

Proposed Rule Change by Financial Industry Regulatory Authority  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial <input checked="" type="checkbox"/>	Amendment <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) <input checked="" type="checkbox"/>	Section 19(b)(3)(A) <input type="checkbox"/>	Section 19(b)(3)(B) <input type="checkbox"/>
			Rule		
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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**Description**  
Provide a brief description of the proposed rule change (limit 250 characters).

Proposed rule change to amend the definition of office of supervisory jurisdiction ("OSJ") in NASD Rule 3010(g)(1) to exempt locations that solely conduct final approval of research reports.

**Contact Information**  
Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.


First Name	<input type="text" value="Patrice"/>	Last Name	<input type="text" value="Gliniecki"/>
Title	<input type="text" value="Senior Vice President and Deputy General Counsel"/>		
E-mail	<input type="text" value="patrice.gliniecki@finra.org"/>		
Telephone	<input type="text" value="(202) 728-8014"/>	Fax	<input type="text" value="(202) 728-8264"/>

**Signature**  
Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date	<input type="text" value="08/30/2007"/>
By	<input type="text" value="Marc Menchel"/>
	(Name)
	<input type="text" value="Executive Vice President and General Counsel"/>
	(Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.



SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

**Form 19b-4 Information**

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change**

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

**1. Text of Proposed Rule Change**

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> Financial Industry Regulatory Authority, Inc. (“FINRA”) (f/k/a National Association of Securities Dealers, Inc. or “NASD”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend the definition of office of supervisory jurisdiction (“OSJ”) in NASD Rule 3010(g)(1) to exempt locations that solely conduct final approval of research reports. Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.

\* \* \* \* \*

**3010. Supervision**

**(g) Definitions**

(1) "Office of Supervisory Jurisdiction" means any office of a member at which any one or more of the following functions take place:

- (A) order execution and/or market making;
- (B) structuring of public offerings or private placements;
- (C) maintaining custody of customers' funds and/or securities;
- (D) final acceptance (approval) of new accounts on behalf of the member;
- (E) review and endorsement of customer orders, pursuant to paragraph (d) above;
- (F) final approval of advertising or sales literature for use by persons associated with the member, pursuant to Rule 2210(b)(1), except for an office that solely conducts final approval of research reports; or

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

(G) responsibility for supervising the activities of persons associated with the member at one or more other branch offices of the member.

\* \* \* \* \*

(b) Not applicable.

(c) Not applicable.

**2. Procedures of the Self-Regulatory Organization**

The proposed rule change has been approved by the General Counsel of FINRA (or his officer designee) pursuant to delegated authority. No other action by FINRA is necessary for the filing of the proposed rule change.

FINRA will announce the effective date of the proposed rule change in a Regulatory Notice to be published no later than 60 days following Commission approval. The effective date will be the date of publication of the Regulatory Notice announcing Commission approval.

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

(a) Purpose

NASD Rule 3010(g)(1) defines the term "Office of Supervisory Jurisdiction" ("OSJ") to mean any office of a member at which any one or more of the following functions take place: (a) order execution and/or market making; (b) structuring of public offerings or private placements; (c) maintaining custody of customers' funds and/or securities; (d) final acceptance (approval) of new accounts on behalf of the member; (e) review and endorsement of customer orders, pursuant to paragraph (d) above; (f) final approval of advertising or sales literature for use by persons associated with the member,

pursuant to NASD Rule 2210(b)(1); or (g) responsibility for supervising the activities of persons associated with the member at one or more other branch offices of the member.

In July 2006, amendments to the branch office definition under NASD Rule 3010(g)(2) went into effect (“Uniform Branch Office Definition”).<sup>2</sup> The Uniform Branch Office Definition was developed collectively by FINRA (then known as NASD), the New York Stock Exchange (“NYSE”)<sup>3</sup> and the North American Securities Administrators Association (“NASAA”) to establish a broad national standard. In conjunction with the new Uniform Branch Office Definition, a new Form BR was introduced to provide a more efficient, standardized method for members to register branch office locations.

