

**MEMO# 23838**

October 1, 2009

## **SEC Approves FINRA Proposal to Expand Scope of TRACE-Eligible Securities**

[23838]

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TO: FIXED-INCOME ADVISORY COMMITTEE No. 19-09    RE: SEC APPROVES FINRA  
PROPOSAL TO EXPAND SCOPE OF TRACE-ELIGIBLE SECURITIES

The Securities and Exchange Commission has approved, on an accelerated basis, a proposed rule change filed by The Financial Industry Regulatory Authority (“FINRA”) to expand its Trade Reporting and Compliance Engine (“TRACE”) to include agency debt securities and primary market transactions. [\[1\]](#) The rule change also provides that initially, FINRA will study the reported data for certain primary market transactions, including List or Fixed Offering Price Transactions, and, at a later date, determine if public dissemination of the information is appropriate. In addition, it establishes a new rule which would provide FINRA emergency authority, to be exercised in consultation with the SEC, that would permit FINRA to suspend reporting and/or dissemination of certain transactions in TRACE-eligible securities or reporting of certain data elements that are otherwise required.

In approving the proposed rule change over the objection of several commenters, the SEC concluded that the rule change promoted the goals of transparency, increased price discovery, and debt market integrity. [\[2\]](#) Further, the SEC stated that the rule change was reasonably designed to encourage greater participation in the debt market by retail and institutional investors by increasing public availability of information about additional categories of debt, and should, therefore, contribute to deeper markets and increased competition.

Heather L. Traeger

**endnotes**

[1] See SEC Release No. 60726 (September 28, 2009), available at: <http://www.sec.gov/rules/sro/finra/2009/34-60726.pdf>.

[2] The Institute comment letter supported the proposed rule change. See Letter from Heather Traeger, Associate Counsel, Investment Company Institute, to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, dated May 7, 2009.

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