



8011-01
SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-78925; File No. SR-FINRA-2016-023)

September 23, 2016

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Granting Approval of Proposed Rule Change Relating to TRACE Reporting and Dissemination of CMO Transactions

I. Introduction

On June 27, 2016, the Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change related to Trade Reporting and Compliance Engine (“TRACE”) reporting and dissemination of transactions in Collateralized Mortgage Obligations (“CMOs”).³ The proposed rule change was published for comment in the Federal Register on July 6, 2016.⁴ The Commission received three comments in response to the proposal.⁵ FINRA responded to the comments on September 14, 2016.⁶ FINRA extended the time period within which the Commission shall approve the proposed rule change, disapprove the proposed rule change, or

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The term “Collateralized Mortgage Obligation” is defined in FINRA Rule 6710(dd).

⁴ See Securities Exchange Act Release No. 78196 (June 29, 2016), 81 FR 44065 (“Notice”).

⁵ See letters to Brent J. Fields, Secretary, Commission, from Mike Nicholas, Chief Executive Officer, BDA, dated July 27, 2016 (“BDA Letter”); Lynn Martin, President and Chief Operating Officer, ICE Data Services, dated July 27, 2016 (“ICE Letter”); and Chris Killian, Managing Director, Securitization, SIFMA, dated July 27, 2016 (“SIFMA Letter”).

⁶ See letter to Brent J. Fields, Secretary, Commission, from Alexander Ellenberg, Associate General Counsel, Regulatory Policy and Oversight, FINRA, dated September 14, 2016 (“FINRA Response Letter”).

institute proceedings to determine whether the proposed rule change should be disapproved to September 23, 2016.⁷ This order grants approval of the proposed rule change.

II. Description of the Proposed Rule Change

Historically, FINRA has utilized TRACE to collect from its members and publicly disseminate information on secondary, over-the-counter transactions in corporate debt securities, Agency Debt Securities,⁸ and certain primary market transactions. For certain other asset types, FINRA utilized TRACE to collect transaction information, but until recently, did not disseminate such information publicly. FINRA has been working to phase-in the dissemination of transaction information for these previously non-disseminated asset types. To date, FINRA has implemented dissemination of Agency Pass-Through Mortgage-Backed Securities and SBA-Backed ABS;⁹ TRACE-Eligible Securities effected as Rule 144A transactions;¹⁰ and Asset-

⁷ See letter to Katherine England, Assistant Director, Division of Trading and Markets, Commission, from Alexander L. Ellenberg, Assistant General Counsel, Regulatory Policy and Oversight, FINRA, dated August 9, 2016 (extending to September 9, 2016); letter to Katherine England, Assistant Director, Division of Trading and Markets, Commission, from Alexander L. Ellenberg, Associate General Counsel, Regulatory Policy and Oversight, FINRA, dated September 2, 2016 (extending to September 23, 2016).

⁸ The term “Agency Debt Security” is defined in FINRA Rule 6710(l).

⁹ On November 12, 2012, FINRA began disseminating transactions in Agency Pass-Through Mortgage-Backed Securities traded TBA. See Securities Exchange Act Release No. 66829 (April 18, 2012), 77 FR 24748 (April 25, 2012) (approving SR-FINRA-2012-020); FINRA’s Regulatory Notice 12-26 (May 2012) and Regulatory Notice 12-48 (November 2012). On July 22, 2013, FINRA began disseminating transactions in Agency Pass-Through Mortgage-Backed Securities traded in Specified Pool Transactions and SBA-Backed ABS traded TBA or in Specified Pool Transactions. See Securities Exchange Act Release No. 68084 (October 23, 2012), 77 FR 65436 (October 26, 2012) (approving SR-FINRA-2012-042); FINRA’s Regulatory Notice 12-56 (December 2012). The terms “TBA,” “Agency Pass-Through Mortgage-Backed Security,” “Specified Pool Transaction,” and “SBA-Backed ABS” are defined in FINRA Rule 6710(u), (v), (x), and (bb), respectively.

