

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 type="checkbox"/>	Section 19(b)(3)(A) <input checked="" 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 checked="" 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 NYSE Rule 409(f) to delete the requirement that certain confirmations and reports include the name of the securities market on which a transaction is effected.

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="Brant"/>	Last Name	<input type="text" value="Brown"/>
Title	<input type="text" value="Associate General Counsel"/>		
E-mail	<input type="text" value="brant.brown@finra.org"/>		
Telephone	<input type="text" value="(202) 728-6927"/>	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="12/21/2007"/>
By	<input type="text" value="Stephanie Dumont"/>
	(Name)
	<input type="text" value="Vice President and Associate 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”),¹ Financial Industry Regulatory Authority, Inc. (“FINRA”) (f/k/a National Association of Securities Dealers, Inc. (“NASD”)) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend New York Stock Exchange (“NYSE”) Rule 409(f) to delete the requirement that certain confirmations and reports include the name of the securities market on which a transaction is effected.

Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.

* * * * *

Rule 409. Statements of Accounts to Customers

(a) through (e) No change.

(f) Confirmation of all transactions (including those made “over-the-counter” and on other exchanges) in securities admitted to dealings on the Exchange, sent by members or member organizations to their customers, shall [indicate]clearly set forth with a suitable legend the settlement date of each transaction[and bear the name of the securities market on which the transaction was made]. This requirement also applies to confirmations or reports from an organization to a correspondent, but does not apply to reports made by floor brokers to the member organization from whom the orders were received.

¹ 15 U.S.C. 78s(b)(1).

[All confirmations shall contain a suitable legend clearly setting forth all required information.]

(g) No change.

* * * * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

At its meeting on December 4, 2007, the Board of Governors of FINRA authorized the filing of the rule change with the SEC. No other action by FINRA is necessary for the filing of the proposed rule change.

FINRA has filed the proposed rule change for immediate effectiveness. The implementation date will be January 1, 2008.

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

(a) Purpose

NYSE Rule 409(f) requires that confirmations of all transactions (including those made over-the-counter and on other exchanges) in securities admitted to dealings on the NYSE, sent by FINRA members that are also members of NYSE ("Dual Members") to their customers, indicate the settlement date of the transaction and the name of the securities market on which the transaction was effected.² This requirement also applies

² FINRA incorporated NYSE Rule 409(f) into its interim rulebook; however, the incorporated NYSE rules, including NYSE Rule 409(f), apply solely to Dual Members. See Securities Exchange Act Release No. 56147 (July 26, 2007), 72 FR 42166 (August 1, 2007) (Notice of Filing and Order Granting Accelerated Approval of SR-NASD-2007-054).

to confirmations or reports from an organization to a correspondent, but does not apply to reports made by floor brokers to the member organization from which the orders were received.

Following the SEC's adoption of Regulation NMS, an increasing number of orders, or portions of orders, routed to a given market for execution are rerouted to other markets that, at that time, display a better quotation. This process, which often is necessary due to the requirements of the Order Protection Rule under Regulation NMS, may lead to relatively small orders receiving executions in multiple market centers.³ This has created an operational challenge for Dual Members to capture the name of the market of execution on a timely basis for inclusion on the transaction confirmation as required by NYSE Rule 409(f). As a result of this challenge, on March 20, 2007, NYSE granted its member organizations temporary relief from the requirement that confirmations and correspondent reports include the securities market on which the transaction was effected.⁴ The temporary relief, which expired on September 30, 2007, was extended by FINRA and by NYSE until January 1, 2008.⁵ In extending the relief, both FINRA and NYSE stated that they would continue to reassess the utility of NYSE Rule 409(f) in the current regulatory environment.

³ The Order Protection Rule requires trading centers, including broker-dealers that internally execute orders, to establish, maintain, and enforce written policies and procedures reasonably designed to protect against "trade-throughs" of protected quotations in NMS stocks. See 17 CFR 242.611(a).

⁴ See NYSE Information Memo 07-28 (March 20, 2007).

⁵ See FINRA Regulatory Notice 07-35 (August 2007); NYSE Information Memo 07-84 (August 2, 2007).

