



# FINRA/ NASDAQ TRF CHANGES: FREQUENTLY ASKED QUESTIONS

## 1: What is changing?

As previously announced in [Equity Technical Update #2015-1](#) and [Equity Technical Update #2015-3](#), the FINRA/Nasdaq TRF will support the amendments to FINRA rules governing the reporting of over-the-counter (OTC) transactions.

The FINRA/Nasdaq TRF updated specification changes include:

- Reporting an additional time field for specified trades
- Linking reversal reports to the original trade
- Reporting trades executed on non-business days
- Reporting trades that are more than 365 days old
- Using a new "step-in" indicator
- Using additional "step-out" designations
- Position Transfers
- Change in Decline Trade Processing
- Defaulting Capacity

## 2: Why is this change happening?

The FINRA/Nasdaq TRF is making the change to be compliant with FINRA trade reporting rule changes to enhance and bring consistency to the FINRA audit trail. (see <http://www.finra.org/industry/notices/14-21>)

## 3: What do I need to do if I am an ACT CTCI client?

Detailed changes are available in the [CTCI Specifications](#) and [Log of CTCI changes](#).

## 4: What do I need to do if I am an ACT FIX client?

Detailed changes are available in the [FIX Specifications](#) and [Log of FIX Changes](#).

## 5: Can I send in updated messages before the July 13<sup>th</sup> live date?

Yes. Starting June 15<sup>th</sup>, firms may begin to send in updated message types for FIX and CTCI. Nasdaq will validate the required fields for the additional time fields and reversals. This means that if a required tag is missing or not entered properly, you will receive a reject. Entering trades for new features such as Step-In, Position Transfers, Step-out with fees, and Special and Step-out with fees, will also result in rejects since they are not allowed to be used until July 13th.

## 6: How is Capacity on Trade Reports changing?

As per FINRA, TRF will no longer default capacity when capacity isn't specified.

### **FIX:**

#### **Entry Messages:**

528 – required on all trade reports

9862 - Required on all non-match eligible trades. **For example:**

- Non-Media/No Clear
- QSR
- AGU

Allowable on cross trades and customer trades when applicable.

#### **Accept Messages:**

9862 - This is required on all "Accept" transactions where TradeReportType is "2".

### **CTCI:**

#### **EP:**

Firms must submit a EP PA Indicator on any trade not eligible for match except on cross trades and customer trades.

#### **CP:**

Firms must submit a CP P/A Indicator on any trade not eligible for match (examples: AGU, QSR, etc...) except on cross trades and customer trades.

Please reference the updated [FIX and CTCL specifications page](#) for more detail.

## 7: What are the additional Step-Out designations?

A new position transfer and step-in designations are being added to that field.

- FINRA Step-In Trade
- FINRA Special and Step-In Trade
- Step-out with fees
- Special and Step-out with fees
- Position Transfer

For more details on position transfers, please see [FINRA FAQ](#).

## 8: How do we report a Step-In? How does the matching of Step-Outs/Ins change?

Firms will need to utilize the new 'Step In' designation when stepping-in to a trade rather than utilizing the step-out function. Please reference the Matching Table (Pg. 163 for FIX; Pg. 46 for CTCL) in the appendix of both [specifications](#).

## 9: When are the new time fields required?

The two new time fields are needed when utilizing Modifier 2 and Modifier 4.

Firms will receive a reject when:

- A Trade Modifier of PRP or Stop Stock is entered without a Mod 4 Time
- A Mod 4 Time is entered on a trade report where the Trade Modifier is not a PRP or Stop Stock
- A Mod 2 Time is entered on a Trade Report that is not flagged as an Outbound ISO in Trade Modifier

Please reference the updated [FIX and CTCL specifications page](#) for more detail.

## 10: What new fields are required when reporting a Reversal?

When reporting a reversal, 2 new fields will be required, 1 is optional:

1. Original Control Number (required)
2. Original Date (required)
3. Reference Reporting Facility (optional)

Please reference the updated [FIX and CTCL specifications page](#) for more detail.

## 11: How will declined trades be processed?

Currently, open trades are typically carried overnight and made available for updates the next day. However, open trades which have been declined by the contra are simply purged at the end of day rather than carried overnight.

After July 13, 2015, when a firm submits an open trade, the contra can respond by either:

- submitting a matching trade
- simply accepting the firm's trade
- declining the firm's trade

Any open trade left unanswered by the end of the day, is carried overnight and reloaded the next trading day. If the contra does not respond by the "autolock" time (2:30PM), the trade is automatically locked in and submitted for clearing (save for as-ofs with a trade date in excess of T+21, which are merely purged at the "autolock" time). **Trades which are declined** are still considered to be open – the entering firm can still cancel or correct the trade. The contra can still accept the trade. However,

- 1) the contra can no longer lock in by submitting a matching trade
- 2) trades declined on T-date are not carried overnight

carried over trades that have been declined are simply purged during "autolock".