¹⁰ On June 30, 2014, FINRA began disseminating transactions in TRACE-Eligible Securities effected as Rule 144A transactions, provided that such transactions were in

Backed Securities.¹¹ The remaining types of Securitized Products¹² not yet subject to dissemination are CMOs, commercial mortgage-backed securities (“CMBSs”), and collateralized debt obligations (“CDOs”).¹³ FINRA now has proposed to provide for public dissemination of certain information about CMO transactions,¹⁴ to reduce the time period within which a CMO transaction must be reported to TRACE, and to make conforming and technical revisions to its rules, as described below.

Dissemination of CMO Transaction Information

Currently, FINRA Rule 6750 states that FINRA will not disseminate information on a transaction in a TRACE-Eligible Security that is a Securitized Product, with the following exceptions: an Agency Pass-Through Mortgage-Backed Security, an SBA-Backed ABS, and an Asset-Backed Security.¹⁵ FINRA has proposed to revise this rule to provide for public dissemination of certain information on transactions in CMOs, including those effected pursuant to Rule 144A. Accordingly, FINRA has proposed to reframe the description of Securitized

securities that would be subject to dissemination if effected in non-Rule 144A transactions. See Securities Exchange Act Release No. 70345 (September 6, 2013), 78 FR 56251 (September 12, 2013) (approving SR-FINRA-2013-029); Securities Exchange Act Release No. 70691 (October 16, 2013), 78 FR 62788 (October 22, 2013) (SR-FINRA-2013-043); FINRA’s Regulatory Notice 13-35 (October 2013). “TRACE-Eligible Security” is defined in FINRA Rule 6710(a).

¹¹ On June 1, 2015, FINRA began disseminating transactions in a group of newly-defined Asset-Backed Securities. See Securities Exchange Act Release No. 71607 (February 24, 2014), 79 FR 11481 (February 28, 2014) (approving SR-FINRA-2013-046); FINRA’s Regulatory Notice 14-34 (August 2014). “Asset-Backed Security” is defined in FINRA Rule 6710(cc).

¹² “Securitized Product” is defined in FINRA Rule 6710(m).

¹³ See Notice, 81 FR at 44066.

¹⁴ FINRA stated that CMOs are the largest and most actively traded of the remaining Securitized Product types and typically have relatively smaller transaction sizes than CMBSs and CDOs. See id.

¹⁵ See FINRA Rule 6750(b)(4).

Products not subject to dissemination to delineate those Securitized Products that would remain outside of the scope of contemporaneous dissemination: CMBSs, CDOs,¹⁶ and certain CMOs.¹⁷

Under the proposal, depending on the size of the transaction and the number of transactions in the CMO security in a given period, a CMO transaction could be subject to immediate trade-by-trade dissemination or periodic aggregate dissemination, or remain exempt from dissemination entirely. FINRA would immediately disseminate information about a CMO transaction having a value under \$1 million (calculated based upon original principal balance of the particular CMO security).¹⁸ For a CMO transaction having a value of \$1 million or more (calculated based upon original principal balance of the particular CMO security) and where there have been five or more transactions in that security of \$1 million or more in the period reported by at least two different market participant identifiers (“MPIDs”), FINRA would disseminate aggregated information about transactions in that security on a weekly and/or monthly basis.¹⁹ If a CMO transaction does not meet the criteria for either immediate trade-by-

¹⁶ FINRA has proposed to define “Collateralized Debt Obligation” (“CDO”) to mean “a type of Securitized Product backed by fixed-income assets (such as bonds, receivables on loans, or other debt) or derivatives of these fixed-income assets, structured in multiple classes or tranches with each class or tranche entitled to receive distributions of principal and/or interest in accordance with the requirements adopted for the specific class or tranche. A CDO includes, but is not limited to, a collateralized loan obligation (‘CLO’) and a collateralized bond obligation (‘CBO’).” See proposed FINRA Rule 6710(ff). FINRA also has proposed to amend the definition of “Asset-Backed Security” to harmonize with the newly defined term “CDO.” See proposed FINRA Rule 6710(cc).

¹⁷ See proposed FINRA Rule 6750(c)(4).

¹⁸ See proposed FINRA Rule 6750(a).

