

Trade Reporting Notice

Trade Reporting Frequently Asked Questions

Executive Summary

FINRA is issuing this *Notice* to announce publication on its Web site of Trade Reporting Frequently Asked Questions (FAQ), which provide guidance for firms on reporting over-the-counter (OTC) transactions in equity securities to a FINRA Facility (*i.e.*, a Trade Reporting Facility (TRF), the Alternative Display Facility (ADF) or the OTC Reporting Facility (ORF)). The Trade Reporting FAQ can be found at www.finra.org/tradereportingfaq.

Questions regarding this *Notice* may be directed to

- Dave Chapman, Market Regulation, at (240) 386-4995;
- Mark Dorsey, Market Regulation, at (240) 386-6163;
- the Office of General Counsel, at (202) 728-8071; or
- FINRA Operations, at (866) 776-0800.

Discussion

FINRA is publishing the Trade Reporting FAQ to provide additional guidance to member firms and other interested parties on reporting OTC transactions in equity securities to a FINRA Facility. All OTC transactions in equity securities to which a FINRA member firm is a party must be reported to FINRA, unless expressly excepted from the trade reporting rules. Reportable OTC transactions include trades in NMS stocks effected otherwise than on an exchange, which must be reported to the ADF or a TRF, as well as trades in OTC Equity Securities,¹ PORTAL equity securities and Direct Participation Program securities, which must be reported to the ORF. The FINRA rules governing the reporting of OTC transactions in equity securities are set forth in the Trade Reporting FAQ.

August 14, 2008

Key Topic(s)

- Alternative Display Facility
- OTC Reporting Facility
- Trade Reporting
- Trade Reporting Facilities

Referenced Rules & Notices

- NASD Rule 6610

The Trade Reporting FAQ addresses several different subject-matter areas relating to trade reporting, including:

- Reporting Relationships and Responsibilities;
- Types of Reports/Transactions;
- Trade Report Modifiers;
- Exceptions to Trade Reporting Rules;
- Reporting Transactions for Regulatory Transaction Fee Purposes; and
- Foreign Securities Transactions.

The Trade Reporting FAQ can be found on FINRA's Web site at www.finra.org/tradereportingfaq. FINRA expects to update the FAQ periodically. New questions will be marked "new" and, to the extent previously published questions are updated or revised, they will be marked "updated."

Firms are encouraged to contact FINRA at the numbers listed above to suggest additional topics or questions for inclusion in the Trade Reporting FAQ.

Endnote

- 1 NASD Rule 6610(d) defines OTC Equity Security as "any non-exchange-listed security and certain exchange-listed securities that do not otherwise qualify for real-time trade reporting," which effectively includes all securities quoted on the OTC Bulletin Board, securities quoted on the Pink Sheets, and securities traded but not otherwise quoted in a quotation medium in the OTC equity market.