRA a daily file containing the following information for all non-exchange listed equity securities quoted on its system:

- (a) Security symbol;
- (b) Issuer name;
- (c) If the non-exchange-listed security is being quoted pursuant to a processed Form 211 under Rule 6432(a);
- (d) If applicable, the type of publicly available determination made by the qualified inter-dealer quotation system (e.g., pursuant to SEA Rule 15c2-11(a)(2), 15c2-11 (f)(2)(iii)(B), 15c2-11(f)(7), etc.) and the date on which such publicly available determination was made by the qualified inter-dealer quotation system;
- (e) With respect to a non-exchange-listed security for which the qualified inter-dealer quotation system has made a publicly available determination under SEA Rule 15c2-11(f)(7) relating to the availability of the piggyback exception under SEA Rule 15c2-11(f)(3), whether the issuer is a shell company and, if a shell company, the number of days remaining in the applicable 18-month period under SEA Rule 15c2-11(f)(3)(i)(B)(2);
- (f) If applicable, that the security is being quoted pursuant to an exception that does not rely on the qualified inter-dealer quotation system's publicly available determination and, if so, identify the exception relied upon by the subscriber; and
- (g) Such other information as specified by FINRA in a Regulatory Notice (or similar communication).

Amended by SR-FINRA-2021-014 eff. Sept. 28, 2021.  
 Amended by SR-FINRA-2014-011 eff. July 7, 2014.  
 Amended by SR-FINRA-2009-054 eff. Feb. 11, 2011.  
 Amended by SR-FINRA-2010-047 eff. Oct. 15, 2010.  
 Amended by SR-FINRA-2010-003 eff. June 28, 2010.  
 Amended by SR-FINRA-2009-030 eff. Sept. 21, 2009.  
 Amended by SR-FINRA-2008-057 eff. Dec. 15, 2008.  
 Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
 Amended by SR-NASD-2006-087 eff. Aug. 1, 2006.  
 Renumbered from Rule 6740 and amended by SR-NASD-2005-087 eff. Aug 1, 2006.  
 Amended by SR-NASD-2005-098 eff. June 29, 2006.  
 Adopted by SR-NASD-90-2 eff. May 1, 1990.

**Selected Notices:** [90-40](#), [92-50](#), [06-27](#), [08-57](#), [09-51](#), [10-26](#), [10-42](#), [14-26](#), [17-26](#), [21-33](#).

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[6430. OTC EQUITY QUOTATION REQUIREMENTS](#)

## 6433. Minimum Quotation Size Requirements For OTC Equity Securities

The Rule

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Every member entering quotations in any inter-dealer quotation system that permits quotation updates on a real-time basis must enter and honor those quotations for at least the minimum size defined in the table below. In this regard, it is the member's responsibility to determine the minimum size requirement applicable to its quotation. Depending on the price level of the quotation, a different minimum size can apply to each side of the market being quoted by the member in a given security.

Price (Bid or Offer)	Minimum Quote Size
0.0001–0.0999	10,000
0.10–0.1999	5,000
0.20–0.5099	2,500
0.51–0.9999	1,000
1.00–174.99	100
175.00+	1

Amended by SR-FINRA-2018-015 eff. July 31, 2018.  
 Amended by SR-FINRA-2018-022 eff. June 7, 2018.  
 Amended by SR-FINRA-2017-035 eff. Dec. 8, 2017.  
 Amended by SR-FINRA-2017-014 eff. June 9, 2017.  
 Amended by SR-FINRA-2016-044 eff. Dec. 9, 2016.  
 Amended by SR-FINRA-2016-016 eff. June 10, 2016.  
 Amended by SR-FINRA-2015-051 eff. Dec. 11, 2015.  
 Amended by SR-FINRA-2015-028 eff. Aug. 14, 2015.  
 Amended by SR-FINRA-2015-010 eff. May 15, 2015.  
 Amended by SR-FINRA-2015-002 eff. Jan. 29, 2015.  
 Amended by SR-FINRA-2014-041 eff. Sept. 30, 2014.  
 Amended by SR-FINRA-2013-049 eff. Nov. 5, 2013.  
 Amended by SR-FINRA-2011-058 eff. Nov. 12, 2012.  
 Amended by SR-FINRA-2009-054 eff. Feb. 11, 2011.  
 Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
 Renumbered from Rule 6750 and amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
 Amended by SR-NASD-2000-17 eff. September 5, 2000.  
 Amended by SR-NASD-99-32 eff. September 23, 1999.  
 Adopted by SR-NASD-93-17 eff. Sept. 8, 1993.

