

information that you wish to make available publicly. All submissions should refer to File No. SR-Phlx-2012-47 and should be submitted on or before May 10, 2012.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>27</sup>

Kevin M. O'Neill,

Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-66804; File No. SR-FINRA-2012-021]

### Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of Proposed Rule Change Relating to Post-Trade Transparency for Agency Pass-Through Mortgage-Backed Securities Traded in Specified Pool Transactions and SBA-Backed Asset-Backed Securities Transactions

April 13, 2012.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that, on April 2, 2012, the 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. 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 Substance of the Proposed Rule Change

FINRA is proposing to amend the FINRA Rule 6700 Series and Trade Reporting and Compliance Engine ("TRACE") dissemination protocols regarding the reporting and dissemination of transactions in TRACE-Eligible Securities that are: (1) Agency Pass-Through Mortgage-Backed Securities traded in Specified Pool Transactions ("MBS Specified Pool transactions") and (2) Asset-Backed Securities backed by loans guaranteed as to principal and interest by the Small Business Administration ("SBA-Backed ABS") and traded either in Specified Pool Transactions or to be announced

("TBA") (collectively, "SBA-Backed ABS transactions").<sup>3</sup>

The text of the proposed rule change is available on FINRA's Web site at <http://www.finra.org>, at the principal office of FINRA and at the Commission's Public Reference Room.<sup>4</sup>

#### 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

On March 1, 2012, FINRA filed the TBA proposal to provide for the dissemination of MBS TBA transactions, subject to dissemination caps, and concomitant reductions in the reporting periods for such transactions.<sup>5</sup> FINRA is proposing to further expand transparency in the market for Asset-Backed Securities in this proposed rule change, which provides for the dissemination of MBS Specified Pool and SBA-Backed ABS transactions, subject to dissemination caps, and

concomitant reductions in the reporting periods for such transactions.

FINRA proposes to amend Rule 6730 to reduce, in two stages, the time frames to report MBS Specified Pool and SBA-Backed ABS transactions. FINRA also proposes minor clarifying amendments to Rule 6730(a)(3)(D) and (E) to specify that the reporting requirements set forth therein apply solely to MBS TBA transactions. In connection with such changes, FINRA proposes amendments to the definitions of "To Be Announced ("TBA"), "Specified Pool Transaction," and "Agency Pass-Through Mortgage-Backed Security" and a new defined term, "SBA-Backed ABS." Finally, FINRA proposes to amend Rule 6750 to provide for the dissemination of MBS Specified Pool and SBA-Backed ABS transactions, and proposes to establish, as part of TRACE dissemination protocols, a \$10 million dissemination cap for such transactions.

##### MBS Specified Pool Transactions

Generally, Agency Pass-Through Mortgage-Backed Securities are traded either TBA or in Specified Pool Transactions as defined in Rule 6710(v) and (x), respectively. In MBS Specified Pool transactions, on the date of trade (trade date), the seller agrees to deliver to the buyer a specific security identifiable by a unique identification number, which is backed by a specific pool (or pools) of mortgage loans, or other Agency Pass-Through Mortgage-Backed Securities, or a combination of such assets. MBS Specified Pool transactions differ from MBS TBA transactions in that, on trade date, in an MBS TBA transaction, the security to be delivered is described (e.g., program, interest rate, type of residential mortgage, maturity) but is not specifically identified (i.e., does not have a specific unique identification number), and will not be identified until shortly before settlement. While the majority of Agency Pass-Through Mortgage-Backed Securities are traded TBA, the daily volume of MBS Specified Pool transactions represents significant economic activity in mortgage-related securities, and FINRA believes that additional transparency in such securities is appropriate. The reported transaction data shows that MBS Specified Pool transaction pricing is strongly correlated to the pricing of the substantially larger market in MBS TBA transactions. Moreover, the two market sectors exhibit similar trading characteristics. For example, approximately 98 percent of the total volume in MBS Specified Pool transactions occurs in securities backed by single-family mortgage loans.

