

Text of Amended Rules

Proposed new language is underlined; proposed deletions are in brackets.

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6000. QUOTATION AND TRANSACTION REPORTING FACILITIES

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6700. TRADE REPORTING AND COMPLIANCE ENGINE (TRACE)

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6710. Definitions

The terms used in this Rule 6700 Series shall have the same meaning as those defined in the FINRA By-Laws and rules unless otherwise specified. For the purposes of this Rule 6700 Series, the following terms have the following meaning:

(a) through (t) No Change.

(u) “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 pool or pool(s) [an Agency Pass-Through Mortgage-Backed Security] of a specified face amount and meeting certain other criteria but the specific pool or pool(s) to be delivered at settlement is not specified at the Time of Execution [coupon from a specified Agency or Government-Sponsored Enterprise program representing a pool (or pools) of mortgages (that are not specified by unique pool number)], and includes TBA transactions “for good delivery” (“GD”) and TBA transactions “not for good delivery” (“NGD”).

(v) “Agency Pass-Through Mortgage-Backed Security” means a type of Asset-Backed Security [a mortgage-backed security] issued [by] 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 [an] the Agency or [a Government-Sponsored Enterprise] GSE, representing ownership interest[s] in a pool (or pools) of [residential] mortgage loans [with the security] structured to “pass through” the principal and interest payments to the holders of the security on a pro rata basis. [made by the mortgagees to the owners of the pool(s) on a pro rata basis.]

(w) No Change.

(x) “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 [one or more] a pool or pool(s) [pools of mortgages] that [, at the Time of Execution, are] is identified by [their] a unique pool identification number[s] at the Time of Execution. [and original principal value.]

(y) through (aa) No Change.

(bb) “SBA-Backed ABS” means 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.

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6730. Transaction Reporting

(a) When and How Transactions are Reported

Each member that is a Party to a Transaction in a TRACE-Eligible Security must report the transaction. A member must report a transaction in a TRACE-Eligible Security within 15 minutes of the Time of Execution, except as otherwise specifically provided below, or the transaction report will be “late.” A member must transmit the report to TRACE during TRACE System Hours.

(1) through (2) No Change.

(3) Reporting Requirements — Asset-Backed Securities Transactions

Transactions in Asset-Backed Securities must be reported as provided in this paragraph (a)(3).

(A) General Reporting Requirements

Except as provided in paragraphs (a)(3)(C), (a)(3)(D), [and] (a)(3)(E), (a)(3)(F) and (a)(3)(G), transactions in Asset-Backed Securities executed on:

(i) through (iii) No Change.

(B) through (C) No Change.

(D) Agency Pass-Through Mortgage-Backed Securities

Traded To Be Announced For Good Delivery

Transactions in Asset-Backed Securities that are Agency Pass-Through Mortgage-Backed Securities traded to be announced (“TBA”) for good delivery (“GD”) (“MBS TBA transactions GD”) must be reported as provided in this paragraph (a)(3)(D).

(i) During a pilot program for MBS TBA transactions GD (“MBS TBA GD Pilot Program”), which shall expire at 11:59:59 p.m. Eastern Time May 17, 2013, [TBA] such transactions [GD] must be reported as follows:

a. through d. No Change.

(ii) After the MBS TBA GD Pilot Program expires, MBS TBA transactions GD must be reported as provided in paragraph (a)(1)(A) through paragraph (a)(1)(D).

(E) Agency Pass-Through Mortgage-Backed Securities Traded To Be Announced Not For Good Delivery [(“TBA Transactions NGD”)]

Transactions in Asset-Backed Securities that are Agency Pass-Through Mortgage-Backed Securities traded to be announced (“TBA”) not for good delivery (“NGD”) (“MBS TBA transactions NGD”) must be reported as provided in this paragraph (a)(3)(E).

(i) During a pilot program for MBS TBA transactions NGD (“MBS TBA NGD Pilot Program”), which shall expire at 11:59:59 p.m. Eastern Time May 17, 2013, [TBA] such transactions [NGD] must be reported as follows:

a. through d. No Change.

(ii) After the MBS TBA NGD Pilot Program expires, MBS TBA transactions NGD must be reported as follows:

a. through d. No Change.

**(F) Agency Pass-Through Mortgage-Backed Securities Traded
in Specified Pool Transactions**

Agency Pass-Through Mortgage-Backed Securities traded in
Specified Pool Transactions (“MBS Specified Pool transactions”) must be
reported as provided in this paragraph (a)(3)(F).

(i) During a pilot program for MBS Specified Pool
transactions (“MBS Specified Pool Pilot Program”), which shall
expire at 11:59:59 p.m. Eastern Time January 24, 2014, such
transactions must be reported as provided in paragraph
(a)(3)(E)(i)a. through paragraph (a)(3)(E)(i)d.

(ii) After the MBS Specified Pool Pilot Program expires,
MBS Specified Pool transactions must be reported as provided in
paragraph (a)(3)(E)(ii)a. through paragraph (a)(3)(E)(ii)d.

(G) SBA-Backed ABS

SBA-Backed ABS traded to be announced (“TBA”) or in Specified
Pool Transactions must be reported as provided in this paragraph
(a)(3)(G).

(i) During a pilot program for SBA-Backed ABS traded
TBA or in Specified Pool Transactions (“SBA-Backed ABS Pilot
Program”), which shall expire at 11:59:59 p.m. Eastern Time
January 24, 2014, such transactions must be reported as provided
in paragraph (a)(3)(E)(i)a. through paragraph (a)(3)(E)(i)d.

(ii) After the SBA-Backed ABS Pilot Program expires, SBA-Backed ABS traded TBA or in Specified Pool Transactions must be reported as provided in paragraph (a)(3)(E)(ii)a. through paragraph (a)(3)(E)(ii)d.

(4) through (6) No Change.

(b) through (f) No Change.

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6750. Dissemination of Transaction Information

(a) No Change.

(b) Transaction Information Not Disseminated

FINRA will not disseminate information on a transaction in a TRACE-Eligible Security that is:

(1) through (3) No Change.

(4) an Asset-Backed Security, except:

(A) an Agency Pass-Through Mortgage-Backed Security [traded to be announced (“TBA”) (“TBA transaction”)]; and

(B) an SBA-Backed ABS.

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