SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–86315; File No. SR–FINRA–2019–019]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change To Expand OTC Equity Trading Volume Data Published on FINRA's Website

July 5, 2019.

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 July 1, 2019, Financial Industry Regulatory Authority, Inc. (''FINRA'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

FINRA is proposing to amend Rules 6110 and 6610 to expand the summary firm data relating to over-the-counter (''OTC'') equity trading that FINRA publishes on its website.

The text of the proposed rule change is available on FINRA's website at *http://www.finra.org,* at the principal office of FINRA and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, FINRA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

Pursuant to Rules 6110(b) and 6610(b), FINRA currently publishes certain volume information for OTC transactions [3] in NMS stocks [4] and OTC Equity Securities,[5] respectively, that are executed outside of an alternative trading system (''ATS'').[6] All published data is derived directly from OTC trades reported to a FINRA equity trade reporting facility (*i.e.,* the Alternative Display Facility, a Trade Reporting Facility or the OTC Reporting Facility). FINRA does not charge a fee for this data.[7]

Specifically, FINRA publishes weekly non-ATS OTC volume information (number of trades and shares) by firm and by security on a two-week or four-week delayed basis. Weekly security-specific information for transactions in NMS stocks in Tier 1 of the NMS Plan to Address Extraordinary Market Volatility (''Tier 1 NMS stocks'') is published on a two-week delayed basis, while information on the remaining NMS stocks (''Tier 2 NMS stocks'') and OTC Equity Securities is published on a four-week delayed basis. FINRA also publishes aggregate weekly non-ATS volume totals by firm and category of security (Tier 1 NMS stocks, Tier 2 NMS stocks and OTC Equity Securities) on the same timeframes, as well as aggregate non-ATS volume totals by firm for all NMS stocks and OTC Equity Securities, respectively, for each calendar month on a one-month delayed basis.[8] All data is published by firm on an attributed basis,[9] except that for firms executing fewer than, on average, 200 non-ATS transactions per day during the reporting period,[10] FINRA combines and publishes the volume for these firms on an aggregate non-attributed basis identified in the published data as ''*De Minimis* Firms.'' [11]

As part of FINRA's ongoing efforts to improve market transparency, FINRA is proposing to expand the summary firm data relating to non-ATS OTC equity trading that FINRA publishes on its website. The proposed rule change has two primary components. First, FINRA is proposing to publish new monthly aggregate block-size trading data for non-ATS OTC trades in NMS stocks, on the same terms as FINRA currently publishes aggregate block-size trading data for trades in NMS stocks occurring on ATSs. Second, FINRA is proposing to eliminate the current *de minimis* exception for publication of aggregate non-ATS trading volume across all NMS stocks and OTC Equity Securities and publish each firm's aggregate non-ATS volume on an attributed basis. These two components of the proposed rule change are each addressed below.

Non-ATS Block-Size Trading Data

FINRA currently publishes monthly information on block-size trades in all NMS stocks occurring on ATSs pursuant to Rule 6110(c)(2). Data regarding ATS block-size trades is aggregated across all NMS stocks (*i.e.,* there is no security-by-security block data), is for a time period of one month of trading, and is published no earlier than one month following the end of the month for which trading was aggregated.

As announced in *Regulatory Notice* 16–14,[12] FINRA currently publishes information on block-size ATS trades in NMS stocks using share-based thresholds, dollar-based thresholds and thresholds that include both shares and dollar amount as follows:

- 10,000 or more shares;
- $200,000 or more in dollar value;
- 10,000 or more shares and $200,000 or more in dollar value;
- 2,000 to 9,999 shares;
- $100,000 to $199,999 in dollar value; and

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] Rules 6110 and 6610 apply only to OTC transactions in NMS stocks and OTC Equity Securities, respectively, *i.e.,* transactions effected otherwise than on or through a national securities exchange.