While FINRA (then NASD) and the NYSE (the “SROs”) sought to adopt consistent interpretations of the new Uniform Branch Office Definition, there are different classifications of a location where final approval by a principal of research reports occurs. Under NASD rules, final review of advertising or sales literature (which includes research reports) makes a location an OSJ, and therefore a branch office. The NYSE rules, however, do not include an OSJ definition, and NYSE stated in Information Memo 06-13 that it deems a location where a member stations a Series 16 qualified supervisory analyst solely to review research reports as a “non-sales location,” which is

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<sup>2</sup> See Securities Exchange Act Release No. 52403 (September 9, 2005); 70 FR 54782 (September 16, 2005); File No. SR-NASD-2003-104 (Order Granting Approval of Proposed Rule Change Relating to Proposed Uniform Branch Office Definition).

<sup>3</sup> See NYSE Rule 342 (Offices – Approval, Supervision and Control), which contains the Uniform Branch Office Definition.

an express exclusion from the Uniform Branch Office Definition.<sup>4</sup> Because of the definition of OSJ set forth in NASD Rule 3010(g)(1), FINRA cannot classify such locations as “non-sales locations” under NASD rules.<sup>5</sup>

This inconsistency led an NYSE/NASD rule harmonization industry committee to recommend that FINRA consider eliminating the OSJ definition to prevent such locations from being treated differently under NASD and NYSE rules. As a result, FINRA published Notice to Members 07-12 in February 2007 seeking comment on a rule harmonization proposal to eliminate the definition of OSJ from the NASD manual. In its place, FINRA proposed to adopt express definitions for the terms “supervisory branch office,” “limited supervisory branch office,” “non-supervisory branch office,” and “non-branch location.”<sup>6</sup>

FINRA received 20 comment letters on Notice to Members 07-12. All commenters generally favored consolidation efforts that foster rule simplification and efforts to harmonize the application of the Uniform Branch Office Definition. However, of the 20 comment letters received, two supported the specific proposal to eliminate the

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<sup>4</sup> See NYSE Information Memo 06-13 (March 22, 2006) (Joint Interpretive Guidance from NYSE and NASD Relating to the Uniform Branch Office Definition, Question and Answer #5).

<sup>5</sup> The FINRA rulebook currently consists of both NASD rules and certain NYSE rules that FINRA has incorporated, including NYSE Rule 342 (Offices – Approval, Supervision and Control). The incorporated NYSE rules apply solely to members of FINRA that are also members of NYSE on or after July 30, 2007, referred to as “Dual Members.” Dual Members also must comply with NASD rules.

<sup>6</sup> FINRA also sought comment in Notice to Members 07-12 on a proposal to amend NASD Rule 2711 to define the term “initial public offering” consistent with the definition of such term in NYSE Rule 472.

definition of OSJ definition, and 18 generally were opposed to the proposal or requested additional exclusions from the Uniform Branch Office Definition.

One commenter supporting the proposed amendments to NASD Rule 3010(g) stated that it viewed the proposed amendments as a critical step in reducing regulatory inefficiency and unnecessary cost burdens to member firms. Moreover, the commenter stated that the proposed OSJ amendments were necessary to realize fully the underlying objectives of the Uniform Branch Office Definition. A second commenter supporting the proposal noted that locations where final approval of research reports occurs did not require the level of oversight of an OSJ.

Those commenters opposing the OSJ proposal raised several key concerns: (1) commenters were concerned that firms had devoted substantial resources and time in reclassifying locations and registering branch offices pursuant to the adoption of the Uniform Branch Office Definition and that subsequent reclassifications would be unduly burdensome; (2) commenters noted that the proposal would cause widespread and significant changes to the supervisory systems of firms by requiring new forms, training, updating of procedure manuals and other materials, etc.; (3) commenters, including NASAA, recommended that the two conflicting provisions of the NASD and NYSE rules be harmonized in a less cumbersome manner by amending the OSJ definition to exclude locations where final review of research reports occurs; and (4) commenters were concerned about inconsistency with the states that follow NASD's OSJ terminology. Some commenters also urged FINRA to consider additional exclusions from the Uniform Branch Office Definition, for example, for personal residences of certain mutual fund

distributors that also are used to supervise the activities of wholesalers (associated persons) at another location.