Under the duty of best execution, Dual Members are required to exercise diligence to obtain the best price when routing customer trades for execution,⁶ and Regulation NMS imposes disclosure obligations on broker-dealers regarding the handling of customer orders.⁷ In this regard, NASD Rule 2320 requires every FINRA member to employ reasonable diligence in ascertaining best execution in the execution of a transaction. As stated in NASD Notice to Members 01-22, members generally may execute such diligence on either a trade-by-trade basis or through the regular and rigorous review of the execution quality of various market centers. FINRA has concluded that in light of these existing best execution and disclosure requirements, the usefulness of including on a confirmation or correspondent report the securities market on which a transaction was effected does not outweigh the operational difficulties of capturing the information following the adoption of Regulation NMS. Consequently, the proposed rule change would delete from NYSE Rule 409(f) the requirement that confirmations and correspondent reports include the securities market on which the transaction was effected. Dual Members would, however, still be required to indicate the

⁶ See, e.g., Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37537-38 (June 29, 2005) (discussing the duty of best execution in relation to Regulation NMS).

⁷ SEC Rule 606(b) requires a broker-dealer to disclose to its customer upon request “the identity of the venue to which the customer’s orders were routed for execution in the six months prior to the request, whether the orders were directed orders or non-directed orders, and the time of the transactions, if any, that resulted from such orders.” See 17 CFR 242.606(b). SEC Rule 607 requires a broker-dealer that acts as agent for a customer to disclose, in writing, upon opening a new account and on an annual basis thereafter, the firm’s policies regarding receipt of payment for order flow and the firm’s policies for determining where to route customer orders that are the subject of payment for order flow. See 17 CFR 242.607(a).

settlement date of each transaction on customer and correspondent confirmations and correspondent reports for all transactions (including those made over-the-counter and on other exchanges) in securities admitted to dealings on the NYSE.

As noted in Item 2 of this filing, FINRA has filed the proposed rule change for immediate effectiveness. The implementation date will be January 1, 2008.

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁸ 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 operational difficulties of including on a confirmation or correspondent report the securities market on which a transaction was effected outweigh the benefits of including the information in light of existing best execution and disclosure requirements.

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.

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

Written comments were neither solicited nor received.

⁸ 15 U.S.C. 78o-3(b)(6).

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)**

The proposed rule change is effective upon filing pursuant to Section 19(b)(3) of the Act⁹ and paragraph (f)(6) of Rule 19b-4 thereunder,¹⁰ in that the proposed rule change does not significantly affect the protection of investors or the public interest; does not impose any significant burden on competition; and does not become operative for 30 days after filing. FINRA requests that the Commission waive the requirement that the rule change, by its terms, not become operative for 30 days after the date of the filing as set forth in Rule 19b-4(f)(6)(iii)¹¹ because the temporary exemptive relief provided by FINRA and NYSE expires on January 1, 2008. In accordance with Rule 19b-4,¹² FINRA submitted written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing.

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

Not applicable.

⁹ 15 U.S.C. 78s(b)(3).

¹⁰ 17 CFR 240.19b-4(f)(6).

¹¹ 17 CFR 240.19b-4(f)(6)(iii).

¹² 17 CFR 240.19b-4.

9. Exhibits

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

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-FINRA-2007-037)

Self-Regulatory Organizations: Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Amendments to New York Stock Exchange Rule 409(f)

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 , 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. FINRA has designated the proposed rule change as constituting a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4 under the Act,³ which renders the proposal effective upon receipt of this filing by the Commission. 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 New York Stock Exchange (“NYSE”) Rule 409(f), to delete the requirement that certain confirmations and reports include the name of the securities market on which a transaction is effected. Below is the text of the proposed rule change. Proposed new language is in italics; proposed deletions are in brackets.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6).

* * * * *

Rule 409. Statements of Accounts to Customers

(a) through (e) No change.

(f) Confirmation of all transactions (including those made “over-the-counter” and on other exchanges) in securities admitted to dealings on the Exchange, sent by members or member organizations to their customers, shall [indicate]clearly set forth with a suitable legend the settlement date of each transaction[and bear the name of the securities market on which the transaction was made]. This requirement also applies to confirmations or reports from an organization to a correspondent, but does not apply to reports made by floor brokers to the member organization from whom the orders were received.

[All confirmations shall contain a suitable legend clearly setting forth all required information.]

(g) No change.

* * * * *

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

NYSE Rule 409(f) requires that confirmations of all transactions (including those made over-the-counter and on other exchanges) in securities admitted to dealings on the NYSE, sent by FINRA members that are also members of NYSE (“Dual Members”) to their customers, indicate the settlement date of the transaction and the name of the securities market on which the transaction was effected.⁴ This requirement also applies to confirmations or reports from an organization to a correspondent, but does not apply to reports made by floor brokers to the member organization from which the orders were received.