[4] ''NMS stock'' is defined in Rule 600(b)(47) of the SEC's Regulation NMS. *See* Rule 6110(a). Generally, NMS stocks include any security, other than an option, for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan. *See* 17 CFR 242.600(b)(47).

[5] ''OTC Equity Security'' means any equity security that is not an NMS stock, other than a Restricted Equity Security. *See* Rule 6420(f). A ''Restricted Equity Security'' means any equity security that meets the definition of ''restricted security'' as contained in Securities Act Rule 144(a)(3). *See* Rule 6420(k); 17 CFR 230.144(a)(3).

[6] Rules 6110(b) and 6610(b) govern the publication of information for OTC transactions executed outside of an ATS (''non-ATS'' volume data or information). Rules 6110(c) and 6610(c) separately govern the publication of trading information for OTC transactions executed on ATSs.

[7] OTC transaction volume data published pursuant to Rules 6110 and 6610 is available on FINRA's OTC Transparency Data web page, *available at https://otctransparency.finra.org/otctransparency/.*

[8] Monthly aggregated data is categorized by NMS stocks and OTC Equity Securities, *i.e.,* there is no differentiation between Tier 1 NMS stocks and Tier 2 NMS stocks.

[9] Non-ATS data is published at the firm level, aggregating each market participant identifier (''MPID'') used by a particular firm (but excluding any MPIDs used by a firm to report trades executed on its ATS).

[10] For a firm with multiple non-ATS MPIDs, the total volume across all its MPIDs is combined for purposes of determining whether the *de minimis* threshold has been met.

[11] There is no parallel *de minimis* exception for ATS transactions under Rules 6110(c) and 6610(c). Therefore, all ATS volume data is currently published on an attributed basis.

[12] *See Regulatory Notice* 16–14 (April 2016).

• 2,000 to 9,999 shares and $100,000 to $199,999 in dollar value.

For each of these categories, FINRA publishes monthly trade count and volume information for each ATS, on an attributed basis, aggregated across all NMS stocks with no differentiation between Tier 1 NMS stocks and Tier 2 NMS stocks. FINRA also calculates and displays the average trade size and each ATS's rank as well as ''ATS Block Market Share'' (*i.e.,* the proportion of each ATS's block-size trading volume in relation to total block-size trading by all ATSs) and ''ATS Block Business Share'' (*i.e.,* the proportion of a particular ATS's overall trading volume that was done as block-size trades) and rankings of those metrics for each of the above categories.[13]

FINRA is proposing to expand the block-size trading data that it publishes on its website to also include monthly aggregate non-ATS block-size trading data for all NMS stocks. The new non-ATS block-size data would be published on the same terms as current ATS block-size data and FINRA would not charge a fee for the new data. Specifically, proposed paragraph (b)(3) of Rule 6110 provides that non-ATS block-size data would be aggregated across all NMS stocks (*i.e.,* there would be no security-by-security block data), would be for a time period of one month of trading, and would be published no earlier than one month following the end of the month for which trading was aggregated. All published data would be derived directly from OTC trades reported to the Alternative Display Facility or a Trade Reporting Facility.

Pursuant to proposed Rule 6110(b)(3), FINRA will publish the new non-ATS block-size data with elements to be determined from time to time by FINRA in its discretion as stated in a *Regulatory Notice* or other equivalent publication. As with current ATS block-size data, rather than defining what constitutes a ''block-size'' trade, non-ATS block-size data would be published using the same share-based, dollar-based and combination share- and dollar-based thresholds used for ATS block-size data, as described above. For each category, FINRA would publish monthly trade count and volume information for each firm, on an attributed basis,[14] aggregated across all NMS stocks with no differentiation between Tier 1 NMS stocks and Tier 2 NMS stocks.[15] FINRA would also calculate and display the average trade size and each firm's rank as well as ''Firm Block Market Share'' (*i.e.,* the proportion of each firm's block-size trading volume in relation to total block-size trading by all firms) and ''Firm Block Business Share'' (*i.e.,* the proportion of a particular firm's overall trading volume that was done as block-size trades) and rankings of those metrics for each of the above categories.[16]