After reviewing the commenters' concerns, FINRA has determined not to move forward with the broad proposal to eliminate the definition of OSJ and adopt new classifications for office locations. Instead, consistent with many commenters' recommendation, FINRA is proposing a more streamlined proposal to amend the definition of OSJ in the NASD rules to exclude locations that solely conduct final approval of research reports, thereby enabling FINRA to deem such locations to be "non-sales locations." FINRA believes that the limited nature of such activity does not necessitate supervision of such a location as an OSJ, and that the revised proposal will further accomplish the goals of harmonization while minimizing the potential burdens on firms.

FINRA will announce the effective date of the proposed rule change in a Regulatory Notice to be published no later than 60 days following Commission approval. The effective date will be the date of publication of the Regulatory Notice announcing Commission approval.

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>7</sup> 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

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<sup>7</sup> 15 U.S.C. 78o-3(b)(6).



interest. FINRA believes that the proposed rule change is consistent with the provisions of the Act noted above in that it will exempt locations that solely conduct final approval of research reports from being designated as OSJs because the limited nature of such activity does not necessitate supervision as an OSJ. Moreover, this would harmonize the designation of such locations under NASD rules with NYSE rules, which permit such locations to be deemed “non-sales locations” under the Uniform Branch Office Definition.

**4. 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.<sup>8</sup>

**5. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others**

As discussed in Item 3 above, a broader version of the proposed rule change was published for comment in Notice to Members 07-12 (February 2007). Twenty comment letters were received in response to the Notice to Members. A copy of the Notice to Members is attached as Exhibit 2a. Copies of the comment letters received in response to the Notice to Members are attached as Exhibit 2c.

**6. Extension of Time Period for Commission Action**

Not applicable.

**7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)**

Not applicable.

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<sup>8</sup> 15 U.S.C. 78a.

**8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission**

In October 2005, the NYSE published Information Memo 05-74, which stated that it deems a location where a member stations a Series 16 qualified supervisory analyst solely to review research reports as a “non-sales location” and therefore exempt from registration as a branch office.<sup>9</sup> The proposed rule change seeks to harmonize FINRA’s interpretation of the branch office definition under NASD Rule 3010 with that under NYSE Rule 342 and to treat such locations in the same manner.

**9. Exhibits**

Exhibit 1. Completed notice of proposed rule change for publication in the Federal Register.

Exhibit 2(a). Notice to Members 07-12 (February 2007).

Exhibit 2(b). List of Comment Letters Received in Response to Notice to Members 07-12 (February 2007).

Exhibit 2(c). Comment Letters.

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<sup>9</sup> See also NYSE Information Memo 06-13 (March 22, 2006) (Joint Interpretive Guidance from NYSE and NASD Relating to the Uniform Branch Office Definition, Question and Answer #5).

**EXHIBIT 1**

**SECURITIES AND EXCHANGE COMMISSION**

(Release No. 34- ; File No. SR-FINRA-2007-008)

Self-Regulatory Organizations: Financial Industry Regulatory Authority, Inc.; Notice of Filing of Proposed Rule Change Relating to Amending the Definition of Office of Supervisory Jurisdiction (“OSJ”) in NASD Rule 3010(g)(1) to Exempt Locations that Solely Conduct Final Approval of Research Reports

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on , Financial Industry Regulatory Authority, Inc. (“FINRA”) (f/k/a National Association of Securities Dealers, Inc. (“NASD”)) 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 the definition of office of supervisory jurisdiction (“OSJ”) in NASD Rule 3010(g)(1) to exempt locations that solely conduct final approval of research reports. Proposed new language is in italics; proposed deletions are in brackets.