<sup>3</sup> The terms TRACE-Eligible Security, Agency Pass-Through Mortgage-Backed Security, Specified Pool Transaction, Asset-Backed Security and To Be Announced ("TBA") are defined in, respectively, Rule 6710(a), Rule 6710(v), Rule 6710(x), Rule 6710(m) and Rule 6710(u). The definition of SBA-Backed ABS is proposed in Rule 6710(bb).

<sup>4</sup> The proposed rule text assumes the SEC approval of File No. SR-FINRA-2012-020, which proposed amendments to the FINRA Rule 6700 Series to provide for the dissemination of transactions in TRACE-Eligible Securities that are Agency Pass-Through Mortgage-Backed Securities that are traded TBA ("MBS TBA transactions"), subject to dissemination caps, and to reduce the reporting periods for such transactions. See Securities Exchange Act Release No. 66577 (March 12, 2012), 77 FR 15827 (March 16, 2012) (Notice of Filing of File No. SR-FINRA-2012-020) ("TBA proposal").

<sup>5</sup> See *supra* note 4. The TBA proposal distinguished between MBS TBA transactions for good delivery ("MBS TBA transactions GD") and not for good delivery ("MBS TBA transactions NGD"). In response to comments, FINRA proposed a longer period to timely report, and lower dissemination caps for, MBS TBA transactions NGD than the requirements proposed for MBS TBA transactions GD.

<sup>27</sup> 17 CFR 200.30-3(a)(12).

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

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

Similarly, for MBS TBA transactions, approximately 95 percent of the total volume occurs in securities backed by single-family mortgage loans.<sup>6</sup> Accordingly, the data sets are complimentary and the dissemination of the additional pricing information for MBS Specified Pool transactions will further improve transparency in the Agency Pass-Through Mortgage-Backed Securities market.

#### *SBA-Backed ABS Transactions*

SBA-Backed ABSs are Asset-Backed Securities created from pooling loans made to small business by banks and other financial institutions in conformity with the program requirements of the Small Business Administration ("SBA"). Loans that meet the SBA's requirements are guaranteed by SBA as to the timely payment of principal and interest, and pools are then created to issue SBA-Backed Asset-Backed Securities.

SBA-Backed ABS also are traded TBA and in Specified Pool Transactions.<sup>7</sup> Like Agency Pass-Through Mortgage-Backed Securities discussed above, such TBA trading may occur because market participants may anticipate with some certainty the creation of loan pools and are aware of the pool characteristics, and the extent to which such loan pools are fungible with previously-settled SBA-Backed ABS. FINRA proposes that both types of SBA-Backed ABS transactions be subject to dissemination.

#### *Amendments to Defined Terms*

FINRA proposes to define "SBA-Backed ABS" in proposed Rule 6710(bb) as an Asset-Backed Security issued in conformity with a program of the Small Business Administration (SBA), for which the timely payment of principal and interest is guaranteed by the SBA, representing ownership interest in a pool (or pools) of loans and structured to "pass through" the principal and interest payments made by the borrowers in such loans to the holders of the security on a pro rata basis.

In connection with the proposed addition of the definition of SBA-

Backed ABS, FINRA also proposes amendments to the definitions of "To Be Announced ("TBA")" and "Specified Pool Transaction" in Rule 6710(u) and Rule 6710(x), respectively. Both definitions currently apply only to Agency Pass-Through Mortgage-Backed Securities. As amended, both terms would include transactions in SBA-Backed ABS.<sup>8</sup> In addition, FINRA proposes amendments to the definition of "Agency Pass-Through Mortgage-Backed Security" in Rule 6710(v) to incorporate minor, technical changes to the defined term.<sup>9</sup>

#### *Reduction of Reporting Period*

Currently, Asset-Backed Securities transactions (except certain pre-issuance transactions in collateralized mortgage obligations ("CMOs") and real estate mortgage investment conduits ("REMICs")) that are executed on a business day through 5:00 p.m. Eastern Time must be reported to TRACE on the Trade Date during TRACE System Hours, as provided in Rule 6730(a)(3)(A)(i), subject to the exceptions for transactions executed after 5:00 p.m. and during times when the TRACE System is not open in Rule 6730(a)(3)(A)(ii) and (iii). In contrast, secondary market transactions in all other TRACE-Eligible Securities must be reported within 15 minutes of the Time of Execution.<sup>10</sup> With certain exceptions, transaction information on such TRACE-Eligible Securities is disseminated as soon as the transaction

is reported, and the 15-minute reporting requirement results in meaningful price transparency for market participants trading such securities.<sup>11</sup>