In developing its proposal to publish non-ATS block-size data, FINRA discussed the initiative with a number of FINRA's industry advisory committees, informally consulted a number of firms and solicited written comment in *Regulatory Notice* 18–28 (discussed in greater detail below). Firms were generally supportive of publishing non-ATS block-size data, which would provide enhanced transparency into the OTC market as a complement to the currently published ATS block-size data. Several firms noted potential information leakage concerns involved with publishing new block-size data, but indicated that such concerns would be mitigated by publishing data on an aggregated basis, rather than security-by-security, and by delaying publication.

FINRA believes that publication of non-ATS block-size data as described above would be beneficial to firms and the general public and provide interested parties with more detailed information on non-ATS trading activities, thus enhancing transparency in the OTC market for NMS stocks.

Elimination of the De Minimis Exception

As noted above, pursuant to Rules 6110(b)(2)(B) and 6610(b)(2)(B), for firms executing fewer than, on average, 200 non-ATS transactions per day during the reporting period, FINRA publishes the volume for these firms on an aggregate non-attributed basis identified in the published data as ''*De Minimis* Firms.'' FINRA is proposing to eliminate this *de minimis* exception and publish on an attributed basis each firm's aggregate non-ATS volume (number of trades and shares) on a weekly or monthly basis, as applicable. As a result, each individual firm would be identified in the published aggregate data and there would no longer be a *de minimis* exception for published aggregate volume information. However, FINRA is not proposing to eliminate the *de minimis* exception for purposes of the security-specific non-ATS volume data under Rules 6110(b)(2)(C) and 6610(b)(2)(C). Therefore, if a firm averages fewer than 200 non-ATS transactions per day in a given security during the reporting period, FINRA would continue to aggregate the firm's volume in that security with that of similarly situated firms and there would continue to be a *De Minimis* Firms category for published security-by-security volume data.

When FINRA amended its rules to expand its transparency initiative by publishing non-ATS trading volume, it noted its belief at the time that publishing volume information for each firm that executed only a small number of trades or shares in any given period would not provide meaningful information to the marketplace.[17] FINRA also noted that it would consider whether modifications to the *de minimis* threshold would be appropriate based on feedback it may receive from interested parties.[18] Since that time, FINRA has continued to review and assess the published data to determine whether changes are warranted that would improve market transparency, including whether publishing more granular data on trading currently aggregated in the ''*De Minimis* Firms'' category would provide meaningful information to firms and the public.

Based on a review of trading data for the period from January 1, 2018 through December 30, 2018, FINRA determined that, on average, there are only 37 and 33 firms with attributed volume for Tier 1 NMS stocks and Tier 2 NMS stocks, respectively, on a weekly basis. For OTC Equity Securities during the same time period, there are, on average, only 23 firms with attributed volume on a weekly basis. By removing the *de minimis* exception, on average, 148 and 177 firms would have their aggregate non-ATS volume in Tier 1 NMS stocks

[13] ATS block-size data can be viewed on FINRA's OTC Transparency Data web page, *available at https://otctransparency.finra.org/otctransparency/AtsBlocks.* The data may also be directly downloaded through the OTC Transparency Data web page, *available at https://otctransparency.finra.org/otctransparency/AtsBlocksDownload.*

[14] Each firm that engages in block-size non-ATS trading of NMS stocks would be separately identified, *i.e.,* FINRA is not proposing any *de minimis* exception for non-ATS block-size data.

[15] FINRA is not proposing at this time to publish non-ATS block-size data for trading in OTC Equity Securities, due largely to the wide variance of trading activity in these securities and the difficulty associated with determining appropriate block thresholds. FINRA notes that the currently published ATS block-size data is also limited to NMS stocks and does not cover trading in OTC Equity Securities. FINRA will continue to assess whether block-size trading data should be expanded to include trades in OTC Equity Securities or a subset thereof.