**Selected Notices:** 93-54, 08-57, 10-42, 12-37, 12-51.

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## 6434. Minimum Pricing Increment for OTC Equity Securities

The Rule

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(a) No member shall display, rank, or accept a bid or offer, an order, or an indication of interest in any OTC Equity Security priced in an increment smaller than \$0.01 if that bid or offer, order or indication of interest is priced equal to or greater than \$1.00 per share.

(b) No member shall display, rank, or accept a bid or offer, an order, or an indication of interest in any OTC Equity Security priced in an increment smaller than \$0.0001 if that bid or offer, order or indication of interest is priced less than \$1.00 per share except, where an order or indication of interest is priced less than \$0.0001, a member may rank or accept (but not display) such order or indication of interest in an increment of \$0.000001 or greater.

Adopted by SR-FINRA-2009-054 eff. Feb. 11, 2011.

**Selected Notice:** 10-42.

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[6435. WITHDRAWAL OF QUOTATIONS IN AN OTC EQUITY SECURITY IN COMPLIANCE WITH SEC REGULATION M](#) ▶

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> [6430. OTC EQUITY QUOTATION REQUIREMENTS](#)

## 6435. Withdrawal of Quotations in an OTC Equity Security in Compliance with SEC Regulation M

(a) A member that is a distribution participant, affiliated purchaser, selling security holder or issuer in a distribution of an OTC Equity Security that is a covered security subject to Rule 101 or 102 of SEC Regulation M and is entering quotations in such security shall, unless another member has assumed responsibility in writing for compliance with this Rule:

(1) withdraw all quotations in the OTC Equity Security to comply with the applicable restricted period under Rule 101 or 102 of SEC Regulation M; and

(2) not enter a stabilizing bid for the OTC Equity Security pursuant to Rule 104 of SEC Regulation M.

(b) For purposes of this Rule, 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," "selling security holder," and "stabilizing."

Amended by SR-FINRA-2009-054 eff. Feb. 11, 2011.

Adopted by SR-FINRA-2008-039.

**Selected Notices:** 08-57, 08-74, 10-42.

[← 6434. MINIMUM PRICING INCREMENT FOR OTC EQUITY SECURITIES](#)

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[6437. PROHIBITION FROM LOCKING OR CROSSING QUOTATIONS IN OTC EQUITY SECURITIES](#) >

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> [FINRA RULES](#) > [6000. QUOTATION, ORDER, AND TRANSACTION REPORTING FACILITIES](#) > [6400. QUOTING AND TRADING IN OTC EQUITY SECURITIES](#)  
> [6430. OTC EQUITY QUOTATION REQUIREMENTS](#)

## 6437. Prohibition from Locking or Crossing Quotations in OTC Equity Securities

The Rule

Notices

(a) Members must implement policies and procedures that reasonably avoid displaying, or engaging in a pattern or practice of displaying, locking or crossing quotations in any OTC Equity Security.

(b) For purposes of this Rule, the following definitions shall apply:

(1) The term "crossing quotation" shall mean the display of a bid for an OTC Equity Security at a price that is higher than the displayed price of an offer for such OTC Equity Security in the same inter-dealer quotation system, or the display of an offer for an OTC Equity Security at a price that is lower than the displayed price of a bid for such OTC Equity Security in the same inter-dealer quotation system.

