the ICC EOD Pricing Policy to replace references to the ''then-current market price'' with the requirement that unwind transactions be executed in a competitive manner. Further, ICC proposes via this rule change to add the requirement that, upon request, CPs be able to demonstrate to ICC's satisfaction that such unwind transaction was executed in a competitive manner. Additionally, ICC proposes to add a non-exclusive list of examples of how CPs may be able to demonstrate competitive execution of unwind transactions, for example: (i) Execution on an available trading venue (e.g., a SEF or DCM); (ii) multiple dealer quotes received and execution of the unwind transaction at the best quoted price; or (iii) placement of the unwind transaction with an interdealer broker with price terms and instructions commensurate with a competitive execution.

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act [4] directs the Commission to approve a proposed rule change of a self-regulatory organization if the Commission finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such self-regulatory organization. Section 17A(b)(3)(F) of the Act [5] requires, among other things, that the rules of a clearing agency are designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions, to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible and, in general, to protect investors and the public interest.

The Commission finds that the proposed revision to ICC's EOD Pricing Policy is consistent with the requirements of the Act and the rules and regulations thereunder applicable to ICC, in particular, to Section 17(A)(b)(3)(F).[6] The Commission finds that the update to ICC's EOD Pricing Policy regarding Firm Trade unwind transactions clarifies the policy while maintaining the same or similar level of incentive for CPs to provide quality price submissions. Because of the clarification of the Firm Trade unwind requirements and the potential increase in the enforceability thereof, CPs may have a greater incentive to submit quality price submissions. Since quality price submissions are an integral part of the end-of-day pricing process, the Commission finds that the proposed rule change therefore promotes the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts and transactions and contributes to the safeguarding of securities and funds which are in the custody or control of ICC or for which it is responsible in a manner consistent with the Act and the regulations thereunder applicable to ICC.

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act [7] and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[8] that the proposed rule change (File No. SR–ICC–2014–07) be, and hereby is, approved.[9]

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[10]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014–16785 Filed 7–16–14; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–72595; File No. SR–FINRA–2014–032]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 7710 Relating to Fees for the OTC Reporting Facility and Delete Rule 7740 Relating to Historical Research and Administrative Reports

July 11, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 thereunder,[2] notice is hereby given that on July 2, 2014, 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 constituting a ''non-controversial'' rule change under paragraph (f)(6) of Rule 19b–4 under the Act,[3] 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 Substance of the Proposed Rule Change

FINRA is proposing to amend Rule 7710 (OTC Reporting Facility) relating to fees for the OTC Reporting Facility (''ORF'') and delete Rule 7740 (Historical Research and Administrative Reports) upon migration of the ORF to FINRA's Multi-Product Platform (''MPP'').

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.

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

The ORF is the FINRA facility used by members to report transactions in OTC Equity Securities, as defined in Rule 6420 (*i.e.,* equity securities that are not NMS stocks), and transactions in Restricted Equity Securities, as defined in Rule 6420, effected pursuant to Securities Act Rule 144A.[4] Currently, the ORF utilizes technology provided by The NASDAQ OMX Group, Inc. (''NASDAQ'') that is based on NASDAQ's proprietary Automated

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[4] 15 U.S.C. 78s(b)(2)(C).

[5] 15 U.S.C. 78q–1(b)(3)(F).

[6] Id.

[7] 15 U.S.C. 78q–1.

[8] 15 U.S.C. 78s(b)(2).

[9] In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

[10] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 17 CFR 240.19b–4(f)(6).

[4] 17 CFR 230.144A.

Confirmation Transaction (''ACT'') platform.

The MPP is a platform owned by FINRA and developed by NASDAQ, as FINRA's technology service provider, that consolidates FINRA's technology for gathering and disseminating trade execution and, where applicable, quotation data, conducting trade comparisons and gathering associated regulatory data for debt and equity securities. FINRA's Alternative Display Facility (''ADF''), which is a quotation display and trade reporting facility for OTC transactions in NMS stocks, and FINRA's Trade Reporting and Compliance Engine (''TRACE''), which is the facility for reporting OTC transactions in eligible fixed income securities, currently operate on the MPP. Prior to migration to the MPP, TRACE, ADF and ORF operated on separate technology platforms.[5] As described more fully below, member firms currently can elect to access TRACE and the ADF via a web browser on the MPP and also have the option of receiving ADF and TRACE data via trade journals through FINRA's Automated Data Delivery Service (''FINRA ADDS''). FINRA will expand these optional services to the ORF upon migration to the MPP.

The ORF will migrate to the MPP on September 15, 2014 and as of that date will no longer operate on the ACT platform.[6] Accordingly, FINRA is proposing to (1) adopt fees for web browser access to the ORF and for real-time ''time and sales'' ORF data through the web browser; (2) enhance FINRA ADDS to include ORF data for ORF participants and clearing firms and to adopt fees for such services; (3) amend Rule 7710 relating to transaction reporting fees to clarify the application of the rule, without modifying the fee amounts specified in the rule; and (4) delete Rule 7740 relating to historical reports.

