

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

Initial <input type="checkbox"/>	Amendment <input checked="" 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"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action <input type="checkbox"/>		Date Expires <input type="text"/>	<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).

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="04/13/2009"/>
By	<input type="text" value="Stephanie Dumont"/> (Name)
	<input type="text" value="Senior Vice President and Director of Capital Markets Policy"/> (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

Add Remove View

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”) Amendment No. 1 to SR-FINRA-2007-024 to (1) amend NASD Rule 2320 to update members’ best execution obligations involving interpositioning and (2) amend NASD Rule 3110(b), NASD IM-2320, and FINRA Rule 6635 to reflect the redesignation of certain paragraphs in Rule 2320. Amendment No. 1 replaces and supersedes the original rule filing filed on November 27, 2007, in its entirety.

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

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NASD RULES

* * * * *

2000. BUSINESS CONDUCT

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2300. TRANSACTIONS WITH CUSTOMERS

* * * * *

¹ 15 U.S.C. 78s(b)(1).

2320. Best Execution and Interpositioning

(a)(1) In any transaction for or with a customer or a customer of another broker-dealer, a member and persons associated with a member shall use reasonable diligence to ascertain the best market for the subject security and buy or sell in such market so that the resultant price to the customer is as favorable as possible under prevailing market conditions. Among the factors that will be considered in determining whether a member has used “reasonable diligence” are:

(1) through (5) are redesignated as (A) through (E).

(2) In any transaction for or with a customer or a customer of another broker-dealer, no member or person associated with a member shall interject a third party between the member and the best market for the subject security in a manner inconsistent with paragraph (a)(1) of this Rule.

[(b) In any transaction for or with a customer, no member or person associated with a member shall interject a third party between the member and the best available market except in cases where the member can demonstrate that to his knowledge at the time of the transaction the total cost or proceeds of the transaction, as confirmed to the member acting for or with the customer, was better than the prevailing inter-dealer market for the security. A member’s obligations to his customer are generally not fulfilled when he channels transactions through another broker/dealer or some person in a similar position, unless he can show that by so doing he reduced the costs of the transactions to the customer.]

(c) through (g) are redesignated as (b) through (f).

IM-2320. Interpretive Guidance with Respect to Best Execution Requirements

Rule 2320(a) requires, among other things, that a member or person associated with a member comply with Rule 2320(a) when customer orders are routed to it from another broker/dealer for execution. This Interpretive Material addresses certain interpretive questions concerning the applicability of the best execution rule.

The term “market” has been in the text of Rule 2320 since its adoption, but it is an undefined term. For the purposes of Rule 2320, the term “market” or “markets” is to be construed broadly, and it encompasses a variety of different venues, including, but not limited to, market centers that are trading a particular security. This expansive interpretation is meant to both inform broker/dealers as to the breadth of the scope of venues that must be considered in the furtherance of their best execution obligations and to promote fair competition among broker/dealers, exchange markets, and markets other than exchange markets, as well as any other venue that may emerge, by not mandating that certain trading venues have less relevance than others in the course of determining a firm’s best execution obligations.

Rule 2320(a)(1)(D)[(4)] provides that one of the factors used to determine if a member has used reasonable diligence in exercising best execution is the “location and accessibility to the customer’s broker/dealer of primary markets and quotations sources.” In the context of the debt market, this means that, when quotations are available, NASD will consider the “accessibility of such quotations” when examining whether a member has used reasonable diligence. For purposes of debt securities, the term “quotation” refers to either dollar (or other currency) pricing or yield pricing. NASD notes, however, that accessibility is only one of the non-exhaustive reasonable diligence factors set out in

Rule 2320. In the absence of accessibility, members are not relieved from taking reasonable steps and employing their market expertise in achieving the best execution of customer orders.

Lastly, NASD is clarifying that a member's duty to provide best execution in any transaction "for or with a customer of another broker/dealer" does not apply in instances when another broker/dealer is simply executing a customer order against the member's quote. Stated in another manner, the duty to provide best execution to customer orders received from other broker/dealers arises only when an order is routed from the broker/dealer to the member for the purpose of order handling and execution. This clarification is intended to draw a distinction between those situations in which the member is acting solely as the buyer or seller in connection with orders presented by a broker/dealer against the member's quote, as opposed to those circumstances in which the member is accepting order flow from another broker/dealer for the purpose of facilitating the handling and execution of such orders.

