Revisions to FINRA Rule 5210 to Address Self-Trades

On August 25, 2014, firms must enact policies and procedures to address self-trading from algorithms and trading desks, in accordance with new supplementary material to FINRA Rule 5210. In particular, the firm must reasonably design policies and procedures that pertain to a single algorithm or trade desk (or related algorithms or trading desks), which review and prevent a pattern or practice of unintentional orders that result in no change in the security's beneficial owner.

The revisions to Rule 5210 result from heightened concerns that this trade activity may not reflect genuine trade interests. Particularly, these unintentional orders were problematic when they accounted for a material percentage of a security's trading volume.

In contrast, self-trades from unrelated algorithms or separate trading desks within a firm will generally be considered bona fide transactions, under Rule 5210 and its supplementary materials.

[Click here](#) to read the entire release.