Proposed Web Browser Access Fees

Today, most firms report trades to the ORF on an automated basis via a computer-to-computer interface (''CTCI''). However, firms also have the option of reporting trades to the ORF through a web browser. Any firm that chooses to use the web browser today must subscribe to NASDAQ's ACT Workstation product and pay the associated fees charged by NASDAQ under NASDAQ rules.[7] Following migration of the ORF from the ACT platform to the MPP, ORF participants will use FINRA's web browser for accessing the ORF on the MPP; firms will no longer use the ACT Workstation.[8] As noted above, FINRA currently offers web browser access to TRACE and the ADF on the MPP. FINRA provides two levels of web browser access for TRACE (with Level I offering trade reporting and trade management functionality, and Level II offering trade reporting and trade management functionality plus access to real-time ''time and sales'' TRACE data). For the ADF, FINRA provides one level of web browser access, *i.e.,* trade reporting and trade management functionality.[9]

FINRA is proposing to offer two levels of web browser access to the ORF: Level I (Trade Report or Clearing Firm View Only) access and Level II (Full Service) access. Level I access permits a member to report transactions to the ORF via the web browser. In addition to reporting trades through the web browser, members will be able to access Trade Management functions, such as trade reconciliation, cancel and correct, will have access to reference data such as the Security Daily List and will be able to access their trade data for the current trading day plus three prior days.

Clearing member firms also can subscribe to Level I web browser access to view data regarding their correspondents' trades reported to the ORF associated with the subscribing clearing firm's Clearing Number.[10] Clearing firms have this ability today via the ACT Workstation and have requested similar functionality upon migration of the ORF to the MPP. With Level I web browser access, clearing firms will be able to access their correspondents' trade data for the current trading day plus three prior days.[11] Clearing firms will only be able to view their correspondents' data, including, *e.g.,* trades for which their correspondents are the reporting party as well as the contra party, open trades, declined trades, etc., and also reference data. Level I web browser access for clearing firms will not include the other Trade Management functions described above, *e.g.,* a clearing firm will not be able to cancel or correct trades on behalf of its correspondents. FINRA notes that clearing firms currently do not have web browser access to view their correspondents' ADF and TRACE trade data.

Pursuant to proposed Rule 7710(b)(1), FINRA is proposing to charge $20 per month per user ID for Level I (Trade Report or Clearing Firm View Only) web browser access to the ORF. The proposed fee is identical to the fee currently charged under Rule 7510(c)(1) for web browser access and similar trade management functionality for the ADF, and under Rule 7730(a)(1) for Level I Trade Report Only web browser access and trade management functionality for TRACE.[12]

Level II (Full Service) web browser access permits the reporting of

[5] While TRACE, ADF and ORF will operate completely on the MPP, including their front-end user-facing systems, two additional FINRA facilities—the FINRA/Nasdaq Trade Reporting Facility (''FINRA/Nasdaq TRF'') and FINRA/NYSE Trade Reporting Facility (''FINRA/NYSE TRF''), established in conjunction with NASDAQ and NYSE, as the Business Members, respectively, for reporting OTC transactions in NMS stocks—will use the MPP only to submit audit trail data to FINRA Market Regulation. The front-end user-facing systems of the TRFs will not be on the MPP, but instead will continue to be separately provided by the TRF Business Members.

[6] FINRA has provided firms with extensive information relating to ORF migration on its Web site at *www.finra.org/Industry/Compliance/MarketTransparency/ORF/P470179.*

[7] *See, e.g.,* NASDAQ Rule 7015 (Access Services).

[8] In addition to web browser access, members can report trades to the ORF via CTCI (as noted above), a Financial Information eXchange (''FIX'') line or indirectly via third party intermediaries (e.g., service bureaus). Today, firms utilize NASDAQ's services (e.g., for CTCI) and pay the associated fees under NASDAQ rules. *See, e.g.,* NASDAQ Rule 7015. FINRA notes that, following migration to the MPP, members will continue to be able to connect to the ORF using any of these three methods; however, FINRA is not proposing to charge a connectivity fee under FINRA rules at this time. Firms that report to the ORF via CTCI or FIX—either directly or indirectly through third party intermediaries—will pay NASDAQ, as FINRA's technology service provider for the MPP, charges associated with FIX and CTCI ports to connect to the ORF data center, as they do today.

[9] As discussed in FINRA's proposed rule change relating to ADF fees, FINRA does not offer Level II web browser access for the ADF. *See* Securities Exchange Act Release No. 71528 (February 12, 2014), 79 FR 9550 (February 19, 2014) (Notice of Filing and Immediate Effectiveness; File No. SR–FINRA–2014–007). As described in that filing, TRACE is the sole platform for the reporting of fixed income trades and therefore, the transaction data that is provided through the Level II access is already available to FINRA. In contrast, offering all real-time NMS transaction data through the ADF web browser would entail gathering such information from the relevant Securities Information Processors (''SIPs'').

As with TRACE, the ORF is the sole platform for reporting transactions in OTC Equity Securities, and as such, the transaction data is already available to FINRA. Therefore, FINRA is able to offer Level II web browser access for the ORF.

