

The Commission believes that the amendments to Chapter Six of the Company Guide will add clarity to the periodic reporting requirements in connection with proposed Section 1007. For example, as noted above, the deletion and replacement in Section 610(a) of a reference to Section 1002(d) regarding delisting procedures with proposed Section 1007 will avoid confusion among investors and companies about the applicable rules for failure to timely file an annual report with the Commission. In addition, the Commission believes the proposed modifications to delete Sections 611 through 613 of the Company Guide are reasonably designed to protect investors and the public interest by removing obsolete language that will be replaced with a more detailed compliance regime in proposed Section 1007.

The Commission further believes the Exchange's deletion of the specific enumerated disclosures with regard to outstanding options in Section 610(a) of the Company Guide is consistent with the Exchange Act since listed companies are already required to comply with the Commission's disclosure regime for options in the companies' Form 10-K. In this regard the Commission believes it is reasonable for the Exchange to determine it will defer to Commission disclosure requirements as to options, some of which are similar to the NYSE requirements.⁴⁹ Similarly, the deletion of outdated references to the Exchange's StockWatch and Listing Qualifications Departments in Section 610(b) of the Company Guide and their replacement with a statement that companies should comply with the Exchange's material news policies set forth in Sections 401 and 402 would provide additional transparency to a listed company on the disclosure steps that it must take when it receives an audit opinion that contains a going concern emphasis.⁵⁰

Additionally, the Commission believes that the amendment to require the public announcement of the existence of a going concern in an audit opinion be made contemporaneously with the filing of such audit opinion with the Commission furthers investor protection by ensuring that investors are made aware, as soon as possible, of material information that may impact their investment decisions. The Commission also notes that eliminating

the possibility that a company can delay the public announcement of a going concern opinion for up to seven days, as currently permitted under the Company Guide, will help to further investor protection consistent with Section 6(b)(5) of the Exchange Act.

Finally, the Commission believes the proposed amendment to harmonize the semi-annual reporting requirement by foreign private issuers in new Section 110(e) with the applicable rule in the NYSE Manual would provide a more precise compliance guideline and establish a minimum interim reporting regime applicable to all listed foreign private issuers.⁵¹ Additionally, the Commission believes the proposed amendment is consistent with the investor protection objectives of Section 6(b)(5) because it is reasonably designed to ensure that foreign private issuers provide timely financial information that is necessary to enable investors to make informed investment decisions.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Exchange Act,⁵² that the proposed rule change (SR-NYSEMKT-2017-23) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁵³

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-81011; File No. SR-FINRA-2017-012]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Granting Approval of Proposed Rule Change To Reduce the Delay Period for Transactions Included in the Historic TRACE Data Sets Relating to Corporate and Agency Debt Securities

June 23, 2017.

I. Introduction

On May 12, 2017, the Financial Industry Regulatory Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to amend FINRA Rule 7730 (Trade Reporting and Compliance Engine (TRACE)) to reduce the minimum delay from 18 months to six months for transactions included in the Historic TRACE Data Sets relating to corporate and agency debt securities. The proposed rule change was published for comment in the **Federal Register** on May 22, 2017.³ The Commission did not receive any comments on the proposal.⁴ For the reasons discussed below, the Commission approving the proposed rule change.

II. Description of the Proposal

FINRA Rule 7730, among other things, sets forth the TRACE data products offered by FINRA and the fees applicable to such products. In addition to a real-time data feed, FINRA offers a Historic Corporate Bond Data Set, Agency Data Set, Securitized Product Data Set, and Rule 144A Data Set (collectively, the "Historic TRACE Data").⁵ The Historic TRACE Data includes information such as the price, date, time of execution, yield, and uncapped volume for each transaction occurring at least 18 months ago.⁶ FINRA originally established this 18-month delay to address the possibility that the Historic TRACE Data might be used to identify positions or strategies of market participants.⁷ FINRA has proposed to reduce the delay applicable to transactions included in the Historic Corporate Bond Data Set and the Historic Agency Data Set—and Rule 144A transactions in corresponding securities (together, the "Corporate and Agency Historic TRACE Data")—from a

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 80685 (May 16, 2017), 82 FR 23385 (May 22, 2017) ("Notice").

⁴ FINRA previously solicited comments on the proposal as *Regulatory Notice* 15-24 (June 2015) and received four comments. *Regulatory Notice* 15-24 and the related comment letters are available as Exhibit 2 to the Notice on both FINRA and the SEC's Web sites.

⁵ The Historic TRACE Data originally included only the Corporate Bond and Agency Data Sets. The Securitized Product Data Set and the Rule 144A Data Set were added later as information about transactions in those securities became subject to public dissemination. FINRA has stated that additional securities may be included in Historic TRACE Data as they become subject to public dissemination.

⁶ Historic TRACE Data also may include transactions or items of information that were not previously disseminated, such as exact trade volumes, where the real-time disseminated amount was capped.

