



FIF ORF Migration Working Group Implementation Tracking Document Work In Progress

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1 Background

FIF has identified the following implementation activities that will be required as part of migrating to the new ORF platform. FINRA has provided feedback on the activities identified.

Activities FIF Identified to Support ORF Migration	FINRA Response (March 27, 2013)
Establish and maintain new ports to support a connection to the new platform.	This will be required for FIX although firms with CTCL connections for TRACE reporting may be able to leverage those connections if there is additional bandwidth available.
Perform a gap analysis between the new and current specifications.	FINRA does not think it will be practical or valuable to do the gap analysis for the industry but they will provide insights where they can and plan to offer extensive UAT. They did not perform a gap analysis when migrating TRACE to this platform. Questions can be directed to FINRA Product Management at finraproductmanagement@finra.org (866) 899-2107.
Code to new specifications. For some firms, there may be a need to support both CTCL and FIX.	Dependent on firm's configuration. FINRA will support both CTCL and FIX.
Establish new logic to bifurcate OTC and NMS security trade reporting.	This will be required but the ORF migration has been talked about for a long time. This is not new news.
Ensure that current comparison and clearing functionality is supported on the new platform.	No changes will be made to comparison and clearing functionality offered. FINRA is not aware of anything changing
Determine impact to compliance workflows relying on Equity Trade Journal and Super Cap and remediate policies and procedures appropriately.	The new ORF platform will not provide any risk management functionality but an OTC Equity Trade Journal will be available.
Train traders to work with new ORF interfaces	FINRA will provide user manuals, FAQs, testing. There may be some familiarity with the TRACE web interface. FINRA will offer training and webcasts but do not think the new interfaces are particularly difficult.
Establish procedures for updating trade reporting when a security moves from the OTC to NMS.	FINRA provides a daily list. Trades will stay on the system that the original trade was reported. Cancels and reversals will be done on the system that the trade was originally reported (based on execution date).
Ongoing support of similar functionality for OTC and NMS securities across two platforms will impact operations and trading staff.	FINRA does not believe this is any different from supporting multiple TRFs

2 Responses to April 11, 2013 Questions

1. Will FINRA demo the ORF Platform for the FIF ORF Migration Working Group?

Yes.

2. Will FINRA provide the layout and a sample OTC Equity Trade Journal Report?

ETJ is embedded in many firms compliance and surveillance processes. In order to determine the impact on those processes, analysis of the new OTC Equity Trade Journal and layout will be critical to determine implementation time and resources required. To the greatest extent possible, FINRA should look to replicate the existing ETJ.

FINRA will publish specifications for their OTC Equity Trade Journal.

3. Will FINRA consider a migration period to allow firms sufficient time and flexibility to migrate to the new platform?

FINA will not consider a migration period. They are unable to support two different systems reporting to the tape simultaneously.

4. If the new ORF platform offers no risk management tools, how will those functions be supported?

Firms today rely on the risk management tools, specifically Super Cap and Blockbuster Trades. These are important risk management tools that should not be discontinued as a result of the ORF migration. FINRA will not be offering a solution.

5. What will be the fee schedule associated with all aspects of the new ORF platform including port charges, transaction fees, report fees, etc.?

There will be no changes to fees except that there will be a flat fee charge for a FINRA web-based workstation. FINRA does not expect those fees to be significant.

6. Firms have automated the process of managing step-outs and rely on bulk upload functionality? Will the new platform offer similar functionality?

Yes.

7. Will FINRA create a GUI similar to NSCC to facilitate the repapering of accounts?

No.

3 Alternatives to Current Approach

8. Given the significant effort involved in performing the above tasks, has FINRA explored alternate means of achieving their goal of being on a new platform for OTC securities?

FINRA sees this as a natural progression to newer technology that started on fixed income and moving to equities. They believe they need to rationalize their technology infrastructure.

- 9. Are there ways to make this migration seamless from the broker dealer perspective? For example, could the front end reporting mechanism remain the same while the back-end platform migrates?**
FINRA will not provide a solution of this type.