[16] FINRA will announce any changes to these elements in advance in a *Regulatory Notice* or similar publication.

[17] *See* Securities Exchange Act Release No. 75356 (July 2, 2015), 80 FR 39463, 39464 (July 9, 2015) (Notice of Filing of File No. SR–FINRA–2015–020).

[18] *See* Securities Exchange Act Release No. 75356 (July 2, 2015), 80 FR 39463, 39467 (July 9, 2015) (Notice of Filing of File No. SR–FINRA–2015–020).

and Tier 2 NMS stocks, respectively, published. For OTC Equity Securities, the number of firms that would have their aggregate non-ATS volume published, on average, is 124. Since a large number of small trades can add up to significant volume, FINRA believes that the data at the firm level may be more meaningful if each firm's volume is published, irrespective of size.

FINRA discussed the proposed elimination of the *de minimis* exception with a number of FINRA's industry advisory committees, informally consulted a number of firms and solicited written comment. Based on the feedback received, FINRA believes that removing the *de minimis* exception for publication of aggregated non-ATS volume data would provide valuable additional transparency into the OTC markets that is not currently available.[19]

Technical Changes

The text of the proposed rule change also includes several other minor, non-substantive and conforming changes to the current rule text in addition to the two substantive proposed changes discussed above. These edits are being proposed to improve the readability and consistency of the rules and are not intended to create or modify any substantive provisions. First, Rules 6110(b)(1)(A) and (B) and 6610(b)(1)(A) would be amended to clarify that those provisions apply to the publication of aggregate weekly Trading Information. This conforms to language in current Rules 6110(c) and 6610(c). Second, conforming changes would be made to Rules 6110(b)(2)(B) and 6610(b)(2)(B) (as re-designated by the proposed rule change) to clarify that the remaining *de minimis* exceptions under those provisions apply to Trading Information by security. Third, the final sentence of Rule 6610(b)(3) would be amended to correct the cross-reference to the definition of ''ATS Trading Information.'' Finally, Rule 6610(c)(1) would be amended to correct the punctuation at the end of the sentence.

If the Commission approves the proposed rule change, FINRA proposes that the effective date of the proposed rule change will be no earlier than October 1, 2019 and no later than March 31, 2020. Currently, FINRA anticipates that it will begin publication of data in accordance with the proposed rule change in the fourth quarter of 2019 and will announce the specific date in a *Regulatory Notice.*

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,[20] which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. FINRA believes that the proposed rule change will provide enhanced transparency into the OTC market by providing more detailed information on block-size OTC transactions in NMS stocks and by enabling market participants and investors to better understand each individual firm's OTC trading volume and market share in the equity market.

B. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. FINRA has undertaken an economic impact assessment, as set forth below, to analyze the regulatory need for the proposed rule change, its potential economic impacts, including anticipated costs and benefits, and any alternatives FINRA considered in assessing how to best meet its regulatory objectives.

Regulatory Need

FINRA is proposing to publish new monthly aggregate block-size trading data for non-ATS OTC trades in NMS stocks, with the intent to improve market transparency relating to trading in the OTC market. As mentioned above, FINRA makes similar block-size trading data for trades in NMS stocks occurring on ATSs available to the public, and has received support from the industry on its transparency initiatives in the non-ATS OTC equity markets.

FINRA also proposes to eliminate the *de minimis* exception for firms that have fewer than, on average, 200 non-ATS transactions per day and publish, on an attributed basis, each firm's aggregate non-ATS volume on a weekly or monthly basis, as applicable. FINRA believes that non-ATS data at the firm level provides better insight into market activity when each firm's volume is published individually, irrespective of size.