[10] Clearing member firms have unique Clearing Numbers that their correspondents use to identify the clearing firm associated with each trade.

[11] FINRA notes that under the terms of the FINRA Participant Agreement signed by members prior to reporting to the ORF, FINRA has ownership of the data submitted to the ORF and may use it for any purpose FINRA deems necessary. Thus, FINRA does not believe it would be necessary to obtain additional specific permission from correspondents before providing their ORF trade data to their clearing firms.

[12] FINRA notes that a member that utilizes the TRACE web browser, the ADF web browser and the ORF web browser would pay three separate fees under Rules 7730(a)(1), 7510(c)(1) and 7710(b).

transactions to the ORF and related Trade Management functionality, as discussed above, as well as access to real-time ''time and sales'' ORF data for a given security through the web browser. Specifically, firms will be able to query—by security symbol and trade date—for the following real-time ORF data: (1) Trade details for disseminated trades in a given time period, which data will include the 52-week high and low prices and the dates such prices were attained; (2) the daily high price, low price, last sale price, most recent trade price and volume in a given time period; and (3) the weekly high price, low price and volume in a given time period, including the dates the high and low prices were attained.[13] As noted above, FINRA currently offers Level II web browser access for TRACE, which enables firms to conduct similar queries (by CUSIP and trade date) for TRACE transaction data.

Pursuant to proposed Rule 7710(b)(2), FINRA is proposing to charge $25 per month per user ID for Level II web browser access to the ORF, *i.e.,* $20 for Level I access plus an additional $5 for access to the ''time and sales'' function of the web browser. While the data query functionality of the web browser will be comparable for ORF and TRACE data, FINRA is not proposing to mirror the fee structure for TRACE Level II access. Among other things, the fees for TRACE Level II access reflect the fact that there are multiple data sets available for TRACE (e.g., Corporate Bond Data Set, Agency Data Set, etc.).[14] Since there is only one data set for ORF, FINRA believes that a flat fee is appropriate. In addition, given that there are other sources for ORF data, *i.e.,* the above-referenced UTP SIP Level I entitlement, and given the current fees for such data, FINRA believes that the proposed fee of $25 for Level II web browser access for the ORF (i.e., $20 for Level I access plus an additional $5 for data access) is reasonable.

Proposed Fees for ORF Data Through FINRA's Automated Data Delivery Service

FINRA ADDS is a secure Web site that provides members, by market participant identifier (''MPID''), access to trade journal files containing key information regarding the member's trades reported to FINRA. Members use the trade journal files to reconcile the trade information captured by their own systems against the information captured by the FINRA trade reporting systems. Currently, FINRA ADDS makes recent ADF and TRACE trade journals available for free through the FINRA ADDS Web site and offers subscribers the option of receiving historical data and retrieving data automatically via Secure File Transfer Protocol (''SFTP'') for a fee. FINRA is proposing to enhance FINRA ADDS to include ORF data, to be delivered in the same format and via the same two methods currently used for TRACE and ADF data, and charge fees for such data pursuant to proposed paragraph (c) of Rule 7710.

Under proposed Rule 7710(c)(1), FINRA will provide member subscribers with their own trade data (as FINRA ADDS currently does for TRACE and the ADF). The ORF trade journals provided through FINRA ADDS will replace the equity trade journals for ORF currently provided by NASDAQ. Through the FINRA ADDS Web site, a member will have access to ORF trade data associated with its MPID for the three prior business days free of charge without having to subscribe to the additional optional data services discussed below. As noted above, firms that have web browser access will also be able to download up to three days' worth of their prior day ORF trade data through the Trade Management functionality on the MPP at no additional charge (once the firm has paid any applicable fees, e.g., for ORF web browser access); however, the data will not be in same format as available through FINRA ADDS.[15]

Through FINRA ADDS, members can access their own data for dates older than the most recent three business days for a monthly fee, if they elect to subscribe to receive this additional data through FINRA ADDS (referred to as ''ORF Data Delivery Plus'' service).[16] The fee will be charged per month to an MPID that is a subscriber for ORF Data Delivery Plus reports (''Plus Reports''), which will be provided in response to requests by the MPID.[17] The proposed fees under Rule 7710(c)(1)(A) are based on (1) the average number of transactions reported to the ORF per month to which the MPID was a party in the prior calendar year, which number is used to assign the MPID to one of four tiers[18] and (2) the number of Plus Reports the subscriber receives in a month.[19] The proposed fees range from a low of $10 (for a member in the lowest tier[20] requesting up to five Plus Reports per month) to a high of $100 a month (for a member in the highest tier[21] requesting more than 25 Plus Reports per month). The proposed fee schedule for ORF data is identical to the current fee schedule for TRACE data through FINRA ADDS under Rule 7730(g)(1); however, given the significantly higher volume of trades reported to the ORF, the proposed tiers under Rule 7710(c)(1)(A) are not

