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SECURITIES AND EXCHANGE COMMISSION  
[Release No. 34-74734; File No. SR-FINRA-2015-007]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Waive Trade Reporting Fees Under Rule 7710 Due to an OTC Reporting Facility Systems Issue  
April 15, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on April 10, 2015, Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as “establishing or changing a due, fee or other charge” under Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposal effective upon receipt of this filing by the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of the Substance of the Proposed Rule Change

FINRA is proposing to waive fees under Rule 7710 for trade reporting to the OTC Reporting Facility (“ORF”) due to an ORF systems issue on March 24, 2015. The proposed rule change does not make any changes to the text of FINRA rules.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>4</sup> 17 CFR 240.19b-4(f)(2).

The text of the proposed rule change is available on FINRA's website at <http://www.finra.org>, at the principal office of FINRA and at the Commission's Public Reference Room. [sic]

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, FINRA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

FINRA rules require that members report trades in OTC equity securities, as defined under Rule 6420, to the ORF for public dissemination purposes. Members also may be required or may choose to submit one or more "non-tape" reports in connection with the trade (i.e., the transaction is not reported to the tape for publication but is reported for clearing or regulatory purposes). Pursuant to Rule 7710, FINRA charges members various fees for using the ORF, including, e.g., for reporting trades and cancelling or correcting previously reported trades, as set forth below:

Reporting of transactions not subject to comparison through the OTC Reporting Facility	\$0.029/side
Submission of non-tape, non-clearing (regulatory) reports	No fee

Clearing report to transfer a transaction fee charged by one member to another member pursuant to Rule 7330(i)	\$0.03/side
Comparison	\$0.0144/side per 100 shares (minimum 400 shares; maximum 7,500 shares)
Late Report—T+N	\$0.288/trade (charged to the Executing Party)
Corrective Transaction Charge	\$0.25/Cancel, Correct transaction, paid by reporting side; \$0.25/Break, Decline transaction, paid by each party

On March 24, 2015, the ORF experienced a systems issue that impacted trade reporting. Specifically, following a server failover, the ORF system erroneously reprocessed and resubmitted trades that had previously been processed and sent to FINRA’s Trade Data Dissemination Service for public dissemination.<sup>5</sup> FINRA staff identified approximately 70,000 duplicate trades and worked with members to cancel them. FINRA also determined that, following the server failover, some timely reported trades were incorrectly processed and marked as “late,” and for some trades that were designated for submission to clearing, the system erroneously cancelled the clearing information that had been submitted to the National Securities Clearing Corporation. FINRA continues to work with firms to identify trades that were erroneously marked late and clearing submissions that were inadvertently cancelled by the system. Approximately 322 firms reported trades to the ORF from 2:20 p.m. (the time of the server failover) until the close of the system on March 24, 2015 and thus potentially were impacted by the ORF systems issue on that date. During this time frame, there were over 120,000 trade submissions, which include original and duplicate trade reports and cancellations.

<sup>5</sup> See ORF Technical Notices dated March 24, 2015 and March 25, 2015, available at [www.finra.org/industry/orf/orf-technical-notices](http://www.finra.org/industry/orf/orf-technical-notices).

As a result of the ORF systems issue, some members were required to take corrective action by making additional submissions to the ORF to cancel duplicate trades or resubmit cancelled clearing transactions. To ensure that members are not charged for such additional submissions, and in recognition that members have had to expend resources to take corrective action as a result of the ORF systems issue, FINRA is proposing to waive all ORF trade reporting fees under Rule 7710 for March 24, 2015, the date the ORF systems issues occurred. As such, fees under Rule 7710 will be waived for all submissions to the ORF made on March 24, 2015, including fees for “as/of” reports submitted on March 24, 2015 for trades that were executed prior to that date.

In addition, FINRA recognizes that some members may have been unable to take the necessary corrective steps on March 24, 2015, i.e., some members may not have cancelled the duplicate trades or resubmitted trades for clearing until T+1 or later. Accordingly, FINRA also is proposing to waive the trade reporting fees under Rule 7710 for trades submitted to the ORF with a trade execution date of March 24, 2015 or an original report date of March 24, 2015, provided that such trades were submitted by March 31, 2015. Because the pertinent billing cycle ended on March 31, 2015, trades submitted on or after April 1, 2015 would not be entitled to the fee relief proposed herein, even if they were executed or originally reported on March 24, 2015.<sup>6</sup> FINRA believes that it is most equitable to provide such additional relief to members.

FINRA has filed the proposed rule change for immediate effectiveness. The operative date will be the date of filing.

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<sup>6</sup> FINRA believes that only a small number of trades were not cancelled or resubmitted, as necessary, by March 31, 2015.

## 2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(5) of the Act,<sup>7</sup> which requires, among other things, that FINRA rules provide for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system that FINRA operates or controls. FINRA believes that the proposed rule change to waive trade reporting fees under Rule 7710, as described herein, is appropriate in light of the ORF systems issue on March 24, 2015. FINRA does not believe that members should incur fees for the corrective action they were required to take following the ORF systems issue. FINRA believes that this limited waiver results in reasonable fees and financial benefits that are equitably allocated. The financial benefit of the trade reporting fee waiver is available to all firms that reported to the ORF on March 24, 2015 and to all firms that reported trades with an execution date or original report date of March 24, 2015, provided that such reports were received by March 31, 2015. The proposed rule change is reasonable because the waiver of ORF trade reporting fees – and the financial benefit from such waiver – is of limited amount, duration and application, as noted above. Finally, the proposed trade reporting fee waiver does not unfairly discriminate between or among members in that the waiver is available to any such member that reported transactions to the ORF on the relevant dates.

### B. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. FINRA believes that the proposed rule change to waive the trade reporting fees is appropriate in light of the ORF systems issue, which required members to take corrective action and make

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<sup>7</sup> 15 U.S.C. 78o-3(b)(5).

additional submissions to the ORF. FINRA believes that the limited trade reporting fee waiver would not place an unreasonable fee burden on members, nor confer an uncompetitive benefit to members that have their trade reporting fees waived, in that such waiver would be available for a very limited period and the financial impact of such a waiver would be de minimis.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>8</sup> and paragraph (f)(2) of Rule 19b-4 thereunder.<sup>9</sup> At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

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<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f)(2).

- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2015-007 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-FINRA-2015-007. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal offices of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FINRA-2015-007, and should be submitted on or before [INSERT DATE 21 DAYS FROM PUBLICATION IN THE FEDERAL REGISTER].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

Brent J. Fields,  
Secretary.

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<sup>10</sup> 17 CFR 200.30-3(a)(12).