Economic Baseline

FINRA currently publishes monthly information on block-size trades in NMS stocks on ATSs, by share- and dollar-based thresholds as announced in *Regulatory Notice* 16–14, but does not make such data publicly available for trading in NMS stocks outside ATSs in the OTC equity market. Therefore, market participants and investors have access to trading data on block trades in only one segment of the market. In the sample period from January 2018 through December 2018, non-ATS OTC block trading volume for the 10,000 share threshold constituted, on average, 39.4% of the monthly share volume in the aggregate non-ATS OTC volume. For the same sample period, non-ATS OTC block trading volume for the $200,000 threshold constituted, on average, 37.7% of the monthly share volume in the aggregate non-ATS OTC volume. This represents a higher percentage compared to the share of ATS block trading in the aggregate ATS volume during the same period. From January 2018 through December 2018, ATS block trading volume for the 10,000-share threshold constituted, on average, 11.9% of the monthly share volume in the aggregate ATS OTC volume. For the same sample period, ATS OTC block trading volume for the $200,000 threshold constituted, on average, 13.5% of the monthly share volume in the aggregate ATS OTC volume.

FINRA also currently publishes weekly non-ATS OTC volume information by firm and by security on a two-week (Tier 1 NMS stocks) and four-week (Tier 2 NMS stocks and OTC Equity Securities) delayed basis, as well as aggregate non-ATS volume by firm for all NMS stocks and OTC Equity Securities for each calendar month on a one-month delayed basis. FINRA combines and publishes volume data for firms executing fewer than, on average, 200 non-ATS transactions per day during the reporting period, on an aggregate non-attributed basis under ''*De Minimis* Firms.''

Economic Impacts

The proposal described above would not impose any additional requirements on firms because the non-ATS OTC block trade data will be derived solely from trade reports already submitted to the FINRA equity trade reporting facilities and disseminated trade-by-trade on an anonymous basis through the securities information processors. In addition, because the data is available free of charge, FINRA does not believe

[19] FINRA notes that some firms and commenters suggested that FINRA should also eliminate the *de minimis* exception for security-by-security non-ATS volume data. FINRA continues to assess whether further enhancements to its published volume data may be warranted but is not at this time proposing to eliminate the *de minimis* exception for the security-by-security non-ATS volume data that it publishes on its website.

[20] 15 U.S.C. 78*o*–3(b)(6).

that there would be any direct costs associated with the proposal—to firms, investors or data consumers.

At the same time, the proposal is anticipated to help market participants better understand the overall OTC trading of equities, by providing information that could be utilized in assessing where liquidity is concentrated and how order routing strategies could be improved. Based on a review of trading data in the sample period, there would be 236 firms, on average, represented in the monthly non-ATS block-size data, compared to 32 ATSs during the same sample period. Hence, the proposal would provide additional transparency into OTC trading activity by expanding the availability of information about OTC block-size trading to non-ATS volume at no required cost to firms.

FINRA evaluated the impact of removing the *de minimis* exception for publication of aggregated non-ATS OTC volume. During the sample period,[21] there were, on average, 37, 33 and 23 firms in the weekly volume reports for Tier 1 NMS, Tier 2 NMS and OTC Equity Securities, respectively. By removing the *de minimis* exception, the number of additional firms that would have their aggregate non-ATS volume published would be 111, 144, and 101, respectively, for the categories of securities described above. Their average weekly share volume represented 8.43%, 7.99% and 0.90% of the aggregate non-ATS OTC volume in the sample period. Hence, FINRA believes that expanding transparency to all segments of the OTC equity market would bridge gaps in information published across ATS versus non-ATS segments of the OTC equity market and removing the *de minimis* exception would provide a more complete picture of OTC trading activity, thereby reducing any competitive distortions that may be associated with such information gaps.

FINRA also considered information leakage concerns, *i.e.,* whether a firm's proprietary trading strategy could be discerned from the published data. FINRA believes that the proposed data dissemination structure mitigates such information leakage concerns, by limiting the granularity of the data at the firm level only, with no accompanying security level data. In addition, FINRA believes that the delay in publication is a well-calibrated effort to reduce information leakage. FINRA's previous experience with the publication of ATS OTC trading volume provides support that the proposed dissemination is expected to benefit market participants by providing access to meaningful information on non-ATS trading activity.