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[13] FINRA notes that firms that subscribe to the UTP SIP Level I entitlement receive the real-time OTC Bulletin Board (''OTCBB'') quote feed (or BBDS) and real-time ORF transaction feed (or TDDS), in addition to other data. The proposed rule change would not impact a firm's subscription to UTP SIP Level I data or fees for such data. Effective January 1, 2014, the professional subscriber fee was increased from $20 to $23 per subscriber per month. *See* UTP Vendor Alert #2013—10 (September 26, 2013), available at *www.nasdaqtrader.com/TraderNews.aspx?id=uva2013-10.*

While a Level II web browser subscriber will be able to see all ORF trades at the time of the query in a specific security, the subscriber will not see the continuous TDDS data feed, and the web browser will not include quote data from the BBDS. Thus, FINRA believes that subscribers most likely will use the ORF ''time and sales'' data for middle and back office functions such as trade reconciliation and compliance.

[14] Under Rule 7730(a)(1)(B), the fee for Level II Full Service web browser access for TRACE is $50 per month for one data set or $80 per month for two data sets for the first or a single user ID; and for additional user IDs, the fee is $80 per month per user ID for one data set or $140 per month per user ID for two data sets.

[15] Specifically, the Trade Management data through the web browser will be ''living'' for three days after trade date (T+3), whereas FINRA ADDS files will be produced at the end of the trading day and will not change (*e.g.,* to reflect trades that were subsequently canceled or corrected). For example, on Wednesday, a member firm cancels a trade that it executed on Monday. Through FINRA ADDS, the member will see the trade from Monday, with no indication that the trade was subsequently canceled. Through Trade Management, the status of the trade will be updated from ''New'' to ''Canceled.'' FINRA notes that firms that report trades via CTCI, a FIX line or a third party intermediary may have additional options for accessing their trade data, e.g., a firm that uses FIX could elect to receive ''drop copies'' of individual trade reports.

[16] Subscribers ultimately will be able to access up to two years of trade journal files.

[17] To access trade information for multiple MPIDs, a firm must obtain a subscription for each MPID.

[18] Once assigned to a tier, a subscriber remains in the tier for the remainder of the calendar year. For example, an MPID that subscribes in September 2014 will be assigned to a tier based upon the ORF transactions reported in 2013 in which the MPID was a party, and will remain in that tier until December 31, 2014. In 2015, the MPID will be re-evaluated and assigned to a tier for 2015 fee purposes, based upon the MPID's ORF trades in 2014. Where there is no historical data associated with an MPID (*e.g.,* the MPID is new), the lowest tier would apply.

[19] A subscriber's fee will be assessed each month and accordingly may vary during a calendar year, depending on the number of reports FINRA makes available to the subscriber in response to the subscriber's requests. The ORF Data Delivery Plus fee is based upon the number of reports provided to avoid charging for data requests that FINRA may be unable to provide (*e.g.,* a request for data that pre-dates migration of the ORF to the MPP).

[20] The lowest tier, Tier 4, applies to members with an average of fewer than 1,000 transactions per month to which the member was a party in the prior calendar year.

[21] The highest tier, Tier 1, applies to members with an average of 50,000 or more transactions per month to which the member was a party in the prior calendar year.

identical to the tiers under Rule 7730(g).[22]

Members also will have the option of subscribing to the SFTP service for ORF trade data, which will enable them to automate the process of retrieving their daily trade journal files. Files will be made available on a daily basis to firms that subscribe to the ORF Data Delivery SFTP service, and firms will be able to connect to FINRA ADDS via SFTP to download their data. Pursuant to proposed Rule 7710(c)(1)(B), FINRA is proposing to charge the following fees to members that elect to receive ORF data via SFTP: (1) A one-time set up fee of $250 for each MPID that subscribes to the service and (2) a monthly fee of $200 per MPID that subscribes to the service. The proposed fees are identical to the current fees charged under Rules 7510(d)(2) and 7730(g)(2) for SFTP delivery of ADF and TRACE data, respectively, through FINRA ADDS.

Thus, firms have the option of subscribing to FINRA ADDS for their ORF, ADF and TRACE trade data and can select the data delivery method that best suits their needs.[23] For example, a firm may subscribe to the ORF Data Delivery SFTP service for automated retrieval of its data to enable its back office to reconcile transaction and clearing data captured by its own systems and the ORF, while another firm may subscribe to the ORF Data Delivery Plus service if it does not need automated data retrieval, but wants the ability to look up its historical trade data and does not have all of that data stored in its own systems.