* * * * *

**3000. RESPONSIBILITIES RELATING TO ASSOCIATED PERSONS,
EMPLOYEES, AND OTHERS' EMPLOYEES**

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3100. BOOKS AND RECORDS, AND FINANCIAL CONDITION

3110. Books and Records

(a) No change.

(b) Marking of Customer Order Tickets

A person associated with a member shall indicate on the memorandum for each transaction in a non-exchange-listed security, as that term is defined in the Rule 6600 Series, the name of each dealer contacted and the quotations received to determine the best inter-dealer market; however, the requirements of this [sub]paragraph shall not apply if the member can establish and has documented that:

(1) two or more priced quotations for the security are displayed in an inter-dealer quotation system, as defined in Rule 2320(f)[(g)], that permits quotation updates on a real-time basis for which NASD has access to historical quotation information; or

(2) the transaction is effected in compliance with Rule [2320(g)(3)(B)] 2320(f)(3)(B) or (C).

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FINRA RULES

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6600. QUOTATION AND TRANSACTION REPORTING FACILITIES

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6600. OTC REPORTING FACILITY

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6630. Reporting Transactions in PORTAL[®] Securities

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6635. FINRA Rules

(a) No Change.

(b) The following are specifically applicable to transactions and business activities relating to PORTAL securities, with the exceptions specified below:

(1) NASD Rule 2320, except for paragraph (f)[(g)], which requires that a member obtain quotations from three dealers to determine the best inter-dealer market for the subject security;

(2) through (3) No Change.

(c) through (d) No Change.

* * * * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board of Governors of FINRA at its meeting on September 20, 2007, which 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.

The effective date of the proposed rule change will be the date of Commission approval. FINRA will announce the approval in a Regulatory Notice within 30 days following Commission approval.

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

(a) Purpose

NASD Rule 2320(b) (the "Interpositioning Rule") requires that, when interposing a third party between a member and the best available market for a security, the member must show that the total cost or proceeds of the transaction were better than the

prevailing inter-dealer market. Accordingly, it is a violation of the Interpositioning Rule if a member interposes a third party and the total cost of the transaction is equal to or greater than that of the prevailing inter-dealer market or the total proceeds of the transaction were equal to or less than that of the prevailing inter-dealer market.

Although unclear from the legislative history of the Interpositioning Rule, it appears that the intent of requiring a “better than” standard, rather than an “equal to” standard, was to deter members from interposing a third party in transactions that should be sent directly to a market maker.² Since the adoption of the Interpositioning Rule in 1968, there have been substantial changes to the ways in which markets function, including technological advances, increased market transparency in the equities markets, and the development of electronic communication networks and order routing services. These changes enable firms, under certain circumstances, to use intermediaries and third parties to improve the handling of orders with no additional cost to the customer. Firms are now frequently able to send an order to a third party with minimal or no delay in the

² In the mid-1980s, as part of extensive amendments to NASD rules, several changes to the Interpositioning Rule were proposed but never adopted. See NASD Notice to Members 89-20 (February 17, 1989); NASD Notice to Members 86-9 (February 7, 1986). One of the proposed changes, which is similar to the current proposed rule change, would have prohibited interpositioning unless a member could demonstrate that the price paid or received by the customer was “better than or equal to” the prevailing inter-dealer price. One commenter to that proposal, the Securities Industry Association, which merged with the Bond Market Association to form the Securities Industry and Financial Markets Association, supported the proposal, noting that if a member deems it advantageous for legitimate business reasons to buy or sell a security from a non-market maker and the customer receives a price equal to the inter-dealer price, the customer would not be prejudiced.

execution of the customer's order and with no additional cost to the customer. In addition, there are occasions when the use of a third party may be necessary to effectuate the execution of an order. For example, a firm may need to involve a third party if it receives an order for a foreign security that may not trade in the United States and the firm lacks the ability to execute the order without involving another broker-dealer. The language of the Interpositioning Rule could be read to include such circumstances, even if the customer incurs no additional cost or the cost is necessary to effectuate the trade. FINRA believes that the current language of the Interpositioning Rule does not reflect the reality of recent technological advances in order handling and that the rule could be read to prohibit conduct that does not adversely affect the customer and, in some cases, benefits the customer.