¹⁹ See proposed FINRA Rule 6750(b). For a particular CMO security, a weekly report would be issued for each week during which at least five transactions in that security of \$1 million or more occurred and such transactions were reported by at least two unique MPIDs. A monthly report for a CMO security would be issued for each month during which at least five transactions in that security of \$1 million or more occurred and such transactions were reported by at least two unique MPIDs, regardless of whether such transactions had qualified for weekly reporting. FINRA stated that, for purposes of

trade dissemination or, based on recent activity in that particular CMO security, periodic aggregate dissemination, such transaction would not be subject to public dissemination in any form (but would, as described below, be available in the historic data sets).²⁰

Reduction of Reporting Period

FINRA also proposed to amend FINRA Rule 6730 to reduce the period within which a member must report a CMO transaction executed on or after issuance and to implement a clearer deadline for reporting a CMO transaction executed prior to issuance. Currently, a CMO transaction executed on or after issuance must be reported to TRACE no later than the close of the TRACE system on the date of execution.²¹ FINRA has proposed to require that each CMO transaction be reported to TRACE within 60 minutes of execution.²² Currently, a CMO transaction executed before the date of issuance of the security must be reported to TRACE by the earlier of (i) the business day that the security is assigned a CUSIP, a similar numeric identifier, or a FINRA symbol; or (ii) the date of issuance of the security.²³ Under the proposal,

determining if a CMO security has been reported by at least two unique MPIDs, FINRA would consider an interdealer trade to be reported by one MPID (the sell side dealer), even though the trade would be reported by both sides of the transaction. See Notice, 81 FR at 44066, n. 11.

²⁰ See proposed FINRA Rule 6750(c)(4).

²¹ See FINRA Rule 6730(a)(3)(A). This rule contains exceptions for transactions executed within 90 minutes of the close of the TRACE system and transactions executed when the system is closed.

²² See proposed FINRA Rule 6730(a)(3)(H)(ii). Exceptions for transactions executed within 60 minutes of the close of the TRACE system and transactions executed when the system is closed are set forth in subparts (i), (iii), and (iv) of proposed FINRA Rule 6730(a)(3)(H).

²³ See FINRA Rule 6730(a)(3)(C).

such a CMO transaction would need to be reported to TRACE no later than the first settlement date of the security.²⁴

Data Availability

The proposal would amend FINRA Rule 7730, which establishes various TRACE data products, to reflect the addition of CMO transactions to the applicable data sets. Currently, the “SP Data Set” for real-time data includes each transaction in a Securitized Product that is publicly disseminated, except for a Rule 144A transaction. Under the proposal, the SP Data Set would be expanded to include any transaction in a CMO security that is disseminated on an immediate trade-by-trade basis or included in a weekly or monthly aggregated report.²⁵

Currently, the “Historic SP Data Set” includes each historic transaction in a Securitized Product reported to TRACE, if a transaction in that type of Securitized Product is subject to immediate trade-by-trade dissemination, but excludes a historic transaction in a Rule 144A security. Under the proposal, the Historic SP Data Set would be expanded to include all non-Rule 144A CMO transactions, even if not previously disseminated immediately or as part of a periodic report.²⁶

Currently, the “Rule 144A Data Set” and the “Historic Rule 144A Data Set” include real-time data and historic data, respectively, for Rule 144A transactions reported to TRACE. Under the proposal, with respect to transactions in CMO securities issued pursuant to Rule 144A, the Rule 144A Data Set would be expanded to include transactions in CMO securities that had been

²⁴ See proposed FINRA Rule 6730(a)(3)(C). FINRA stated its belief that the proposal would provide a uniform reporting deadline that could be easily ascertained by all firms because new issuances in CMOs generally settle on the last business day of the month. FINRA explained that, under the current rule, some firms have had difficulty in determining with accuracy and in a timely manner when the reporting obligation has been triggered, due to inconsistencies in how underwriters and trading parties communicate relevant information. See Notice, 81 FR at 44067.

²⁵ See proposed FINRA Rule 7730(c).