⁷ See Securities Exchange Act Release No. 56327 (August 28, 2007), 72 FR 51689, 51690 (September 10, 2007).

⁴⁹ See *supra* note 5 and accompanying text.

⁵⁰ The Commission further believes that the Exchange's proposal to update the reference to a going concern "qualification" with a reference to a going concern "emphasis" would align the Exchange's rules more accurately with general accounting characterizations.

⁵¹ See, e.g., Section 203.03 of the NYSE Manual.

⁵² 15 U.S.C. 78f(b)(2).

⁵³ 17 CFR 200.30-3(a)(12).

minimum of 18 months to a minimum of six months.⁸

FINRA has stated that researchers and other non-dealers have been the primary subscribers to Historic TRACE Data. FINRA has attributed the lack of usage by dealers to the minimum 18-month delay period for including transactions in the Corporate and Agency Historic TRACE Data. FINRA has stated that it is not aware of any complaints regarding information leakage under the current 18-month delay, and that market participants have indicated that a reduction in the minimum delay to six months would make the product more useful.

FINRA believes that a minimum six-month delay would promote the goal of increased transparency for transactions in TRACE-Eligible Securities while continuing to address information leakage concerns.⁹ In support of that belief, FINRA conducted a sampling analysis of past transactions in both corporate and agency bonds to assess whether positions or strategies of market participants could be identified if the Corporate and Agency Historic TRACE Data had included transactions that were aged only six months.¹⁰ Based on this analysis, FINRA concluded that “the proposed rule, if it had been in place, would have provided little additional information to the public relative to these positions”¹¹ and that a reduction of the delay would be “a limited risk for smaller issues that are held by a limited number of market participants.”¹²

To further address concerns about information leakage, FINRA solicited comment from its members on an earlier iteration of the proposed rule change.¹³ FINRA received four comment letters and made certain revisions to its initial proposal to respond to those concerns before filing the current proposal with the Commission.¹⁴ The Commission notes that it has received no comments on the version of the proposed rule change published by the Commission.

⁸ FINRA has not proposed to change the 18-month delay for transactions included in the Historic Securitized Product Data Set.

⁹ FINRA noted that the Municipal Securities Rulemaking Board (“MSRB”) disseminates in real time the exact par value on all transactions with a par value of \$5 million or less, and includes an indicator (“MM+”) in place of the exact par value on transactions where the par value is greater than \$5 million until the fifth business day. MSRB disseminates the exact par value for each transaction on the fifth day after the transaction. See MSRB Rule G-14.

¹⁰ See Notice, 82 FR 23387–89.

¹¹ *Id.* at 23388.

¹² *Id.* at 23389.

¹³ See *supra* note 4.

¹⁴ See Notice, 82 FR at 23389.

FINRA stated that it 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 later than 120 days following publication of the *Regulatory Notice*.

III. Discussion

After carefully consideration, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities association.¹⁵ In particular, the Commission finds that the proposed rule change is consistent with Section 15A(b)(6) of the Act,¹⁶ which requires, among other things, that FINRA rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Commission notes that, because the proposed rule change does not require firms to provide FINRA with any additional data, it will not have any operational impact on firms. Furthermore, the purchase of TRACE data products is optional for members and others. Finally, in light of FINRA’s analysis of past transactions in corporate and agency debt securities and the revisions that FINRA made to its first iteration of the proposal, the Commission believes that reducing the period before which transactions in such securities are included in the Historic TRACE Data from a minimum of 18 months to six months is reasonably designed to promote transparency and respond to consumer demand for a more useful market data product, while minimizing the potential for information leakage.

IV. Conclusion

It is therefore ordered pursuant to Section 19(b)(2) of the Act¹⁷ that the proposed rule change (SR-FINRA-2017-012) be, and hereby is, approved.

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

¹⁶ 15 U.S.C. 78o-3(b)(6).

¹⁷ 15 U.S.C. 78s(b)(2).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁸

Eduardo A. Aleman,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-81008; File No. SR-OCC-2017-015]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Concerning the U.S. Market Transition to a Shortened Settlement Cycle

June 23, 2017.

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 June 9, 2017, The Options Clearing Corporation (“OCC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below. Items I and II have been prepared primarily by OCC. OCC filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(4)(i)⁴ thereunder so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change

This proposed rule change by OCC concerns the amendment of OCC’s By-Laws and Rules in connection with recent amendments adopted by the Commission to Rule 15c6-1(a)⁵ under the Act. The amendments to Rule 15c6-1(a)⁶ shorten the standard settlement cycle for most broker-dealer securities transactions from three business days after the trade date to two business days after the trade date.

The proposed changes to OCC’s By-Laws and Rules were included in Exhibits 5A and 5B of the filing, respectively.

¹⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(4)(i).

⁵ 17 CFR 240.15c6-1(a).

⁶ *Id.*