- 10. Was a cost-benefit analysis (CBA) performed as part of the determination to move to a new platform?**
This is not a regulatory change. It is an infrastructure change. FINRA does not think CBA is relevant. They feel the ORF migration is necessary to accomplish transparency goals. FINRA believes that it is not sustainable to operate on multiple technology platforms and believes that consolidating on one platform will be better.

- 11. Is there a regulatory requirement to move to a new platform?**
No, this is an infrastructure change. The purpose of the migration is to improve performance, migrate to a scalable technology that is working for fixed income, improve their control and normalize the audit trail of all products reported to FINRA.

- 12. Does FINRA have plans to also migrate trade reporting for NMS securities in the long term so that all trade reporting will be on the same platform and same message format? If so, have different paths to achieve that goal been considered?**
At some point the ADF will move to this platform. To the extent that an ADF participant trades NMS securities, those will be reported on the new platform. (There are no ADF participants currently.)
FINRA does not expect any imminent changes to the current TRF reporting structure.

4 Understanding New ORF Platform

- 13. Rather than each firm performing a gap analysis between the current and new specifications, will FINRA perform this gap analysis?**

No. FINRA does not think it will be practical or valuable to do the gap analysis for the industry but they will provide insights where they can and plan to offer extensive UAT. They did not perform a gap analysis when migrating TRACE to this platform. Questions can be directed to FINRA Product Management at finraproductmanagement@finra.org (866) 899-2107.

- 14. What will FINRA offer to replace the Equity Trade Journal which currently includes both OTC and NMS securities and is used for responding to regulatory inquiries? (UPDATED, 4/3/2013)**

FINRA will provide an OTC Equity Trade Journal. It will not be identical to the current Equity Trade Journal for NMS Securities.

- 15. What compliance tools will the new ORF platform provide? How will they integrate with NMS security compliance tools?**

FINRA will continue to provide report cards – OTC and NMS equity report cards. FINRA is not planning on offering any other compliance tools.

- 16. After the reporting moves to the new platform, what will be the mechanism to correct trades which were reported to the old platform? Given that corrections are allowed for up to one year, this will be an issue for some time. (UPDATED, 4/3/2013)**

Corrections will be done on the new platform once it is launched. All ORF security correction will be done on the ORF system. In the case of NMS securities that become OTC equities, corrections on trades done when the security was an NMS security will be done on the TRF.

Corrections on the new platform will be accepted four days after trade date (unlike current platform which only accepts same day corrections). Note: there is a new [Trade Reporting Notice](#) on reversals.

17. How will the new platform support comparison?

The new platform will do comparison, clearing, step-outs in the same way as is done today.

18. How will the new platform support clearing including step-outs?

Same as today.

19. Will new Attachment #2s be required as part of the ORF migration?

- QSRs need to be in place with DTCC. If already in place, may not need new paperwork but may be asked to verify that QSRs are current.
- Will also need FINRA Uniform Services Agreement (Uniform Service Bureau/Executing Broker Agreement) – which may already be on file for TRF **but will need to be updated to support ORF.**
- FINRA will not grandfather any Nasdaq AGU or NYSE AGU-equivalent. If you only have a NASDAQ AGU – you would need both a QSR and a USA.

20. Are there any other differences between the current and new platform that will impact the implementation effort associated with ORF migration?

FINRA believes that firms may have different implementations which could impact their implementation effort but that these differences would be specific to a firm's implementation of the current platform.

21. How will trades be handled on the day of migration? (NEW, Added 4/3/2013)

On the last day of reporting to the legacy system, firms will either have to accept or decline trades and everything outstanding will be auto-locked until the migration is complete.

5 Implementation Timing

22. Given the many regulatory initiatives proposed and approved for 2013, will FINRA consider moving this initiative to 2014 to allow firms to budget for this project? Relevant regulatory initiatives include Limit Up-Limit Down, Large Trader, and 10 Second Trade Reporting. (UPDATED, April 11, 2013)

FINRA has moved the August 5, 2013 implementation date to early 2014. [See April 11, 2013 Notice](#). They understand industry concerns but want to implement these changes as soon as possible in 2014. The industry should move forward with implementation efforts and continue to raise specific concerns to FINRA since they do not anticipate additional delays.