As noted above, FINRA recently filed the TBA proposal, which is pending before the SEC. In the TBA proposal, FINRA proposes that MBS TBA transactions be disseminated, and, in connection with their dissemination, also proposes to reduce the time frames for timely reporting such transactions to provide market participants meaningful and timely price information about MBS TBA transactions.<sup>12</sup>

In connection with proposing that MBS Specified Pool and SBA-Backed ABS transactions be disseminated, FINRA proposes to reduce the reporting time frames for such transactions for the same reasons. FINRA also proposes that the reduction of the reporting time frames occur in two stages to permit industry participants time to adjust policies and procedures and to make required technological changes, as FINRA also proposed in the TBA proposal.

Proposed Rule 6730(a)(3)(F) and proposed Rule 6730(a)(3)(G), respectively, set forth the requirements to report MBS Specified Pool and SBA-Backed ABS transactions. First, FINRA proposes to reduce the reporting period for MBS Specified Pool and SBA-Backed ABS transactions from no later than the close of the TRACE system on Trade Date to no later than two hours (i.e., 120 minutes) from the Time of Execution for the duration of the proposed MBS Specified Pool Pilot Program and the proposed SBA-Backed ABS Pilot Program in, respectively, proposed Rule 6730(a)(3)(F)(i) and proposed Rule 6730(a)(3)(G)(i).<sup>13</sup> Like

<sup>8</sup> As revised, Rule 6710(u) would provide:

"To Be Announced" ("TBA") means a transaction in an Agency Pass-Through Mortgage-Backed Security as defined in paragraph (v) or an SBA-Backed ABS as defined in paragraph (bb) where the parties agree that the seller will deliver to the buyer a security(ies) of a specified face amount and meeting certain other criteria but the specific security(ies) to be delivered at settlement is not specified at the Time of Execution, and includes TBA transactions "for good delivery" ("GD") and TBA transactions "not for good delivery" ("NGD").

As revised, Rule 6710(x) would provide:

"Specified Pool Transaction" means a transaction in an Agency Pass-Through Mortgage-Backed Security as defined in paragraph (v) or an SBA-Backed ABS as defined in paragraph (bb) requiring the delivery at settlement of a pool(s) that is identified by a unique pool identification number at the Time of Execution.

<sup>9</sup> As revised, Rule 6710(v) would provide:

"Agency Pass-Through Mortgage-Backed Security" means a type of Asset-Backed Security issued in conformity with a program of an Agency or a Government-Sponsored Enterprise ("GSE"), for which the timely payment of principal and interest is guaranteed by the Agency or GSE, representing ownership interest in a pool (or pools) of mortgage loans, other Agency Pass-Through Mortgage-Backed Securities, or a combination of such assets, and structured to "pass through" the principal and interest payments to the holders of the security on a pro rata basis.

<sup>10</sup> The term Time of Execution is defined in Rule 6710(d).

<sup>11</sup> See Rule 6750(b) for exceptions to dissemination. See also *supra* note 4 regarding the TBA proposal and proposed dissemination of MBS TBA transactions.

<sup>12</sup> See *supra* note 4. The TBA proposal, which was filed on March 1, 2012, proposes that MBS TBA transactions GD be reported generally within 45 minutes of the Time of Execution during a six-month pilot program (reduced to 15 minutes after the pilot program expires), and MBS TBA transactions NGD be reported within 120 minutes during a six-month pilot program (reduced to 60 minutes after the pilot program expires). Both proposed reporting requirements are subject to exceptions for transactions executed close to the end of the business day or when the TRACE system is not open.

