

FINRA Proposes Rule Change Regarding ATS Reporting of Transactions to TRACE

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The Financial Industry Regulatory Authority recently filed a proposed rule change with the Securities and Exchange Commission to amend FINRA Rule 6730 regarding transaction reporting. Currently under Rule 6730, US Treasury Securities transactions executed on an alternative trading system (ATS) must be reported to the Transaction Reporting and Compliance Engine (TRACE) by the ATS itself and by the counterparties to the trade, but only if the counterparties are FINRA members. The identities of counterparties that are non-FINRA members are not reported under the current iteration of the Rule.

The proposed amendment would require certain ATSs to identify non-FINRA member subscribers associated with their TRACE trade reports in US Treasury Securities. In particular, the amended rule will apply to any ATS that executed transactions in US Treasury Securities of \$10 billion or more in monthly par value with non-FINRA member subscribers for any two months in the preceding calendar quarter. Each covered ATS would be required to provide FINRA with a list of its non-FINRA member subscribers, each of which would then be assigned a unique market participant identifier by FINRA for reporting purposes.

The purpose of the proposed amendment is to enhance and improve the completeness of the information on transactions in US Treasury Securities available to regulators.

If the SEC approves the proposed amendment, FINRA, no later than 60 days after such approval, will announce the effective date of the proposed amendment in a regulatory notice. The effective date will be no later than 180 days following the publication of the regulatory notice.

The text of the proposed rule change is available [here](#).

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