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**3010. Supervision**

**(g) Definitions**

(1) “Office of Supervisory Jurisdiction” means any office of a member at which any one or more of the following functions take place:

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

- (A) order execution and/or market making;
- (B) structuring of public offerings or private placements;
- (C) maintaining custody of customers' funds and/or securities;
- (D) final acceptance (approval) of new accounts on behalf of the member;
- (E) review and endorsement of customer orders, pursuant to paragraph (d) above;
- (F) final approval of advertising or sales literature for use by persons associated with the member, pursuant to Rule 2210(b)(1), except for an office that solely conducts final approval of research reports; or
- (G) responsibility for supervising the activities of persons associated with the member at one or more other branch offices of the member.

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## **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 Statutory Basis for, the Proposed Rule Change**

#### 1. Purpose

NASD Rule 3010(g)(1) defines the term "Office of Supervisory Jurisdiction" ("OSJ") to mean any office of a member at which any one or more of the following functions take place: (a) order execution and/or market making; (b) structuring of public offerings or private placements; (c) maintaining custody of customers' funds and/or

securities; (d) final acceptance (approval) of new accounts on behalf of the member; (e) review and endorsement of customer orders, pursuant to paragraph (d) above; (f) final approval of advertising or sales literature for use by persons associated with the member, pursuant to NASD Rule 2210(b)(1); or (g) responsibility for supervising the activities of persons associated with the member at one or more other branch offices of the member.

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While FINRA (then NASD) and the NYSE (the “SROs”) sought to adopt consistent interpretations of the new Uniform Branch Office Definition, there are different classifications of a location where final approval by a principal of research reports occurs. Under NASD rules, final review of advertising or sales literature (which includes research reports) makes a location an OSJ, and therefore a branch office. The NYSE rules, however, do not include an OSJ definition, and NYSE stated in Information Memo 06-13 that it deems a location where a member stations a Series 16 qualified

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<sup>3</sup> See Securities Exchange Act Release No. 52403 (September 9, 2005); 70 FR 54782 (September 16, 2005); File No. SR-NASD-2003-104 (Order Granting Approval of Proposed Rule Change Relating to Proposed Uniform Branch Office Definition).

<sup>4</sup> See NYSE Rule 342 (Offices – Approval, Supervision and Control), which contains the Uniform Branch Office Definition.

supervisory analyst solely to review research reports as a “non-sales location,” which is an express exclusion from the Uniform Branch Office Definition.<sup>5</sup> Because of the definition of OSJ set forth in NASD Rule 3010(g)(1), FINRA cannot classify such locations as “non-sales locations” under NASD rules.<sup>6</sup>

This inconsistency led an NYSE/NASD rule harmonization industry committee to recommend that FINRA consider eliminating the OSJ definition to prevent such locations from being treated differently under NASD and NYSE rules. As a result, FINRA published Notice to Members 07-12 in February 2007 seeking comment on a rule harmonization proposal to eliminate the definition of OSJ from the NASD manual. In its place, FINRA proposed to adopt express definitions for the terms “supervisory branch office,” “limited supervisory branch office,” “non-supervisory branch office,” and “non-branch location.”<sup>7</sup>

FINRA received 20 comment letters on Notice to Members 07-12. All commenters generally favored consolidation efforts that foster rule simplification and efforts to harmonize the application of the Uniform Branch Office Definition. However, of the 20 comment letters received, two supported the specific proposal to eliminate the

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<sup>5</sup> See NYSE Information Memo 06-13 (March 22, 2006) (Joint Interpretive Guidance from NYSE and NASD Relating to the Uniform Branch Office Definition, Question and Answer #5).

<sup>6</sup> The FINRA rulebook currently consists of both NASD rules and certain NYSE rules that FINRA has incorporated, including NYSE Rule 342 (Offices – Approval, Supervision and Control). The incorporated NYSE rules apply solely to members of FINRA that are also members of NYSE on or after July 30, 2007, referred to as “Dual Members.” Dual Members also must comply with NASD rules.