Under proposed Rule 7710(c)(2), member clearing firms that elect to subscribe to FINRA ADDS will have access to data regarding their correspondents' clearing eligible trades reported to the ORF associated with the subscribing clearing firm's Clearing Number. FINRA is providing this data at the request of clearing firms, and it will replace the clearing firm trade journal files for ORF currently provided by NASDAQ. Similar to the ORF data provided to firms under proposed Rule 7710(c)(1), ORF data for clearing firms will be available through the FINRA ADDS Web site and via SFTP. Through the FINRA ADDS Web site, a clearing firm will have access to its correspondents' ORF trade data associated with its Clearing Number for the three prior business days free of charge without having to subscribe to the additional optional data services discussed below.[24]

Through FINRA ADDS, clearing firms can access their correspondents' data for dates older than the most recent three business days for a monthly fee. Pursuant to proposed Rule 7710(c)(2)(A), clearing firms that subscribe to access data via the Web site (''Clearing Data Delivery Plus'' access) will be charged a flat fee of $150 per Clearing Number[25] per month, irrespective of the number of reports received. FINRA believes that it is appropriate to charge a flat fee for Clearing Data Delivery Plus; the small number of clearing firms relative to the number of ORF participants is not conducive to establishing tiers based on transaction activity or number of correspondents. Pursuant to proposed Rule 7710(c)(2)(B), clearing firms that subscribe to the SFTP service (''Clearing Data Delivery SFTP'') will be charged a one-time start-up fee of $250 per Clearing Number and a fee of $300 per month per Clearing Number. The one-time start-up fees under proposed paragraphs (c)(1)(B)(i) and (c)(2)(B)(i) for firms receiving their own ORF trade data and clearing firms receiving their correspondents' ORF trade data are identical. However, the higher monthly fee for receiving automated clearing firm trade journals via SFTP under proposed paragraph (c)(2)(B)(ii) (compared to the fee for receiving firm trade journals via SFTP under proposed paragraph (c)(1)(B)(ii)) reflects the more complex queries, and in some cases, larger data sets associated with clearing firm trade journals. FINRA notes that clearing firm trade journals are not offered for TRACE or the ADF because currently these facilities do not send any of their participants' trades to clearing.[26]

The proposed fees for ORF web browser access, including access to real-time ''time and sales'' data, and ORF data via FINRA ADDS would allow FINRA to recoup some of the costs of developing and maintaining these services for the ORF on the MPP. Although FINRA already provides web browser access and data for TRACE and the ADF through FINRA ADDS, FINRA will incur additional development and maintenance costs to add ORF to these services. Any time that a new type of data—in this instance ORF data—is added, there is additional development cost to modify the Web site so that users can access that data. Additionally, each new type of data increases the volume of data that FINRA's systems must store in order to make it available for subscribers, *i.e.,* there would be no need for FINRA ADDS to consume and store ORF data if it were not being made available to firms. FINRA believes that extending the availability of these optional services to ORF participants and their clearing firms will provide firms with the enhanced tools to meet their trade reporting and trade management obligations without placing significant financial or operational burdens on them.

FINRA staff discussed the proposed fees under Rules 7710(b)(1) and (c)(1) with several of FINRA's industry advisory committees. The committees were supportive and had a few clarifying questions. One committee member asked whether the proposed fees effectively are a fee reduction for firms, given that the proposed fees are lower than the current NASDAQ fees. FINRA notes that it will be a reduction for members that only report trades to the ORF; however, members that also report trades to the FINRA/Nasdaq TRF[27] would still be subject to NASDAQ's fees (*e.g.,* for the ACT Workstation for purposes of reporting to the FINRA/Nasdaq TRF). Another committee member asked whether FINRA would reduce the proposed fees, if they were considered to be too high. FINRA notes that it evaluates its fees on an ongoing basis, and if any fees are determined to be unreasonable or not equitably allocated among members, FINRA would revisit them.

Proposed Amendments to Existing Transaction Reporting Fees

FINRA is proposing to amend Rule 7710 to clarify the rule's application without modifying the transaction

[22] FINRA notes that the fee schedule for ADF data through FINRA ADDS under Rule 7510(d)(1) is identical to the proposed fee schedule for Tier 1 ORF data and the existing fee schedule for Tier 1 TRACE data through FINRA ADDS; however, FINRA did not further divide the ADF fees into tiers, as there is not currently a baseline of transaction activity from which FINRA can establish such thresholds. *See* Securities Exchange Act Release No. 71528 (February 12, 2014), 79 FR 9550 (February 19, 2014) (Notice of Filing; File No. SR–FINRA–2014–007).

[23] FINRA notes that a member that subscribes to FINRA ADDS for TRACE, ADF and ORF data would pay three separate fees under Rules 7730(g), 7510(d) and 7710(c).

[24] As discussed above, clearing firms that subscribe to Level I web browser access under proposed Rule 7710(b) also will be able to download up to three days' worth of their correspondents' prior day ORF trade data at no additional charge.

[25] To access trade information for multiple Clearing Numbers, a firm must obtain a subscription for each Clearing Number.

[26] FINRA further notes that the proposed fees are less than the current fees for clearing firm trade journals provided by NASDAQ, which fees range from $750 per month to $1,750 per month under NASDAQ Rule 7060, although these fees also include data for a larger universe of transactions (*i.e.,* ORF, FINRA/Nasdaq TRF and NASDAQ Market Center).