Following the SEC’s adoption of Regulation NMS, an increasing number of orders, or portions of orders, routed to a given market for execution are rerouted to other markets that, at that time, display a better quotation. This process, which often is necessary due to the requirements of the Order Protection Rule under Regulation NMS, may lead to relatively small orders receiving executions in multiple market centers.⁵ This has created an operational challenge for Dual Members to capture the name of the market of execution on a timely basis for inclusion on the transaction confirmation as required by

⁴ FINRA incorporated NYSE Rule 409(f) into its interim rulebook; however, the incorporated NYSE rules, including NYSE Rule 409(f), apply solely to Dual Members. See Securities Exchange Act Release No. 56147 (July 26, 2007), 72 FR 42166 (August 1, 2007) (Notice of Filing and Order Granting Accelerated Approval of SR-NASD-2007-054).

⁵ The Order Protection Rule requires trading centers, including broker-dealers that internally execute orders, to establish, maintain, and enforce written policies and procedures reasonably designed to protect against “trade-throughs” of protected quotations in NMS stocks. See 17 CFR 242.611(a).

NYSE Rule 409(f). As a result of this challenge, on March 20, 2007, NYSE granted its member organizations temporary relief from the requirement that confirmations and correspondent reports include the securities market on which the transaction was effected.⁶ The temporary relief, which expired on September 30, 2007, was extended by FINRA and by NYSE until January 1, 2008.⁷ In extending the relief, both FINRA and NYSE stated that they would continue to reassess the utility of NYSE Rule 409(f) in the current regulatory environment.

Under the duty of best execution, Dual Members are required to exercise diligence to obtain the best price when routing customer trades for execution,⁸ and Regulation NMS imposes disclosure obligations on broker-dealers regarding the handling of customer orders.⁹ In this regard, NASD Rule 2320 requires every FINRA member to employ reasonable diligence in ascertaining best execution in the execution of a transaction. As stated in NASD Notice to Members 01-22, members generally may

⁶ See NYSE Information Memo 07-28 (March 20, 2007).

⁷ See FINRA Regulatory Notice 07-35 (August 2007); NYSE Information Memo 07-84 (August 2, 2007).

⁸ See, e.g., Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37537-38 (June 29, 2005) (discussing the duty of best execution in relation to Regulation NMS).

⁹ SEC Rule 606(b) requires a broker-dealer to disclose to its customer upon request “the identity of the venue to which the customer’s orders were routed for execution in the six months prior to the request, whether the orders were directed orders or non-directed orders, and the time of the transactions, if any, that resulted from such orders.” See 17 CFR 242.606(b). SEC Rule 607 requires a broker-dealer that acts as agent for a customer to disclose, in writing, upon opening a new account and on an annual basis thereafter, the firm’s policies regarding receipt of payment for order flow and the firm’s policies for determining where to route customer orders that are the subject of payment for order flow. See 17 CFR 242.607(a).

execute such diligence on either a trade-by-trade basis or through the regular and rigorous review of the execution quality of various market centers. FINRA has concluded that in light of these existing best execution and disclosure requirements, the usefulness of including on a confirmation or correspondent report the securities market on which a transaction was effected does not outweigh the operational difficulties of capturing the information following the adoption of Regulation NMS. Consequently, the proposed rule change would delete from NYSE Rule 409(f) the requirement that confirmations and correspondent reports include the securities market on which the transaction was effected. Dual Members would, however, still be required to indicate the settlement date of each transaction on customer and correspondent confirmations and correspondent reports for all transactions (including those made over-the-counter and on other exchanges) in securities admitted to dealings on the NYSE.

FINRA has filed the proposed rule change for immediate effectiveness. The implementation date will be January 1, 2008.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,¹⁰ 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 operational difficulties of including on a confirmation or correspondent report the securities market on which a transaction was effected

¹⁰ 15 U.S.C. 78o-3(b)(6).

outweigh the benefits of including the information in light of existing best execution and disclosure requirements.

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.

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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹¹ and Rule 19b-4(f)(6) thereunder.¹²

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(6).

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 e-mail to rule-comments@sec.gov. Please include File Number SR-FINRA-2007-037 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-2007-037. 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-2007-037 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.¹³

Nancy M. Morris

Secretary

¹³ 17 CFR 200.30-3(a)(12).