²⁶ See proposed FINRA Rule 7730(f)(4)(C). See also Notice, 81 FR at 44066, n. 12.

disseminated on an immediate trade-by-trade basis or on a periodic aggregate basis, and the Historic Rule 144A Data Set would be expanded to include historic data on all CMO transactions, whether or not they had been subject to any form of dissemination previously.²⁷ FINRA has not proposed to amend the fees currently in effect for the SP Data Set, Historic SP Data Set, Rule 144A Data Set, or Historic Rule 144A Data Set based on inclusion of this additional data.²⁸

Other Technical Changes

FINRA has proposed to amend a provision in FINRA Rule 6730(a) that provides general requirements for reporting Securitized Products to make clear that this provision will apply specifically to CDOs and CMBSs.²⁹ FINRA also has proposed to eliminate certain provisions that have expired in FINRA Rule 6730(a).³⁰ Finally, FINRA has proposed to make technical and conforming changes to the FINRA Rule 7730 and the Rule 6700 series to reflect the changes to the TRACE reporting and dissemination requirements for CMO transactions discussed above.³¹

Effective Date of Proposed Rule Change

FINRA has stated that it would announce the operative date of the proposed rule change in a Regulatory Notice to be published no later than 90 days following Commission approval,

²⁷ See proposed FINRA Rule 7730(c), (f)(4)(D). See also Notice, 81 FR 44066, n. 12.

²⁸ See Notice, 81 FR at 44066, n. 12 (stating that “[t]he inclusion of this additional data in such data sets will not affect the fees currently in effect”).

²⁹ See proposed FINRA Rule 6730(a)(3)(A). FINRA noted that after the proposed rule change becomes effective, this provision would apply only to these two types of Securitized Products. See Notice, 81 FR at 44067, n. 15.

³⁰ See proposed FINRA Rule 6730(a)(3)(B).

³¹ See Notice, 81 FR at 44065.

and that the operative date would be no later than 365 days following publication of that Regulatory Notice.³²

III. Summary of Comments and FINRA's Response

The Commission received three comments on the proposed rule change³³ and a response letter from FINRA.³⁴ All three commenters were generally supportive but suggested certain revisions to the proposal. For example, all three commenters questioned the proposed \$1 million threshold for immediate trade-by-trade dissemination, but they suggested conflicting alternatives. One commenter argued that the \$1 million threshold is too high and suggested lowering the threshold to no more than \$500,000 “to ensure only truly retail-sized transactions are subject to real-time dissemination.”³⁵ This commenter stated that its members “recognize the benefits to the market of greater price transparency, but at the same time recent experience with TBAs, specified pools, and other types of securities illustrate the detrimental impact overly broad TRACE dissemination can have, particularly with respect to the ability for market participants to easily transact in size.”³⁶ Further, this commenter noted that, because in the CMO market “the securities are even less liquid and more unique, liquidity concerns are heightened.”³⁷

Another commenter argued that the \$1 million threshold is too low to meaningfully improve transparency and suggested that FINRA consider incrementally increasing the threshold in stages until all CMO transactions are disseminated on an immediate trade-by-trade basis.³⁸

³² See id. at 44067.

³³ See supra note 5.

³⁴ See supra note 6.

³⁵ SIFMA Letter at 1-2.

³⁶ Id. at 1.

³⁷ Id.

³⁸ See ICE Letter at 2, 5.

This commenter stated that limiting immediate dissemination to smaller CMO transactions could be confusing to retail and smaller institutional investors because the prices of smaller CMO trades are “typically less representative of where near-term next trading levels are typically conducted.”³⁹ This commenter also recommended that FINRA set the initial threshold for immediate dissemination at \$1 million based on the current principal balance, rather than on the original principal balance.⁴⁰

A third commenter requested that FINRA remove the \$1 million threshold entirely, based on a view that the proposed thresholds for dissemination on a trade-by-trade or on a periodic aggregate basis “will create a bifurcated market that will disadvantage the smaller trades that will be disseminated in real-time and small-to-medium sized dealers that more frequently transact in smaller quantities compared to the largest dealers.”⁴¹ This commenter predicted that institutional investors would “avoid trading in sub-\$1 million quantities ... to avoid information leakage” and “seek to transact with financial institutions that are not required to report trades to TRACE.”⁴² This commenter argued that greater trade-by-trade dissemination would have a negative impact on liquidity and the proposal would “almost exclusively impair market liquidity for transactions of \$1 million and less.”⁴³

In response to these comments, FINRA stated that it “continues to believe that the \$1 million threshold is an appropriate balance between transparency and the risk of decreased

³⁹ Id. at 3-4.