[27] As previously noted, the FINRA/Nasdaq TRF is a FINRA facility for reporting OTC trades in NMS stocks. The front-end user-facing system is provided by NASDAQ, as the TRF Business Member, and operates on NASDAQ's ACT technology platform.

reporting fee amounts specified in the rule.[28] First, FINRA is proposing to clarify that in the case of trades where the same market participant is on both sides of a trade report (*e.g.,* a cross transaction, which can be reported with the Executing Party's MPID on both sides of the trade), applicable fees assessed on a ''per side'' basis will be assessed once, rather than twice, and the market participant will be assessed applicable charges as the Executing Party side only.[29] The proposed rule text is identical to the text of current Rule 7620A relating to fees for reporting to the FINRA/Nasdaq TRF and is consistent with the manner in which trades reported to the ORF are billed today.

Second, FINRA is proposing to clarify that trades reported for regulatory purposes only (*i.e.,* trades that are submitted neither for public dissemination nor clearing through the ORF, also referred to as ''non-tape, non-clearing reports'') are not assessed a fee. The proposed amendment would codify FINRA's current billing methodology as set forth in NASD *Notice to Members* (''NTM'') 00–79 (November 2000).[30]

Third, FINRA is proposing to amend the provision of Rule 7710 that imposes a ''Late Report—T+N'' fee of $0.288 on each party to a late trade report that is submitted one or more days after trade date (T+N).[31] Under the proposed rule change, the Late Report—T+N fee (which will remain set at $0.288) will be imposed only on the ''Executing Party,'' as defined for purposes of Rule 7710 in the proposed Supplementary Material. The responsibility for reporting trades is imposed on only one party to the trade, and as such, FINRA believes that the Late Report—T+N trade report fee should only be imposed on one party to the trade as well. The proposed rule change would ensure that the contra party to a trade is not subject to a fee due to late trade reporting by the Executing Party. The proposed amendment is identical to Rule 7620A relating to fees for the FINRA/Nasdaq TRF.

Fourth, FINRA is proposing to delete the ''Query'' charge under Rule 7710, which relates to functionality that is specific to ACT and will not apply on the MPP. Upon migration of the ORF to the MPP, members will be able to search for their trades, but there will be no charge for such functionality. In addition, FINRA is proposing to amend Rule 7710 to clarify that the Corrective Transaction Charge applies to ''Cancel/Correct'' transactions only. The ORF will no longer support ''Error, Inhibit, Kill, or No/Was'' transactions, which are ACT-specific.

Finally, FINRA notes that Rule 7710 currently provides that transactions that are not subject to comparison [32] through the ORF will be charged a fee of $0.029 per side. FINRA is not proposing to amend the text of this provision. However, in the course of a recent review of ORF billing methodology, FINRA determined that, with respect to a limited subset of trades, this fee currently is not charged in strict conformance with the rule. Specifically, for ''tape only'' transactions between two FINRA members (*i.e.,* transactions that are reported for public dissemination purposes and are not cleared through the ORF or locked-in via AGU or QSR), only the reporting party currently is charged. The contra party is not charged for such transactions, notwithstanding that the rule states that the fee applies to both sides of the transaction. Upon migration of the ORF to the MPP, FINRA intends to charge this fee in accordance with the express terms of the rule. Accordingly, both sides of the trade will be charged for all transactions reported to the ORF that are not subject to comparison, including all ''tape only'' trades that are not cleared through the ORF, as well as trades that are cleared through the ORF and locked-in via AGU or QSR agreements.[33] Although the rule language will remain unchanged, some firms that are identified as the contra party on trade reports submitted to the ORF may see an increase in their fees.[34] FINRA will contact the firms that will be most affected by the change in billing methodology to make them aware of the potential increase in their invoices.[35]

Proposed Deletion of Rule 7740

Rule 7740 sets forth the fees to be paid by the purchaser of Historical Research Reports regarding OTC Bulletin Board (''OTCBB'') securities through the OTCBB Web site. As the OTCBB has lost quotation activity in recent years (today, there is virtually no quotation data available through the OTCBB Web site), the value of these reports has declined significantly, and FINRA believes that users have found alternative ways to obtain this data.[36] FINRA has determined that in light of this decline, FINRA will no longer provide these reports once the ORF has migrated to the MPP because the value of the reports does not outweigh the cost of development work to provide them on the new platform. Accordingly,

[28] FINRA also is proposing to designate the current text of Rule 7710 as new paragraph (a) (Transaction Related Charges).

[29] FINRA also is proposing to adopt Supplementary Material that defines ''Executing Party (EP)'' for purposes of Rule 7710 as the member with the trade reporting obligation under FINRA rules. Under Rule 6622(b), in a trade between a member and non-member or customer, the member has the obligation to report the trade, and in a trade between two members, the member that receives an order for handling or execution or is presented an order against its quote, does not subsequently re-route the order, and executes the transaction, has the obligation to report the trade.

[30] NTM 00–79 announced new requirements for riskless principal trade reporting and noted that ''[n]o ACT fee will be assessed for the non-tape, non-clearing report. An ACT fee will be assessed for the clearing-only report, however, because the firm is receiving clearing services in connection with the report.''