<sup>13</sup> Proposed Rule 6730(a)(3)(F)(i) and proposed Rule 6730(a)(3)(G)(i) each incorporate by reference Rule 6730(a)(3)(E)(i) through d., which provides for a 120-minute reporting time frame in Rule 6730(a)(3)(E)(i)b.

Each of the pilot programs would expire after approximately 180 days. To accommodate member requests that, if possible, rule changes requiring technology changes occur on a Friday, proposed Rule 6730(a)(3)(F)(i) and proposed Rule

<sup>6</sup> Certain programs also dominate both market segments. For example, over half of all transactions in MBS Specified Pool transactions occur in Fannie Mae program securities, and approximately 77 percent of all transactions in MBS TBA transactions occur in Fannie Mae program securities. The data is based on FINRA staff review of all Asset-Backed Securities traded during a six-month period from May 16, 2011 through October 31, 2011.

<sup>7</sup> SBA-Backed ABS transactions traded in Specified Pool Transactions account for 0.41 percent of the combined total volume of all Specified Pool Transactions (which includes Agency Pass-Through Mortgage Backed-Securities and SBA-Backed ABS traded in Specified Pool Transactions).

the reporting requirements currently in effect for other TRACE-Eligible Securities, FINRA also proposes exceptions to the 120-minute time frame for transactions executed near the end of the business day or when the TRACE system is not open.<sup>14</sup> Second, after the pilot programs expire, the reporting periods for MBS Specified Pool and SBA-Backed ABS transactions would be reduced from no later than two hours (120 minutes) from the Time of Execution to no later than one hour (60 minutes) from the Time of Execution, as set forth in, respectively, proposed Rule 6730(a)(3)(F)(ii) and proposed Rule 6730(a)(3)(G)(ii).<sup>15</sup> Currently, 84 percent of MBS Specified Pool and SBA-Backed ABS transactions are reported within two hours of execution, and 75 percent are reported within one hour of execution.

After the 60-minute reporting requirement is implemented, FINRA will continue to review the reporting of MBS Specified Pool and SBA-Backed ABS transactions and may recommend further reductions in the reporting period.

FINRA also proposes minor clarifying amendments to Rule 6730(a)(3)(D) and (E) to specify that the reporting

requirements set forth therein apply solely to MBS TBA transactions.

#### Dissemination

##### Amendment to Rule 6750

Although members began reporting transactions in Asset-Backed Securities to TRACE on May 16, 2011, FINRA currently does not disseminate publicly any of the Asset-Backed Securities transaction data reported to TRACE as provided in Rule 6750(b)(4). However, as noted above, FINRA has filed the TBA proposal, in which FINRA proposes to disseminate MBS TBA transactions, which represent approximately 87 percent of the average daily volume traded in all Asset-Backed Securities.<sup>16</sup> Following the submission of the TBA proposal, FINRA continued to examine transactions in Asset-Backed Securities to determine if FINRA should propose to disseminate additional Asset-Backed Securities, and will continue its review and research. The SEC has been supportive of such efforts.<sup>17</sup>

Among other things, FINRA has reviewed the data reported for Asset-Backed Securities, including MBS Specified Pool and SBA-Backed ABS transactions, and studied the total volume of MBS Specified Pool and SBA-Backed ABS transactions, the concentration of trading in such securities, and the pricing disparity among various types of MBS Specified Pool and SBA-Backed ABS transactions to understand their liquidity and fungibility. The market activity reported and reviewed reveals that for MBS Specified Pool transactions, the market is generally active and liquid, and with liquidity comparable to that of corporate bonds.<sup>18</sup> Based on the review, FINRA believes that it is appropriate to provide for the dissemination of MBS Specified Pool and SBA-Backed ABS transactions, and such dissemination will benefit

market participants by improving transparency in both market segments.