⁴⁰ See id. at 5.

⁴¹ BDA Letter at 1.

⁴² Id. at 1-2.

⁴³ Id. at 2.

liquidity provision.”⁴⁴ FINRA explained that it received similar comments on an earlier iteration of the proposal and took these comments into account when finalizing the proposed rule change, based on the reasons explained in the Notice and the economic analysis contained therein.⁴⁵ FINRA also stated that it will assess whether there is a need for additional transparency in the future.⁴⁶

One commenter recommended a higher minimum activity level threshold for new-issue CMO transactions to be included in periodic aggregate reports so that dissemination would focus on secondary market activity.⁴⁷ FINRA responded that the proposed threshold of five transactions, combined with the use of periodic aggregate reports rather than trade-by-trade dissemination for certain transactions, should satisfy the commenter’s concern and that FINRA’s proposed approach was appropriate.⁴⁸

Another commenter suggested that the periodic aggregate reports should include the most recent trade price, as this would allow retail investors to reference the last trade price when engaging in price discovery for future trades and thereby better align retail and institutional execution quality.⁴⁹ FINRA responded that it previously considered including the last sale price

⁴⁴ FINRA Response Letter at 2.

⁴⁵ See id.

⁴⁶ See id.

⁴⁷ See SIFMA Letter at 2. This commenter also recommended that multiple dealer-to-dealer trades done in the same CMO security at the time of the initial distribution be counted as one trade for purposes of calculating the periodic aggregate dissemination threshold. See id.

⁴⁸ See FINRA Response Letter at 3.

⁴⁹ See ICE Letter at 5.

in the reports, but modified an earlier version of the proposal to remove this and other data fields in response to concerns about the potential for reverse-engineering the data.⁵⁰

Two commenters commented on the proposed shortening of the reporting period for CMO transactions executed on or after issuance from end-of-day to within 60 minutes of execution. One commenter supported this aspect of the proposal and stated that, as compared to an even shorter time period considered initially, this reporting period “is a vast improvement for smaller dealers that have fewer operational and trading personnel focused on trade reporting.”⁵¹ Another commenter suggested a six-month pilot period to phase in the reduction in reporting time, as has been done for other product types.⁵² This commenter acknowledged that many of its members currently report CMO transactions in less than 60 minutes, but noted that this is not always the case and that a pilot period “would help ensure that dealers are able to implement necessary system changes and avoid errors.”⁵³ FINRA responded that it initially considered a shorter reporting timeframe with a phased-in implementation period, but modified its proposal to a reporting period longer than either phase proposed initially “to lessen the potential costs of the Proposal while still providing sufficiently timely transparency to the market.”⁵⁴ FINRA noted that 84% of CMO transactions are already reported to TRACE within 60 minutes and that it continues to believe that the proposed reporting timeframe is appropriate and not unduly burdensome.⁵⁵

⁵⁰ See FINRA Response Letter at 4.

⁵¹ BDA Letter at 1. Under a previous version of the proposal, FINRA had considered reducing the reporting timeframe to 15 minutes. See Notice, 81 FR at 44071.

⁵² See SIFMA Letter at 3.

⁵³ Id.

⁵⁴ FINRA Response Letter at 3-4.

⁵⁵ See id. at 4.

Two commenters expressed their support for the revised reporting timeframe for CMO transactions executed before issuance. One commenter noted that its members strongly support the revised reporting time and that it had requested this change because of resource constraints faced by some small and mid-sized firms that prevent them from actively monitoring all CMO data feeds and thereby knowing if a particular CUSIP has been issued.⁵⁶ Another commenter stated the new standard “should provide dealers with sufficient flexibility to report a transaction as early as one or two days prior to the first settlement date, if settlement details are available.”⁵⁷

Finally, one commenter requested clarification of the definition of “CMO” because the current definition encompasses Ginnie Mae Project Loans, which (according to the commenter) market participants consider agency CMBS, in apparent conflict with FINRA’s stated intention that the proposed rule change would apply to CMOs, but not CMBSs or CDOs. This commenter suggested that project loan securities should be outside the scope of the proposed rule change and the definition of “CMO” should be adjusted accordingly.⁵⁸ FINRA responded that agency CMBSs fall within the definition of “CMO” and are within the intended scope of the proposal, while other CMBSs that are not specifically included within the definition of “CMO” are not within scope.⁵⁹

IV. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national

⁵⁶ See SIFMA Letter at 3.