<sup>7</sup> FINRA also sought comment in Notice to Members 07-12 on a proposal to amend NASD Rule 2711 to define the term “initial public offering” consistent with the definition of such term in NYSE Rule 472.

definition of OSJ definition, and 18 generally were opposed to the proposal or requested additional exclusions from the Uniform Branch Office Definition.

One commenter supporting the proposed amendments to NASD Rule 3010(g) stated that it viewed the proposed amendments as a critical step in reducing regulatory inefficiency and unnecessary cost burdens to member firms. Moreover, the commenter stated that the proposed OSJ amendments were necessary to realize fully the underlying objectives of the Uniform Branch Office Definition. A second commenter supporting the proposal noted that locations where final approval of research reports occurs did not require the level of oversight of an OSJ.

Those commenters opposing the OSJ proposal raised several key concerns: (1) commenters were concerned that firms had devoted substantial resources and time in reclassifying locations and registering branch offices pursuant to the adoption of the Uniform Branch Office Definition and that subsequent reclassifications would be unduly burdensome; (2) commenters noted that the proposal would cause widespread and significant changes to the supervisory systems of firms by requiring new forms, training, updating of procedure manuals and other materials, etc.; (3) commenters, including NASAA, recommended that the two conflicting provisions of the NASD and NYSE rules be harmonized in a less cumbersome manner by amending the OSJ definition to exclude locations where final review of research reports occurs; and (4) commenters were concerned about inconsistency with the states that follow NASD's OSJ terminology. Some commenters also urged FINRA to consider additional exclusions from the Uniform Branch Office Definition, for example, for personal residences of certain mutual fund

distributors that also are used to supervise the activities of wholesalers (associated persons) at another location.

After reviewing the commenters' concerns, FINRA has determined not to move forward with the broad proposal to eliminate the definition of OSJ and adopt new classifications for office locations. Instead, consistent with many commenters' recommendation, FINRA is proposing a more streamlined proposal to amend the definition of OSJ in the NASD rules to exclude locations that solely conduct final approval of research reports, thereby enabling FINRA to deem such locations to be "non-sales locations." FINRA believes that the limited nature of such activity does not necessitate supervision of such a location as an OSJ, and that the revised proposal will further accomplish the goals of harmonization while minimizing the potential burdens on firms.

FINRA will announce the effective date of the proposed rule change in a Regulatory Notice to be published no later than 60 days following Commission approval. The effective date will be the date of publication of the Regulatory Notice announcing Commission approval.

## 2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>8</sup> 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 is consistent with the provisions

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<sup>8</sup> 15 U.S.C. 78o-3(b)(6).



of the Act noted above in that it will exempt locations that solely conduct final approval of research reports from being designated as OSJs because the limited nature of such activity does not necessitate supervision as an OSJ. Moreover, this would harmonize the designation of such locations under NASD rules with NYSE rules, which permit such locations to be deemed “non-sales locations” under the Uniform Branch Office Definition.

**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.<sup>9</sup>

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

As discussed in Item 3 above, a broader version of the proposed rule change was published for comment in Notice to Members 07-12 (February 2007). Twenty comment letters were received in response to the Notice to Members. A copy of the Notice to Members is attached as Exhibit 2a. Copies of the comment letters received in response to the Notice to Members are attached as Exhibit 2c.

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

Within 35 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:

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<sup>9</sup> 15 U.S.C. 78a.

(A) by order approve 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 changes are 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 e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2007-008 on the subject line.

##### Paper Comments:

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

All submissions should refer to File Number SR-FINRA-2007-008. This file number should be included on the subject line if e-mail 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 Web site (<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 inspection and copying in the Commission's Public Reference Room. 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; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FINRA-2007-008 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

Nancy M. Morris

Secretary

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<sup>10</sup> 17 CFR 200.30-3(a)(12).