FINRA proposes to amend Rule 6750 to provide for the dissemination of MBS Specified Pool and SBA-Backed ABS transactions, with dissemination occurring immediately upon receipt of a transaction report. Specifically, Rule 6750(b)(4) would be amended to provide that FINRA will not disseminate information on a transaction in a TRACE-Eligible Security that is an Asset-Backed Security, except: (A) an Agency Pass-Through Mortgage-Backed Security; and (B) an SBA-Backed ABS.<sup>19</sup> Thus, information would be disseminated on MBS Specified Pool and SBA-Backed ABS transactions within 120 minutes, or, after the expiration of the applicable pilot program, within 60 minutes of the Time of Execution.<sup>20</sup>

##### Dissemination Caps

FINRA has TRACE dissemination protocols in place, referred to as dissemination caps, under which the actual size of a transaction over a certain par value is not displayed in disseminated TRACE transaction data. For TRACE-Eligible Securities that are rated Investment Grade, the dissemination cap is \$5 million (“\$5MM”), and the size of transactions in excess of \$5MM is displayed as “\$5MM+.” For TRACE-Eligible Securities that are rated Non-Investment Grade, the dissemination cap is \$1 million (“\$1MM”), and the size of a transaction in excess of \$1MM is displayed as “\$1MM+.”<sup>21</sup> Upon the approval and effectiveness of the TBA proposal: (1) The dissemination cap will be \$25 million (“\$25MM”) for MBS TBA transactions GD, and the size of transactions in excess of \$25MM will be displayed as “\$25MM+,” and (2) the

<sup>19</sup> See *supra* note 4.

<sup>20</sup> FINRA continues to review Asset-Backed Security transaction information in other sectors of the Asset-Backed Securities market and, at a later date, may propose that transactions in other Asset-Backed Securities be disseminated.

<sup>21</sup> The dissemination caps for Investment Grade corporate bonds limit the display of actual size for approximately 1.6 percent of trades representing approximately 48 percent of total par value traded, and, for Agency Debt Securities, approximately 6 percent of trades representing approximately 74 percent of total par value traded. The dissemination cap for Non-Investment Grade corporate bonds limits the display of actual size for approximately 15 percent of trades representing approximately 84 percent of total par value traded. The information is based on a review of all transactions in Investment Grade corporate bonds, Agency Debt Securities and Non-Investment Grade corporate bonds reported to TRACE from May 16, 2011 through January 4, 2012.

The terms Investment Grade, Non-Investment Grade and Agency Debt Security are defined in, respectively, Rule 6710(h), Rule 6710(i) and Rule 6710(l).

6730(a)(3)(G)(i) provide that the MBS Specified Pool Pilot Program and the SBA-Backed ABS Pilot Program each would expire on a Friday (*i.e.*, on the 180th day, if a Friday, or, if the 180th day is not a Friday, on the Friday next occurring that the TRACE system is open).

<sup>14</sup> See proposed Rule 6730(a)(3)(F)(i) and proposed Rule 6730(a)(3)(G)(i), which incorporate by reference Rule 6730(a)(3)(E)(i)a., c. and d., which apply to transactions executed near the end of the business day or when the TRACE system is not open. Under Rule 6730(a)(3)(E)(i)a., transactions executed on a business day at or after 12:00 a.m. Eastern Time through 7:59:59 a.m. Eastern Time must be reported the same day no later than 120 minutes after the TRACE system opens. Under Rule 6730(a)(3)(E)(i)c., transactions executed on a business day less than 120 minutes before 6:30 p.m. Eastern Time (the time the TRACE system closes) must be reported no later than 120 minutes after the TRACE system opens the next business day (T + 1), and if reported on T + 1, designated “as/of” and include the date of execution. Under Rule 6730(a)(3)(E)(i)d., transactions executed on a business day at or after 6:30 p.m. Eastern Time through 11:59:59 p.m. Eastern Time or on a Saturday, a Sunday, a federal or religious holiday or other day on which the TRACE system is not open at any time during that day (determined using Eastern Time) must be reported the next business day (T + 1), no later than 120 minutes after the TRACE system opens, designated “as/of” and include the date of execution.

<sup>15</sup> Proposed Rule 6730(a)(3)(F)(ii) and proposed Rule 6730(a)(3)(G)(ii)—the “post-pilot program” reporting provisions—incorporate by reference the reporting requirements set forth in Rule 6730(a)(3)(E)(i)a. through d., including the exceptions to the requirement to report within 60 minutes that apply to transactions executed near the end of the business day or when the TRACE system is not open in Rule 6730(a)(3)(E)(i)a., c. and d.