⁵⁷ BDA Letter at 1.

⁵⁸ See SIFMA Letter at 2-3.

⁵⁹ See FINRA Response Letter at 4.

securities association.⁶⁰ In particular, the Commission finds that the proposed rule change is consistent with Section 15A(b)(6) of the Act,⁶¹ which requires, among other things, that FINRA's rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

On numerous occasions, the Commission has stated that price transparency plays a fundamental role in promoting the fairness and efficiency of U.S. capital markets.⁶² The Commission believes that, to further the goal of increasing price transparency in the debt markets in general and the CMO market in particular, it is reasonable and consistent with the Act for FINRA to extend post-trade price transparency to CMO transactions in the manner set forth in the proposal. FINRA will effect immediate trade-by-trade dissemination of CMO transactions with a transaction value under \$1 million and issue periodic aggregate reports of transactions in a particular CMO security having a transaction value of \$1 million or more and meeting thresholds for trading frequency and the number of members reporting transactions in that particular security. FINRA has not proposed either immediate trade-by-trade dissemination or periodic aggregate dissemination of CMO transactions with a transaction value of \$1 million or more that do not meet those thresholds. The Commission acknowledges that this proposal thereby tailors public dissemination only to a segment of the CMO market in which there are smaller transactions or activity among a wider number of market participants. The Commission notes one commenter's concern that price levels for smaller transactions in a particular CMO security

⁶⁰ In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

⁶¹ 15 U.S.C. 78o-3(b)(6).

⁶² See, e.g., Securities Exchange Act Release No. 43873 (January 23, 2001), 66 FR 8131, 8136 (January 29, 2001) (SR-NASD-99-65) (approving initial TRACE proposal).

may be less representative of subsequent trading levels for that security⁶³ and another commenter's concern that restricting immediate trade-by-trade public dissemination to only the smallest trades could impair market liquidity in that segment of the market.⁶⁴ Nevertheless, the Commission believes that the proposal represents a reasonable first step to introduce post-trade transparency to this asset class, and in approving this proposal notes FINRA's representation that it "will continue to monitor the market and assess the need for additional transparency."⁶⁵

The Commission believes that the proposed reduction in reporting times for CMO transactions executed on or after issuance appears reasonably designed to contribute to enhanced price transparency for CMOs. Additionally, the Commission believes that the proposed revision to the reporting period for CMO transactions executed prior to issuance will provide greater clarity to market participants and help promote compliance with applicable reporting rules.

Furthermore, the Commission believes that including CMO transaction data in the various TRACE data sets is reasonable and consistent with the Act. The rules that establish these data sets have been approved by the Commission,⁶⁶ and expanding the data sets to include CMO transactions does not appear to raise any issues. Finally, the Commission believes that the proposal's minor, conforming, and technical revisions to FINRA Rule 7730 and the Rule 6700 series are consistent with the Act.

⁶³ See ICE Letter at 3-4.

⁶⁴ See BDA Letter at 2.

⁶⁵ FINRA Response Letter at 2.

⁶⁶ See Securities Exchange Act Release No. 66829 (April 18, 2012), 77 FR 24748 (April 25, 2012) (approving SR-FINRA-2012-020); Securities Exchange Act Release No. 68084 (October 23, 2012), 77 FR 65436 (October 26, 2012) (approving SR-FINRA-2012-042); Securities Exchange Act Release No. 70345 (September 6, 2013), 78 FR 56251 (September 12, 2013) (approving SR-FINRA-2013-029); Securities Exchange Act Release No. 71607 (February 24, 2014), 78 FR 11481 (February 28, 2014) (approving SR-FINRA-2013-046).

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁶⁷ that the proposed rule change (SR-FINRA-2016-023) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶⁸

Brent J. Fields
Secretary

⁶⁷ 15 U.S.C. 78s(b)(2).

⁶⁸ 17 CFR 200.30-3(a)(12).