(2) The term "locking quotation" shall mean the display of a bid for an OTC Equity Security at a price that equals the displayed price of an offer for such OTC Equity Security in the same inter-dealer quotation system, or the display of an offer for an OTC Equity Security at a price that equals the displayed price of a bid for such OTC Equity Security in the same inter-dealer quotation system.

Adopted by SR-FINRA-2009-054 eff. Feb. 11, 2011.

**Selected Notice:** 10-42.

◀ [6435. WITHDRAWAL OF QUOTATIONS IN AN OTC EQUITY SECURITY IN COMPLIANCE WITH SEC REGULATION M](#)

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[6438. DISPLAYING PRICED QUOTATIONS IN MULTIPLE QUOTATION MEDIUMS](#) ▶

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> 6430. OTC EQUITY QUOTATION REQUIREMENTS

## 6438. Displaying Priced Quotations in Multiple Quotation Mediums

The Rule

Notices

Members that display priced quotations on a real-time basis for an OTC Equity Security in two or more quotation mediums that permit quotation updates on a real-time basis must display the same priced quotations for the security in each medium, except with respect to a price quotation that represents a customer limit order displayed on an electronic communications network in conformance with the exception to Rule 6460 provided in paragraph (b)(5) of that rule.

Adopted by SR-FINRA-2011-052 eff. May 31, 2012.

**Selected Notice:** 12-13.

< 6437. PROHIBITION FROM LOCKING OR CROSSING QUOTATIONS IN OTC EQUITY  
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6439. REQUIREMENTS FOR MEMBER INTER-DEALER QUOTATION SYSTEMS >

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> 6430. OTC EQUITY QUOTATION REQUIREMENTS

## 6439. Requirements for Member Inter-Dealer Quotation Systems

A member inter-dealer quotation system (whether or not also an alternative trading system or "ATS" as defined by Rule 300(a) of SEC Regulation ATS) that permits quotation updates on a real-time basis in OTC Equity Securities must comply with the following requirements:

(a) The member inter-dealer quotation system must establish, maintain and enforce written policies and procedures relating to the collection and dissemination of quotation information in OTC Equity Securities on or through its system. Such written policies and procedures and any material updates, modifications and revisions thereto must be prominently disclosed to subscribers within five business days following the date of establishment of the policy or procedure or implementation of the material change and provided to prospective subscribers upon request. These policies and procedures must be reasonably designed to ensure that quotations received and disseminated are informative, reliable, accurate, firm and treated in a not unfairly discriminatory manner, including by establishing non-discretionary standards under which quotations are prioritized and displayed;

(b) The member inter-dealer quotation system must establish non-discriminatory written standards for granting access to quoting and trading in OTC Equity Securities on its system that do not unreasonably prohibit or limit any person in respect to access to services offered by such member inter-dealer quotation system. Such written standards and any material updates, modifications and revisions thereto must be prominently disclosed to subscribers within five business days following the date of establishment of the written standards or implementation of the material change and provided to prospective subscribers upon request. A member inter-dealer quotation system must make and keep records of all grants of access including (for all subscribers) the reasons for granting such access and all denials or limitations of access and reasons (for each applicant) for denying or limiting access;

(c) Member inter-dealer quotation systems that do not automatically execute all orders presented for execution against displayed quotations for which a member subscriber has a Rule 5220 obligation must establish, maintain and enforce written policies and procedures reasonably designed to address instances of unresponsiveness to orders in an OTC Equity Security. These policies and procedures must, at a minimum, specify an efficient process for:

- (1) monitoring subscriber unresponsiveness;
- (2) subscribers submitting to the member inter-dealer quotation system complaints regarding potential instances of order unresponsiveness;
- (3) documenting the subscriber's rationale for unresponsiveness; and
- (4) determining specified steps when an instance or repeated order unresponsiveness may have occurred;

(d) Member inter-dealer quotation systems that do not automatically execute all orders presented for execution against displayed quotations for which a member subscriber has a Rule 5220 obligation must provide to FINRA aggregated information per member subscriber market participant identifier (MPID) across all symbols quoted by the MPID during the preceding calendar month. The following information must be reported on a monthly basis in the form and manner prescribed by FINRA:

- (1) Total number of marketable orders presented for execution against the MPID's quotation;
- (2) Average execution (full or partial) time for marketable orders presented against the MPID's quotation based on the time an order is presented;
- (3) Total number of full or partial executions based on the time a marketable order is presented that are within the following execution timeframes: < 5 seconds; ≥ 5 seconds and < 10 seconds; ≥10 and < 20 seconds; and ≥ 20 seconds;
- (4) Total number of marketable orders presented against the MPID's quotation that did not receive a full or partial execution; and
- (5) Average response time of the highest 10% and highest 50% of the MPID's response times for marketable orders (for full or partial executions);

(e) The member inter-dealer quotation system must make available to customers on its (or its affiliate distributor's) website a written description of each OTC Equity Security order- or quotation-related data product offered by such member inter-dealer quotation system and all related pricing information, including fees, rebates, discounts and cross-product pricing incentives. Such information must be made available at least two business days in advance of offering the data product. The website page(s) describing the OTC Equity Security order or quotation data product offerings and all related pricing information must be kept accurate and up-to-date with respect to the required data product descriptions

and pricing information. Member inter-dealer quotation systems are not precluded from negotiating lower fees with customers, provided that the member inter-dealer quotation system discloses on such website page(s) the circumstances under which it may do so; and

(f) The member inter-dealer quotation system must provide FINRA with prompt notification when it reasonably becomes aware of any non-de minimis systems disruption that degrades, limits, or otherwise impacts the member inter-dealer quotation system's functionality with respect to trading or the dissemination of market data. Such notification must include, on a reasonable best efforts basis, a brief description of the event, its impact, and the member inter-dealer quotation system's resolution efforts.

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

Adopted by SR-FINRA-2020-031 eff. Oct. 1, 2021 and Nov. 8, 2021.

**Selected Notice:** [21-28](#), [21-38](#).

◀ [6438. DISPLAYING PRICED QUOTATIONS IN MULTIPLE QUOTATION MEDIUMS](#)

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[6440. TRADING AND QUOTATION HALT IN OTC EQUITY SECURITIES](#) ▶

#### VERSIONS

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## 6440. Trading and Quotation Halt in OTC Equity Securities

The Rule

Notices

### (a) Authority for Initiating a Trading and Quotation Halt

In circumstances in which it is necessary to protect investors and the public interest, FINRA may direct members, pursuant to the procedures set forth in paragraph (b), to halt trading and quotations in OTC Equity Securities (as such term is defined in Rule 6420) if:

(1) the OTC Equity Security or the security underlying an American Depositary Receipt ("ADR") that is an OTC Equity Security ("OTC ADR") is listed on or registered with a foreign securities exchange or market, and the foreign securities exchange, market, or regulatory authority overseeing such issuer, exchange, or market, halts trading in such security for regulatory reasons because of public interest concerns or for news pending; provided, however, that FINRA will not impose a trading and quotation halt if the Foreign Regulatory Halt was imposed solely for a regulatory filing deficiency, or operational reasons ("Foreign Regulatory Halt");

(2) the OTC Equity Security or the security underlying an OTC ADR is a derivative or component of a security listed on or registered with a national securities exchange or foreign securities exchange or market ("listed security") and the national securities exchange, or foreign securities exchange or market imposes a trading halt in the listed security ("Derivative Halt"); or

(3) FINRA determines that an extraordinary event has occurred or is ongoing that has had a material effect on the market for the OTC Equity Security or the security underlying an OTC ADR or has caused or has the potential to cause major disruption to the marketplace or significant uncertainty in the settlement and clearance process ("Extraordinary Event Halt").

### (b) Procedure for Initiating a Trading and Quotation Halt

(1) Upon notice of a Foreign Regulatory Halt or Derivative Halt from: (A) the national or foreign securities exchange or market on which the OTC Equity Security or the security underlying the OTC ADR is listed or registered, (B) a regulatory authority overseeing such issuer, exchange, or market, or (C) another reliable third-party source where FINRA can validate the information provided, FINRA will promptly initiate a trading and quotation halt in the OTC Equity Security. The commencement of the trading and quotation halt for the OTC Equity Security will be effective simultaneous with the issuance of appropriate public notice by FINRA.

