

FINRA/NASDAQ TRF Plans to Implement Efficiency Pricing Effective October 1, 2008



Please Route To: Head Traders; Compliance Officers; Technical Contacts, Clearing Contacts

What you need to know:

- As announced in [Head Trader Alert #2008-052](#), pending filing with and approval by the Securities and Exchange Commission (SEC), the FINRA/NASDAQ Trade Reporting Facility (TRF) plans to implement an Efficiency Pricing Program.
- The new FINRA/NASDAQ TRF pricing will be effective **October 1, 2008**.
- The FINRA/NASDAQ TRF will assess a charge for each non-media (non-tape reported) transaction that exceeds the number of media transactions submitted to the FINRA/NASDAQ TRF.

Who you should contact: [NASDAQ Market Sales](#) at +1 800 846 0477

Why is The FINRA/NASDAQ TRF implementing Efficiency Pricing?

The FINRA/NASDAQ Trade Reporting Facility™ (TRF™) pays a fee for the regulation of all transactions reported to the TRF under its relationship with FINRA, including non-media (non-tape reported).

In order to cover a portion of these regulatory fees, the TRF intends to implement “Efficiency Pricing” and will seek to align the fees associated with Efficiency Pricing to be as close to a pass-through rate of the charges it incurs from FINRA for those transactions. Efficiency Pricing will be provided for under FINRA rules pending filing with and approval by the Securities and Exchange Commission (SEC).

What is Efficiency Pricing?

The TRF is planning to implement a per transaction charge of **\$.0075 per non-media (non-tape reported) transaction** that exceeds the formula below:

Reports Submitted to the FINRA/NASDAQ TRF:

Calculation - per month/per MPID/per NMS security

Total Non-Media

–

Total Non-Media, Clearing Eligible

–

Total Media Trades

=

Non-Media Transactions Eligible for Efficiency Pricing

Definitions:

- **Non-Media** – A trade report that is marked by the entering firm as “No Tape”.
- **Media** – A trade report that is marked by the entering firm as “Yes Tape”, instructing the ACT System to consider this report’s eligibility to disseminate for Last Sale.
- **Clearing Transaction** – A trade report marked by the entering firm instructing the ACT System to submit the trade to a Registered Clearing Agency for clearing and settlement.

Under the proposed formula, the TRF would allow each firm one non-media transaction free from the Efficiency Pricing fee for every media trade reported per security by MPID, during the month. In addition, the TRF would not apply the Efficiency Pricing charge for any non-media trades that are sent for clearing.

Example:

- **MPID A has 200 media reports during the month in security ABCD.**
- **MPID A has 500 non-media reports in the same month and security, 150 of which were clearing transactions.**
- **500 non-media reports less 200 media reports is 300; less 150 clearing eligible non-media transactions equals 150 reports subject to the Efficiency Pricing fee.**
- **The charge to MPID A for the period for this security would be 150 x \$0.0075.**

If MPID A had 350 or more media reports for security ABCD in this period, MPID A would not incur an Efficiency Pricing charge. The lowest charge assessed for each calculation is zero.

How can I prepare for Efficiency Pricing?

Firms are encouraged to contact [NASDAQ Market Sales](#) for information on the efficiency of their trade reporting under the intended pricing. NASDAQ is committed to assisting firms in understanding the activity they are reporting and how firms might alter their reporting behavior to avoid unnecessary costs.

NASDAQ will continue to send updates on the implementation of Efficiency Pricing and how firms can use ACTSM to become more efficient in their TRF reporting.

What is the timing of the new plan?

Pending SEC approval, the TRF plans to implement Efficiency Pricing, effective **October 1, 2008**. This will allow sufficient time and provide all possible support to ACT subscribers to help firms become as efficient as possible in their trade reporting.

Where can I get additional information?

- Contact [NASDAQ Market Sales](#) at +1 800 846 0477.
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