

MEMO# 27559

September 12, 2013

SEC Permits TRACE Dissemination of Information Related to Rule 144A Transactions

[27559]

September 12, 2013

TO: CLOSED-END INVESTMENT COMPANY MEMBERS No. 77-13
END OF DAY PRICING FORUM No. 12-13
EQUITY MARKETS ADVISORY COMMITTEE No. 18-13
FIXED-INCOME ADVISORY COMMITTEE No. 22-13
MUNICIPAL SECURITIES ADVISORY COMMITTEE No. 23-13 RE: SEC PERMITS TRACE
DISSEMINATION OF INFORMATION RELATED TO RULE 144A TRANSACTIONS

The SEC recently approved an amendment to FINRA rules and Trade Reporting and Compliance Engine ("TRACE") dissemination protocols to provide greater transparency with respect to Rule 144A transactions. [\[1\]](#)

We are pleased to report that the rule amendment is consistent with Institute comments on the proposal that preceded the Order. [\[2\]](#) In particular, under the amendment, Rule 144A transactions will be required to be disseminated subject to the same dissemination caps that are currently in effect for any non-Rule 144A transaction in the applicable security (e.g., a non-Rule 144A transaction in an investment grade corporate bond). This means that investment grade Rule 144A transactions will be disseminated subject to a \$5MM dissemination cap and non-investment grade Rule 144A transactions will be disseminated subject to a \$1MM dissemination cap.

According to the Release, FINRA will announce the effective date of the amendment in a Regulatory Notice to be published no later than 60 days following Commission approval, and the effective date will be no later than 270 days following publication of the Regulatory Notice.

Dorothy M. Donohue
Deputy General Counsel - Securities Regulation

endnotes

[1] See SEC Release No. 34-70345, Order Granting Approval of Proposed Rule Change Relating to the Dissemination of Transactions in TRACE-Eligible Securities that are Effected Pursuant to Securities Act Rule 144A, which is available on the SEC's website at <http://www.sec.gov/rules/sro/finra/2013/34-70345.pdf> (the "Order or Release").

[2] See Institute [Memorandum](#) to Closed-End Investment Company Members No. 68-13, Equity Markets Advisory Committee No. 16-13, Fixed-Income Advisory Committee No. 20-13, Municipal Securities Advisory Committee No. 20-13, and End of Day Pricing Forum No. 9-13, dated August 15, 2013 [Memorandum No. 27466] (summarizing the Institute's comment letter on the proposal).

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.