(2) After FINRA initiates a halt in an OTC Equity Security as a result of a Foreign Regulatory Halt or a Derivative Halt, FINRA may continue the halt in trading and quoting in the OTC market for the OTC Equity Security until such time as FINRA receives notice that the applicable regulatory authority has or intends to resume trading in the security.

(3) After FINRA initiates a halt in an OTC Equity Security as a result of an Extraordinary Event Halt, trading and quotations in the OTC market for the OTC Equity Security may resume when FINRA determines that the basis for the halt no longer exists, or when ten business days have elapsed from the date FINRA initiated the trading and quotation halt in the security, whichever occurs first.

(4) FINRA shall disseminate appropriate public notice that a trading and quotation halt initiated under this Rule is no longer in effect.

### (c) Violation of OTC Trading and Quotation Halt Rule

If a security is subject to a trading and quotation halt initiated pursuant to this Rule, it shall be deemed conduct inconsistent with just and equitable principles of trade and a violation of Rule 2010 for a member:

(1) to effect, directly or indirectly, a trade in such security; or

(2) to publish a quotation, a priced bid and/or offer, an unpriced indication of interest (including "bid wanted" and "offer wanted" indications), or a bid or offer accompanied by a modifier to reflect unsolicited customer interest, in any quotation medium. For purposes of this Rule, "quotation medium" shall mean any: system of general circulation to brokers or dealers that regularly disseminates quotations of identified brokers or dealers; or publication, alternative trading system or other device that is used by brokers or dealers to disseminate quotations to others.

••• Supplementary Material: -----

**.01 Discretion for Extraordinary Event Halts.** FINRA may impose a trading and quotation halt in an OTC Equity Security pursuant to Rule 6440(a)(3) where FINRA determines, in its discretion, based on the facts and circumstances of the particular event, that halting trading in the security is the appropriate mechanism to protect investors and ensure a fair and orderly marketplace. As a general matter, FINRA does not favor imposing a trading and quotation halt in an OTC Equity Security and will exercise this authority in very limited circumstances. FINRA may also determine to extend an Extraordinary Event Halt that has been initiated pursuant to Rule 6440 (a)(3) to continue in effect for subsequent periods of up to 10 business days each if, at the time of any such extension, FINRA finds that the extraordinary event is ongoing and determines that the continuation of the halt beyond the prior 10 business day period is necessary in the public interest and for the protection of investors.

**.02 Factors Considered.** In determining whether to impose an Extraordinary Event Halt under Rule 6440(a)(3), FINRA will consider several factors in making its determination, including but not limited to: (1) the material nature of the event; (2) the material facts surrounding the event are undisputed and not in conflict; (3) the event has caused widespread confusion in the trading of the security; (4) there has been a material negative effect on the market for the subject security; (5) the potential exists for a major disruption to the marketplace; (6) there is significant uncertainty in the settlement and clearance process for the security; and/or (7) such other factors as FINRA deems relevant in making its determination. FINRA may review all or some of these factors as it determines appropriate.

**.03 Market-wide Circuit Breaker in OTC Equity Securities.** In the event FINRA has halted trading otherwise than on an exchange in all NMS stocks pursuant to Rule 6121, FINRA also shall halt trading in all OTC Equity Securities until such time that the market-wide circuit breaker no longer is in effect for NMS stocks. Members must halt quoting and trading in all OTC Equity Securities as of the time the market-wide trading halt in NMS stocks is publicly disseminated.