The proposed rule change is intended to address the potential overbreadth of the current Interpositioning Rule while making clear that interpositioning third parties in a way that results in customer harm is still prohibited. The proposed rule change would replace the current Interpositioning Rule with a more general statement that the factors enumerated in Rule 2320(a) apply to those situations contemplated by the Interpositioning Rule (i.e., orders routed to third parties between a member and the best available market). Rule 2320(a) states that members and persons associated with a member must use reasonable diligence to ascertain the best market for a security when handling transactions for or with a customer or a customer of another broker-dealer. Among the factors to be considered in determining whether a member has used reasonable diligence to ascertain the best market for a security, are: (1) the character of the market for the security, e.g., price, volatility, relative liquidity, and pressure on

available communications; (2) the size and type of transaction; (3) the number of markets checked; (4) accessibility of the quotation; and (5) the terms and conditions of the order which result in the transaction, as communicated to the member and persons associated with the member. In addition, Rule 2320(a) requires members and persons associated with a member to buy or sell in the best market “so that the resultant price to the customer is as favorable as possible under prevailing market conditions.”

Rather than focusing exclusively on cost, as the current Interpositioning Rule does, the proposed rule change would apply the standards in Rule 2320(a) to the execution of all orders, including those involving interposed third parties. Thus, although the cost (or, as phrased in 2320(a), the resultant price) to a customer would remain a crucial factor in determining whether a member has fulfilled its best execution obligations under Rule 2320, particularly in the context of retail customer order executions, the proposed rule change would allow an analysis of a variety of factors, based on the terms of the customer’s order and instructions, rather than focusing solely on cost any time a member interposes a third party between the member and the best available market for a security.³ However, interpositioning that is unnecessary or

³ A member’s best execution obligations under NASD Rule 2320 require a member to buy or sell a security in the best market for the subject security “so that the resultant price to the customer is as favorable as possible under prevailing market conditions.” However, other FINRA rules also apply when handling customer orders. For example, NASD Rule 2440 and FINRA Rule 2010 prohibit members from charging customers more than a fair commission or service charge, taking into consideration all relevant circumstances. If a member interposes a third party that charges a commission or service charge, the member must ensure that the total resulting commissions or service charges paid by the customer are fair. Consequently, unnecessarily interposing a third party in a transaction and passing on to a customer a fee charged by that third party would violate NASD Rule 2440 and FINRA Rule 2010.

violates a member's general best execution obligations – either because of unnecessary costs to the customer or improperly delayed executions – would still be prohibited.

As noted in Item 2 of this filing, the effective date of the proposed rule change will be the date of Commission approval. FINRA will announce the approval in a Regulatory Notice within 30 days following 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,⁴ 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 allow for a determination of best execution to be based on all of the facts and circumstances surrounding an order rather than a singular focus on one aspect of the transaction.

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.

⁴ 15 U.S.C. 78q-3(b)(6).

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

FINRA does not consent at this time to an extension of the time period for Commission action specified in Section 19(b)(2) of the Act.⁵

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

Not applicable.

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

Not applicable.

9. **Exhibits**

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

⁵ 15 U.S.C. 78s(b)(2).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-FINRA-2007-024)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of Proposed Rule Change Relating to Amendments Involving Best Execution and Interpositioning

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”) and amended on April 13, 2009,³ 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 NASD Rule 2320 to update members’ best execution obligations involving interpositioning and to amend NASD Rule 3110(b), NASD IM-2320, and FINRA Rule 6635 to reflect the redesignation of certain paragraphs in NASD Rule 2320.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Amendment No. 1 to SR-FINRA-2007-024 (replacing and superseding the original rule filing).

The text of the proposed rule change is available on FINRA's Web site 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

NASD Rule 2320(b) (the "Interpositioning Rule") requires that, when interposing a third party between a member and the best available market for a security, the member must show that the total cost or proceeds of the transaction were better than the prevailing inter-dealer market. Accordingly, it is a violation of the Interpositioning Rule if a member interposes a third party and the total cost of the transaction is equal to or greater than that of the prevailing inter-dealer market or the total proceeds of the transaction were equal to or less than that of the prevailing inter-dealer market.

Although unclear from the legislative history of the Interpositioning Rule, it appears that the intent of requiring a "better than" standard, rather than an "equal to" standard, was to deter members from interposing a third party in transactions that should

be sent directly to a market maker.⁴ Since the adoption of the Interpositioning Rule in 1968, there have been substantial changes to the ways in which markets function, including technological advances, increased market transparency in the equities markets, and the development of electronic communication networks and order routing services. These changes enable firms, under certain circumstances, to use intermediaries and third parties to improve the handling of orders with no additional cost to the customer. Firms are now frequently able to send an order to a third party with minimal or no delay in the execution of the customer's order and with no additional cost to the customer. In addition, there are occasions when the use of a third party may be necessary to effectuate the execution of an order. For example, a firm may need to involve a third party if it receives an order for a foreign security that may not trade in the United States and the firm lacks the ability to execute the order without involving another broker-dealer. The language of the Interpositioning Rule could be read to include such circumstances, even if the customer incurs no additional cost or the cost is necessary to effectuate the trade. FINRA believes that the current language of the Interpositioning Rule does not reflect the reality of recent technological advances in order handling and that the rule could be read