<sup>16</sup> See *supra* note 4. Beginning on the later of August 1, 2012, or 180 days following publication by FINRA of the *Regulatory Notice* announcing SEC approval of the TBA proposal, FINRA will disseminate such MBS TBA transaction data.

<sup>17</sup> See Securities Exchange Act Release No. 61566 (February 22, 2010), 75 FR 9262, 9265 (March 1, 2010) (Order Approving File No. SR-FINRA-2009-065).

<sup>18</sup> Liquidity as measured by par value traded is comparable to corporate bonds. Although MBS TBA transactions account for approximately 93 percent of all trading in Agency Pass-Through Mortgage-Backed Securities, the average daily volume of MBS Specified Pool transactions is significant—approximately \$17.5 billion is traded daily on average, in approximately 3,000 trades per day. The information is based upon FINRA’s review of Asset-Backed Securities transactions reported to TRACE from May 16, 2011 through October 31, 2011.

dissemination cap will be \$10 million (“\$10MM”) for MBS TBA transactions NGD, and the size of transactions in excess of \$10MM will be displayed as “\$10MM+.”<sup>22</sup>

FINRA has analyzed the distribution of MBS Specified Pool and SBA-Backed ABS transactions to determine an appropriate dissemination cap for these transactions, and proposes to set a dissemination cap for each of MBS Specified Pool and SBA-Backed ABS transactions initially at \$10 million (“\$10MM”). Accordingly, the size of MBS Specified Pool and SBA-Backed ABS transactions greater than \$10 million would be displayed in disseminated data as “\$10MM+.” At this level approximately nine percent of transactions and approximately 80 percent of par value traded would be disseminated subject to the \$10MM cap.<sup>23</sup> FINRA believes that these caps will allow the marketplace time to adjust to the new levels of transparency. In setting these dissemination caps, FINRA took into account the liquidity and trading activity in these segments.

As dissemination of MBS Specified Pool and SBA-Backed ABS transactions is implemented, FINRA will continue to review the volume of and liquidity in these securities, and may recommend that the dissemination caps be set at higher levels to provide additional transparency to market participants.

FINRA will announce the effective date of the proposed rule change in a *Regulatory Notice* to be published no later than 60 days following Commission approval. The effective date will be no earlier than August 1, 2012, and no later than 180 days following publication of the *Regulatory Notice* announcing Commission approval.

## 2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>24</sup> which requires, among other things, that FINRA rules must 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. FINRA believes that the proposed rule change to increase fixed income market transparency is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, generally to protect investors and the public because transparency in MBS Specified Pool and SBA-Backed ABS transactions will enhance the ability of investors and other market participants to identify and negotiate fair and competitive prices for these securities, and because the dissemination of price and other information publicly will promote just and equitable principles of trade among participants in the more transparent market, and will aid in the prevention of fraudulent and manipulative acts and practices in the Asset-Backed Securities market.

### 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.

### 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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve or disapprove such proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be 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
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2012-021 on the subject line.

### Paper Comments

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-FINRA-2012-021. This file number should be included on the subject line if email 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 Web site (<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 Web site 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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of FINRA. 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-2012-021 and should be submitted on or before May 10, 2012.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>25</sup>

**Kevin M. O'Neill,**  
Deputy Secretary.

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<sup>22</sup> See *supra* note 4.

<sup>23</sup> See *supra* note 4. The proposed dissemination caps for MBS TBA transactions GD would limit display of actual size for approximately 20 percent of trades representing approximately 84 percent of par value traded and for MBS TBA transactions NGD would limit the display of actual size for approximately 42 percent of trades representing approximately 85 percent of par value traded. The information is based on a review of all MBS TBA, MBS Specified Pool and SBA-Backed ABS transactions reported to TRACE from May 16, 2011 through January 4, 2012.

<sup>24</sup> 15 U.S.C. 78o-3(b)(6).

<sup>25</sup> 17 CFR 200.30-3(a)(12).