[31] Under FINRA rules, trades that are executed between 8:00 p.m. and midnight and trades that are executed on non-business days (pursuant to amendments approved, but not yet effective, under SR–FINRA–2013–050) must be reported by 8:15 a.m. the next business day following execution. Such T+N trades are timely and will not be assessed the late fee under Rule 7710. All other T+N trades are late under FINRA rules and as such are subject to this fee.

[32] Transactions that are not subject to comparison include trades that are not cleared through the ORF and trades that are locked-in for clearing at the time of submission via an automatic give-up agreement (''AGU'') or qualified special representative (''QSR'') agreement.

[33] As noted above, for trades that are submitted for regulatory purposes only, *i.e.,* non-tape, non-clearing reports, neither side will be charged a fee.

[34] FINRA reviewed ORF monthly invoices for the period from July 2013 through February 2014 and determined that fewer than a dozen member firms that receive invoices for ORF trade reporting are regularly identified as the contra party on trades for which they are not charged a fee. Most of these firms would see a relatively modest increase in their invoices for any given month. Firms with very small invoices may see a larger percentage increase; however, the actual dollar increase would be relatively small, on average less than $100. Several firms may see a larger dollar increase; however, given the average amount of their total monthly invoices, such increase would represent only a small percentage (e.g., 2% to 3%) increase in their overall fees. In addition, FINRA notes that during this same eight-month period, there were approximately 60 firms that received no invoices for ORF trade reporting but were identified as the contra party on trades. These firms will begin to receive ORF invoices. Of these firms, all but two were parties to a small number of trades in any given month, and as such, the change in billing methodology will not have a significant impact on them.

[35] Given that the amounts at issue are relatively modest in terms of FINRA's overall revenues and ORF revenues, FINRA does not intend to retroactively bill affected contra parties in accordance with the rule.

[36] For example, there were 274 requests for reports pursuant to Rule 7740 in 2012, and that number fell to 92 through November of 2013. FINRA notes that the main consumers of these reports have historically been issuers that used them to get basic quote and trade data for their securities. Member firms have generally not relied on these reports as a source of market data. These reports provide only aggregate data by security, while, for example, the equity trade journals offer detailed trade information for all trades to which a firm's MPID was a party.

FINRA is proposing to delete Rule 7740 in its entirety.[37]

FINRA has filed the proposed rule change for immediate effectiveness. The operative date will be the date of ORF migration to the MPP. The ORF is scheduled to migrate to the MPP on September 15, 2014.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,[38] 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, and Section 15A(b)(5) of the Act,[39] 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 fees are reasonable in light of FINRA's regulatory and operational costs, including personnel, infrastructure and technology costs, and that they are equitably allocated and not unfairly discriminatory because they will apply uniformly to members that are parties to trades submitted to the ORF or that choose to purchase the optional services discussed herein.

FINRA further believes that the proposed fees for web browser access for the ORF under proposed Rule 7710(b) are consistent with the Act because the web browser is one of a number of options available to members for meeting their trade reporting and trade management obligations (other options include CTCI, FIX and third party service providers). Members can elect the option that they determine is the most cost-effective and best suits their business model, and the proposed fees for the web browser would only be charged to member participants and clearing firms that elect to subscribe. The proposed fee for ORF Level I web browser access is identical to the existing fee for web browser access for the ADF under Rule 7510(c)(1) and Level I web browser access for TRACE under Rule 7730(a)(1), which fees were adopted pursuant to proposed rule changes filed with the SEC. Thus, members will pay the same fee for the same trade reporting and trade management functionality offered through the web browser for the ORF, TRACE and ADF on the MPP. The ORF Level I web browser also will provide clearing firms with access to their correspondents' trades for the same fee.

Level II web browser access also is optional and members can obtain real-time ORF transaction data from other sources (*e.g.,* the UTP SIP Level 1 entitlement discussed above). FINRA believes that it is appropriate to charge a lower fee for ORF Level II access than TRACE Level II access, given that there is only one data set for the ORF and there are multiple data sets for TRACE. In addition, FINRA believes that the proposed fee is reasonable in light of the current costs of ORF data through the UTP SIP Level 1 entitlement, which is an alternative source for ORF data, albeit in a different format than that presented through the web browser. For these reasons, FINRA believes that the proposed Level I and Level II web browser access fees are reasonable, equitably allocated and not unfairly discriminatory, and they should not be an undue burden on firms while allowing FINRA to recover some of the cost of developing and maintaining the web browser system for the ORF.

FINRA also believes that the proposed fees for ORF data through FINRA ADDS under proposed Rule 7710(c) are consistent with the Act because FINRA ADDS is an optional service, and the fees would only be charged to member participants and clearing firms that elect to subscribe. The fees for members that subscribe to their own ORF trade data are identical to existing fees for TRACE data through FINRA ADDS under Rule 7730(g), and the Tier 1 fees are also identical to existing fees for ADF data through FINRA ADDS under Rule 7510(d). Such fees were adopted pursuant to proposed rule changes filed with the SEC. FINRA believes it is appropriate to charge identical fees for identical data services for the ORF, TRACE and ADF on the MPP; however, given the larger trading volume reported to the ORF, it is appropriate to have a different tier structure for the ORF as compared to TRACE and the ADF. For these reasons, FINRA believes that the proposed fees for ORF data through FINRA ADDS are reasonable, equitably allocated and not unfairly discriminatory. In addition, FINRA believes that the proposed fees for clearing firms that elect to subscribe to their correspondents' clearing eligible ORF trade data are reasonable, equitably allocated and not unfairly discriminatory. While the proposed fees for clearing firms are higher than the proposed fees for firms subscribing to receive their own trade data, they reflect the more complex queries and, in some cases, larger data sets associated with clearing firm trade journals.