Amended by SR-FINRA-2012-010 eff. May 9, 2013.  
Amended by SR-FINRA-2011-054 eff. Feb 4, 2013.  
Amended by SR-FINRA-2009-054 eff. Feb. 11, 2011.  
Amended by SR-FINRA-2008-057 eff. Dec. 15, 2008.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Renumbered from Rule 6545 and amended by SR-NASD-2006-039 eff. March 16, 2007.  
Amended by SR-NASD-2005-089 eff. Oct. 1, 2005.  
Adopted by SR-NASD-99-33 eff. June 26, 2000.

**Selected Notice:** 00-41, 07-09, 07-22, 08-57, 10-42, 13-13.

◀ 6439. REQUIREMENTS FOR MEMBER INTER-DEALER QUOTATION SYSTEMS

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6450. RESTRICTIONS ON ACCESS FEES ▶

#### VERSIONS

May 09, 2013 onwards

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## 6450. Restrictions on Access Fees

The Rule

Notices

A member shall not impose, nor permit to be imposed, non-subscriber access or post-transaction fees against its published quotation in any OTC Equity Security that exceed or accumulate to more than:

(a) \$0.003 per share, if the published quotation is priced equal to or greater than \$1.00; or

(b) the lesser of 0.3% of the published quotation price on a per share basis or 30% of the minimum pricing increment under Rule 6434 relevant to the display of the quotation on a per share basis if the published quotation is less than \$1.00.

Adopted by SR-FINRA-2009-054 eff. Feb. 11, 2011.

**Selected Notice:** 10-42.

[6440. TRADING AND QUOTATION HALT IN OTC EQUITY SECURITIES](#)

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[6460. DISPLAY OF CUSTOMER LIMIT ORDERS](#)

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## 6460. Display of Customer Limit Orders

[The Rule](#)[Notices](#)

(a) Each OTC Market Maker displaying a priced quotation in any OTC Equity Security in an inter-dealer quotation system shall publish immediately a bid or offer that reflects:

(1) The price and the full size of each customer limit order held by the OTC Market Maker that is at a price that would improve the bid or offer of such OTC Market Maker in such security; and

(2) The full size of each customer limit order held by the OTC Market Maker that:

(A) Is priced equal to the bid or offer of such OTC Market Maker for such security;

(B) Is priced equal to the best bid or best offer of the inter-dealer quotation system in which the OTC Market Maker is quoting; and

(C) Represents more than a de minimis change in relation to the size associated with the OTC Market Maker's bid or offer.

(b) The requirements in paragraph (a) of this Rule shall not apply to any customer limit order:

(1) That is executed upon receipt of the order.

(2) That is placed by a customer who expressly requests, either at the time that the order is placed or prior thereto pursuant to an individually negotiated agreement with respect to such customer's orders, that the order not be displayed.

(3) That is an odd-lot order.

(4) That is a block size order, unless a customer placing such order requests that the order be displayed.

(5) That is delivered immediately upon receipt to a national securities exchange or an electronic communications network that widely disseminates such order and that complies with paragraph (c) below with respect to that order.

(6) That is delivered immediately upon receipt to another OTC Market Maker that complies with the requirements of this Rule with respect to that order.

(7) That is an all-or-none order.

(8) That is priced less than \$0.0001 per share.

(c) The electronic communications network:

(1) Provides to a national securities exchange, national securities association or inter-dealer quotation system the prices and sizes of the orders at the highest buy price and the lowest sell price for such security entered in, and widely disseminated by, the electronic communications network; and

(2) Provides, to any broker or dealer, the ability to effect a transaction with a priced order widely disseminated by the electronic communications network entered therein by an OTC market maker that is:

(A) Equivalent to the ability of any broker or dealer to effect a transaction with an OTC market maker pursuant to the rules of the applicable national securities exchange, national securities association or inter-dealer quotation system to which the electronic communications network supplies such bids and offers; and

(B) At the price of the highest priced buy order or lowest priced sell order, or better, for the lesser of the cumulative size of such priced orders entered therein by OTC market makers at such price, or the size of the execution sought by the broker or dealer, for such security.

### (d) Definitions

For purposes of this Rule, the following definitions shall apply:

(1) Best bid and best offer mean the highest priced bid and the lowest priced offer.