FINRA also notes that there may be differences in non-ATS block-size trading and ATS block-size trading, *e.g.,* the total number of shares traded in non-ATS block-size trades of 10,000 or more shares tends to be a significantly higher percentage of the overall non-ATS OTC activity as compared to ATS block activity. Nonetheless, such differences are not expected to produce any information that could be used as a part of a trading strategy due to the reasons explained in the above paragraph.

Other Proposals Considered

FINRA notes that *Regulatory Notice* 18–28 also solicited comment on a proposal to separately identify firms' volume of trading on a single dealer platform (''SDP''). FINRA continues to consider comments provided in response to *Regulatory Notice* 18–28 but is not proposing at this time to require identification of SDP trading volume.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The proposed rule change was published for comment in *Regulatory Notice* 18–28 (September 2018). Four comments were received in response to the *Regulatory Notice.*[22] The comments are summarized below.[23]

Citadel generally supported efforts to increase market transparency that benefit end investors, but did not specifically comment on the two aspects of the proposed rule change that FINRA is proposing at this time.[24]

Virtu and Global OTC specifically supported the proposal to publish new non-ATS block-size data for NMS stocks.[25] Virtu noted its belief that any concerns about information leakage with respect to non-ATS block-size data are alleviated by the one-month publication delay and the fact that disclosure would not be made on a security-by-security basis or differentiate between Tier 1 NMS stocks and Tier 2 NMS stocks.[26]

Global OTC suggested that the proposal go further by including all OTC Equity Securities in published monthly aggregate non-ATS block-size trading data, noting its belief that the public interest of including all OTC Equity Securities outweighs the difficulty that may arise in determining block thresholds that would be appropriate across all OTC Equity Securities.[27] As noted above, FINRA is not proposing at this time to publish non-ATS block-size data for trading in OTC Equity Securities, but will continue to assess whether block-size trading data should be expanded in the future.

FIF stated that the rationale for publication of non-ATS block-size data does not bear a valid relationship to the costs and risks associated with the proposal.[28] However, FIF did not identify any specific costs or risks associated with the proposed publication of non-ATS block-size data. FINRA notes that the newly published information would be derived directly from data already reported to FINRA's equity reporting facilities and that firms would have no new reporting obligations as a result of the proposed rule change. Based on consultations with firms and industry advisory committees, FINRA believes that the proposal to publish non-ATS block-size data will provide additional transparency into non-ATS activity and enhance market participants' and investors' understanding of the OTC market.

Global OTC generally supported additional transparency into OTC trading activity and expanding the availability of information about OTC trading, but did not specifically address the proposed elimination of the *de minimis* exception for publication of aggregate non-ATS volume data.[29] Virtu disagreed with the proposed elimination of the *de minimis* exception because it is concerned that the ''next 'logical' step'' would be to require the publication of transaction data on a

[21] The sample period included weekly data from January 1, 2018 through December 30, 2018.

[22] *See* Letter from Christopher Bok, Esq., Financial Information Forum to Marcia E. Asquith, Corporate Secretary, FINRA, dated November 9, 2018 (''FIF Letter''); letter from Stephen John Berger, Managing Director, Government & Regulatory Policy, Citadel Securities to Marcia E. Asquith, Corporate Secretary, FINRA, dated November 12, 2018 (''Citadel Letter''); letter from Thomas M. Merritt, Deputy General Counsel, Virtu Financial, Inc. to Marcia E. Asquith, Corporate Secretary, FINRA, dated November 14, 2018 (''Virtu Letter''); and letter from Bob Hill, Global OTC to Marcia E. Asquith, Corporate Secretary, FINRA, dated November 16, 2018 (''Global OTC Letter'').