FINRA further believes that the proposed clarifying amendments to Rule 7710 are consistent with the Act because FINRA is not proposing to modify the fee amounts specified in the rule, but rather is proposing to clarify the application of the fees and to accurately reflect the functionality of the ORF upon migration from NASDAQ's ACT platform to the MPP. While the amount of the ''Late Report—T+N'' fee will continue to be $0.288, contra parties to trades reported late on a T+N basis by the Executing Party will no longer be charged for the late report, and thus some members will see a reduction in fees as a result of the proposed rule change. The amount of the non-comparison fee also will remain unchanged (at $0.029); however, contra parties on ''tape only'' trade reports will start to be charged the non-comparison fee, and thus some members will see an increase in fees as a result of the proposed rule change. FINRA believes that the overall impact of the proposed rule change on any given firm's fees will be relatively modest. For these reasons, FINRA believes that the proposed clarifying changes to Rule 7710 are appropriate and consistent with the Act, in that they are reasonable, equitably allocated and not unfairly discriminatory.

Finally, FINRA believes that the proposed deletion of Rule 7740 is consistent with the Act because FINRA is proposing to eliminate fees for historical reports that FINRA believes are of little value today and not relied on by market participants as a source of market data.

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. The proposed rule change will not affect all FINRA members, but only those members that use the ORF. Trade reporting in OTC equity securities tends to be highly concentrated with the top 20 firms reporting approximately 87% of all trades to the ORF annually. There are approximately 430 firms that have reported trades to the ORF in a given year, and approximately 275 firms that have reported trades to the ORF each month, over the past several years. FINRA believes that most of the approximately 275 firms that report trades every month will utilize at least

[37] FINRA notes that any future proposal to provide historical quote and trade information for OTC Equity Securities would be subject to a separate proposed rule change.

[38] 15 U.S.C. 78*o*–3(b)(6).

[39] 15 U.S.C. 78*o*–3(b)(5).

one user ID for web browser access with the most active firms possibly utilizing several.[40]

Because the proposed fee for web browser access for trade reporting is reasonable in amount and identical to existing fees for the same access to other FINRA facilities, FINRA does not believe that payment of such fee by any member, or any group or class of members, will result in a burden on competition to such members. Similarly, with respect to the proposed fees for ORF data through the web browser and FINRA ADDS, because the proposed fees are both optional and reasonable in amount and comparable to existing fees for the same data relating to different products through other FINRA facilities, FINRA does not believe that the payment of such fees by any member, or any group or class of members, will result in a burden on competition to such industry members relative to other industry members that elect not to subscribe to the optional services.[41] With respect to the proposed clarifying changes to the transaction reporting fees set forth in Rule 7710 (to be designated as 7710(a)), as discussed above, some members may see an increase in fees, while others may see a decrease. However, the overall change is likely to be relatively modest. Thus, because the proposed rule change is not expected to have a significant impact on the fees paid by market participants, FINRA does not believe that the change will affect the competitive standing of members that report trades to the ORF (*e.g.,* the cost of reporting transactions to the ORF would not make trading in OTC Equity Securities cost-prohibitive).

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act[42] and Rule 19b–4(f)(6) thereunder.[43]

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
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–FINRA–2014–032 on the subject line.

Paper Comments

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

All submissions should refer to File Number SR–FINRA–2014–032. 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 10:00 a.m. and 3:00 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–2014–032, and should be submitted on or before August 7, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[44]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014–16824 Filed 7–16–14; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–72600; File No. SR–MIAX–2014–38]

Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Change Its Procedure for Processing Fingerprints Under Existing Rule 807

July 11, 2014.

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on July 1, 2014, Miami International Securities Exchange LLC (''MIAX'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. 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

The Exchange is filing a proposal to change its procedure for processing fingerprints under its existing Rule 807.

The text of the proposed rule change is available on the Exchange's Web site

[40] FINRA notes that, given the compressed time frame for reporting (*i.e.,* 10 seconds or less), it is anticipated that many firms will choose an automated mechanism to report trades to the ORF.

[41] FINRA notes that today, the number of subscribers for TRACE data through FINRA ADDS is small: 16 firms subscribe to the Plus Reports and five firms subscribe to the SFTP service. FINRA anticipates that there will be much more interest in ORF data through FINRA ADDS, given the differences in the equity versus fixed income markets, but we are unable to provide an estimate of the number of firms that are likely to subscribe at this time.

[42] 15 U.S.C. 78s(b)(3)(A).

[43] 17 CFR 240.19b–4(f)(6).

[44] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.