⁴ In the mid-1980s, as part of extensive amendments to NASD rules, several changes to the Interpositioning Rule were proposed but never adopted. See NASD Notice to Members 89-20 (February 17, 1989); NASD Notice to Members 86-9 (February 7, 1986). One of the proposed changes, which is similar to the current proposed rule change, would have prohibited interpositioning unless a member could demonstrate that the price paid or received by the customer was "better than or equal to" the prevailing inter-dealer price. One commenter to that proposal, the Securities Industry Association, which merged with the Bond Market Association to form the Securities Industry and Financial Markets Association, supported the proposal, noting that if a member deems it advantageous for legitimate business reasons to buy or sell a security from a non-market maker and the customer receives a price equal to the inter-dealer price, the customer would not be prejudiced.

to prohibit conduct that does not adversely affect the customer and, in some cases, benefits the customer.

The proposed rule change is intended to address the potential overbreadth of the current Interpositioning Rule while making clear that interpositioning third parties in a way that results in customer harm is still prohibited. The proposed rule change would replace the current Interpositioning Rule with a more general statement that the factors enumerated in Rule 2320(a) apply to those situations contemplated by the Interpositioning Rule (i.e., orders routed to third parties between a member and the best available market). Rule 2320(a) states that members and persons associated with a member must use reasonable diligence to ascertain the best market for a security when handling transactions for or with a customer or a customer of another broker-dealer. Among the factors to be considered in determining whether a member has used reasonable diligence to ascertain the best market for a security, are: (1) the character of the market for the security, e.g., price, volatility, relative liquidity, and pressure on available communications; (2) the size and type of transaction; (3) the number of markets checked; (4) accessibility of the quotation; and (5) the terms and conditions of the order which result in the transaction, as communicated to the member and persons associated with the member. In addition, Rule 2320(a) requires members and persons associated with a member to buy or sell in the best market “so that the resultant price to the customer is as favorable as possible under prevailing market conditions.”

Rather than focusing exclusively on cost, as the current Interpositioning Rule does, the proposed rule change would apply the standards in Rule 2320(a) to the execution of all orders, including those involving interposed third parties. Thus, although

the cost (or, as phrased in 2320(a), the resultant price) to a customer would remain a crucial factor in determining whether a member has fulfilled its best execution obligations under Rule 2320, particularly in the context of retail customer order executions, the proposed rule change would allow an analysis of a variety of factors, based on the terms of the customer's order and instructions, rather than focusing solely on cost any time a member interposes a third party between the member and the best available market for a security.⁵ However, interpositioning that is unnecessary or violates a member's general best execution obligations – either because of unnecessary costs to the customer or improperly delayed executions – would still be prohibited.

The effective date of the proposed rule change will be the date of Commission approval. FINRA will announce the approval in a Regulatory Notice within 30 days following 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,⁶ which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote

⁵ A member's best execution obligations under NASD Rule 2320 require a member to buy or sell a security in the best market for the subject security "so that the resultant price to the customer is as favorable as possible under prevailing market conditions." However, other FINRA rules also apply when handling customer orders. For example, NASD Rule 2440 and FINRA Rule 2010 prohibit members from charging customers more than a fair commission or service charge, taking into consideration all relevant circumstances. If a member interposes a third party that charges a commission or service charge, the member must ensure that the total resulting commissions or service charges paid by the customer are fair. Consequently, unnecessarily interposing a third party in a transaction and passing on to a customer a fee charged by that third party would violate NASD Rule 2440 and FINRA Rule 2010.

⁶ 15 U.S.C. 78q-3(b)(6).

just and equitable principles of trade, and, in general, to protect investors and the public interest. FINRA believes that the proposed rule change will allow for a determination of best execution to be based on all of the facts and circumstances surrounding an order rather than a singular focus on one aspect of the transaction.

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

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:

(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 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-2007-024 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-FINRA-2007-024. 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, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 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; 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-2007-024 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁷

Florence E. Harmon

Deputy Secretary

⁷ 17 CFR 200.30-3(a)(12).