[23] As noted above, *Regulatory Notice* 18–28 also solicited comment on other possible enhancements to the OTC equity trading volume data published on FINRA's website, including a proposal to separately identify firms' volume of trading on an SDP. FINRA is not proposing at this time to require identification of SDP trading volume. The discussion above is therefore limited to comments relevant to the proposed rule change.

[24] *See* Citadel Letter.

[25] *See* Virtu Letter; Global OTC Letter.

[26] *See* Virtu Letter.

[27] *See* Global OTC Letter.

[28] *See* FIF Letter.

[29] *See* Global OTC Letter.

security-by-security basis.[30] While Virtu believes that eliminating the *de minimis* exception for security-by-security volume data could expose firms to principal risk,[31] Virtu did not express any specific concerns regarding the proposal to eliminate the *de minimis* exception for aggregate, rather than security-by-security, data. As noted above, FINRA is not proposing to eliminate the *de minimis* exception for purposes of security-specific non-ATS volume data.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–FINRA–2019–019 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to File Number SR–FINRA–2019–019. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–FINRA–2019–019, and should be submitted on or before August 1, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[32]

J. Lynn Taylor,

Assistant Secretary.

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BILLING CODE 8011–01–P

[30] *See* Virtu Letter.

[31] *See* Virtu Letter.

[32] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–86314; File No. SR–NASDAQ–2019–009]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing of Amendment No. 3 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 3, To Revise the Exchange's Initial Listing Standards Related to Liquidity

July 5, 2019.

I. Introduction

On March 21, 2019, The Nasdaq Stock Market LLC (''Nasdaq'' or the ''Exchange'') 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 revise the Exchange's initial listing standards related to liquidity. The proposed rule change was published for comment in the **Federal Register** on April 9, 2019.[3] On May 24, 2019, pursuant to Section 19(b)(2) of the Act,[4] the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to approve or disapprove the proposed rule change.[5] On June 12, 2019, the Exchange filed Amendment No. 1 to the proposed rule change. On June 13, 2019, the Exchange withdrew Amendment No. 1 and filed Amendment No. 2 to the proposed rule change. On July 1, the Exchange withdrew Amendment No. 2 and filed Amendment No. 3 to the proposed rule change, which replaced and superseded the proposed rule change as originally filed.[6] The Commission received one comment on the proposed rule change.[7] The Commission is publishing this notice to solicit comments on the proposed rule change, as modified by Amendment No. 3, from interested persons and is approving the proposed rule change, as modified by Amendment No. 3, on an accelerated basis.

II. Exchange's Description of the Proposal, as Modified by Amendment No. 3

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Nasdaq is filing this amendment to SR–NASDAQ–2019–009,[8] which was

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 85503 (April 3, 2019), 84 FR 14172 (April 9, 2019) (''Notice'').

[4] 15 U.S.C. 78s(b)(2).

[5] *See* Securities Exchange Act Release No. 85933, 84 FR 25329 (May 31, 2019). The Commission designated July 8, 2019, as the date by which the Commission shall approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to approve or disapprove the proposed rule change.

[6] Amendment No. 3 is available at: *https://www.sec.gov/comments/sr-nasdaq-2019-009/srnasdaq2019009-5751370-186792.pdf.*

[7] *See* Letter from Carol Anne Huff, Kirkland & Ellis LLP, to Eduardo A. Aleman, Deputy Secretary, Commission, dated June 5, 2019 (''Kirkland Letter''). The commenter stated that it believes the Exchange's proposed exclusion of ''restricted securities'' from the calculation of round lot holders and public float will provide for a more accurate measure of liquidity, but advocated for a reasonable grace period for former special purpose acquisition vehicles (''SPACs''), after their business combination, to demonstrate compliance with round lot holder and public float requirements, irrespective of the structure of the business combination.

[8] Securities Exchange Act Release No. 85503 (April 3, 2019), 84 FR 14172 (April 9, 2019) (the ''Initial Proposal'').