## 12: Can I report trades that were executed on a non-business day?

Yes – any report with a trade date being either on a holiday or weekend (when the market is closed) can be submitted to ACT as an "as-of" trade. These "as-of" trades are reported when the market is once again open during regular hours. These trades must be entered as non-clearing, otherwise they will be rejected by ACT. Firms may submit trades from either TRF or exchange trades.

“non-business day” trades will **not** be reported to the SIP/SIAC SIP ( even if the trades are flagged as reportable). Trades not received by 8:15 am the following trading date will be considered late. The trade modifier field will have the combined Form-T and late value assigned.

The rejection value and text are:

**14 = REJ\_INVALID\_CLEARANCE\_ENTRY**

Comment in Rejection Message:“(clearing eligible on holiday/weekend)”

**13: Can I report trades that were executed greater than 365 days?**

A T+365 As-Of will be subject to the same validations as a T+2, save for the following exceptions:

1. a T+365 trade must have no clearing (i.e., clearingFlag = N or R)
2. a T+365 trade must be a TRF trade
3. If the T+365 trade is fairly recent (earlier than 10/1/2012)
  - a. the mmexec firm must be a valid firm on either report date or trade date
  - b. the ooexec firm , if required, must be a valid firm on either report date or trade date
  - c. the clearing relationships must be valid on trade date
  - d. the clearing firm must be a valid clearing firm on report date
  - e. if no clearing number is provided, the firm must have had a clearing relationship on trade date with its current default clearing firm .
  - f. if a giveup is required, the giveup relationship must be valid on report date
4. if the trade is not fairly recent
  - a. symbol validation should be skipped
  - b. the security class supplied by the customer should be passed through, provided it is a valid security class
  - c. the entering firm must be a valid firm , but the mmexec and ooexec firms need not
  - d. validation of the clearing relationship should be skipped

**For NTF testing, historical databases are still being loaded into the NTF. You may enter a trade with any date earlier than 365 days you may be rejected if the data isn't available. To test the functionality without validation to confirm message entry, please enter a date earlier than 10/1/2012.**

**14: What is changing with Nasdaq Trading Applications and reports?**

All applications will be updated to be complaint with FINRA trade reporting rules.

The screenshot shows the 'Trade Entry' form with the following fields and values:

- Role:** Executing Party (MM)
- Side:** Sell
- Share Quantity:** 100
- Security:** ZVZZT
- Price:** 13.00
- Contra Party:** TEST
- Trade Time (hhmmss . ttt):** 102311 . 425
- Short Sale:** None
- NORB Info:** Capacity: Principal
- Contra Info:** Capacity: None
- Clearing & Reporting:** Neither (checked), Clear (checked), AGU, Report (checked), QSR, Risk (checked)
- Special Instructions:** Not a Special Trade (checked), Special Trade, Step-In Trade, Step-Out Trade, Step-Out Trade (w) Fee, Special and Step-In, Special and Step-Out, Special Step-Out (w) Fee, Nasdaq Sales Fee Transfer, Nasdaq Step-Out Trade, Position Transfer
- Settlement (Level 1):** Standard 3-Day (checked), Same Day - Cash, Next Day, Other
- Reference TRF:** (circled in red)
- Original Control Date:** (circled in red)
- Original Control #:** (circled in red)
- Level 2:** (circled in red)
- Level 3:** (circled in red)
- Level 4:** (circled in red)

## 15: What is changing with Nasdaq WeblinkACT?

Trade Entry Screen:

- New time fields for Mod2 and Mod4
- Support for new fields when reporting Reversals
- Support for Step-Ins
  - Radio buttons for Special Instructions

Trade Scans

- Upgraded to support new fields as referenced in Trade Entry Screen
- Step-ins will now be searchable
- Trade Detail
- Upgraded to support new fields as referenced in Trade Entry Screen

## 16: What is changing for Nasdaq compliance tools Reg Recon, Short Sale Monitor, Limit Locator and InterACT?

Reg Recon, Short Sale Monitor and Limit Locator

- Trade Details for each compliance application will be upgraded to include new fields

InterACT

- Step-Out category will be upgraded to show both Step-Outs and Step-Ins
- InterACT scan within Weblink ACT 3.0 will be upgraded to query both

## 17: Will the ACT File Upload be updated to include the new fields?

Yes. Please see the updated [ACT File Upload Guide](#).

## 18: Will the Equity Trade Journal fields be updated to include new fields?

Yes. Clients will need to develop to the appropriate new fields. New fields will be added to the end of the message.

New ETJ specs will be posted here: [http://www.nasdaqtrader.com/Trader.aspx?id=bddata\\_samples](http://www.nasdaqtrader.com/Trader.aspx?id=bddata_samples).

## 19: Can I test these changes before the July 13<sup>th</sup> live date?

The Saturday testing schedule will be as follows:

- Saturday, May 9, 2015 (regular monthly UAT)
- Saturday, June 13, 2015 (regular monthly UAT)
- Saturday, June 20, 2015 (regular monthly UAT)
- Saturday, July 11, 2015 (regular monthly UAT)

## 20: Where can I find additional information?

Contact Nasdaq Trading Services at +1 212 231 5180, Option 1.

Contact FINRA Operations at +1 866 776 0800