

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 15	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2010 - * 049 Amendment No. (req. for Amendments *)
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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"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action * <input type="checkbox"/>			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
Date Expires * <input type="text"/>			<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, required when Initial is checked *).
Proposed Rule Change Relating to Quotation Requirements on the Alternative Display Facility

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 * Brant Last Name * Brown
 Title * Associate General Counsel
 E-mail * brant.brown@finra.org
 Telephone * (202) 728-6927 Fax (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 09/17/2010
 By Stephanie Dumont Senior Vice President and Director of Capital Markets Policy
 (Name *) (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.

Stephanie Dumont,

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information (required)

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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 (required)

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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”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend FINRA Rule 6272 to enhance quotation requirements on the Alternative Display Facility (“ADF”).

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

* * * * *

6000. QUOTATION AND TRANSACTION REPORTING FACILITIES

* * * * *

6200. ALTERNATIVE DISPLAY FACILITY

* * * * *

6272. Character of Quotations

(a) [Two-Sided Quotations] **Quotation Requirements and Obligations**

A member registered as a Registered Reporting ADF Market Maker shall engage in a course of dealings for its own account to assist in the maintenance, insofar as reasonably practicable, of fair and orderly markets in accordance with this Rule.

(1) **Two-Sided Quote Obligation.**

For each ADF-eligible security for which a member is a Registered Reporting ADF Market Maker, the member shall be willing to buy and sell such security for its own account on a continuous basis during regular market hours

¹ 15 U.S.C. 78s(b)(1).

and shall enter and maintain a two-sided trading interest (“Two-Sided Obligation”) [quotations through the ADF], subject to the procedures for excused withdrawal set forth in Rule 6275.

[(A) A] Interest eligible to be considered as part of the Registered Reporting ADF Market Maker’s Two-Sided Obligation [in an ADF-eligible security must] shall have a displayed [a] quotation size [for] of at least one normal unit of trading (or a larger multiple thereof); provided, however, that a Registered Reporting ADF Market Maker may augment its Two-Sided Obligation size to [when it is not] display[ing a] limit orders priced at the same price as the Two-Sided Obligation. [in compliance with Rule 604 of SEC Regulation NMS.] Unless otherwise designated, a “normal unit of trading” shall be 100 shares. After an execution against its Two-Sided Obligation, a Registered Reporting ADF Market Maker must ensure that additional trading interest exists to satisfy its Two-Sided Obligation either by immediately entering new interest to comply with this obligation to maintain continuous two-sided quotations or by identifying existing interest on the ADF that will satisfy this obligation.

(2) Pricing Obligations for Registered Reporting ADF Market

Makers.

For ADF-eligible securities, a Registered Reporting ADF Market Maker shall adhere to the pricing obligations established by this Rule during regular market hours.

(A) Bid Quotations.

At the time of entry of bid interest satisfying the Two-Sided Obligation, the price of the bid interest shall be not more than the Designated Percentage away from the then current National Best Bid, or if no National Best Bid, not more than the Designated Percentage away from the last reported sale from the responsible single plan processor. In the event that the National Best Bid (or if no National Best Bid, the last reported sale) increases to a level that would cause the bid interest of the Two-Sided Obligation to be more than the Defined Limit away from the National Best Bid (or if no National Best Bid, the last reported sale), or if the bid is executed or cancelled, the Registered Reporting ADF Market Maker shall enter new bid interest at a price not more than the Designated Percentage away from the then current National Best Bid (or if no National Best Bid, the last reported sale), or identify to FINRA current resting interest that satisfies the Two-Sided Obligation.

(B) Offer Quotations.

At the time of entry of offer interest satisfying the Two-Sided Obligation, the price of the offer interest shall be not more than the Designated Percentage away from the then current National Best Offer, or if no National Best Offer, not more than the Designated Percentage away from the last reported sale from the responsible single plan processor. In the event that the National Best Offer (or if no National Best Offer, the last reported sale) increases to a level that would cause the offer interest of the Two-Sided Obligation to be more than the Defined Limit away from

the National Best Offer (or if no National Best Offer, the last reported sale), or if the bid is executed or cancelled, the Registered Reporting ADF Market Maker shall enter new offer interest at a price not more than the Designated Percentage away from the then current National Best Offer (or if no National Best Offer, the last reported sale), or identify to FINRA current resting interest that satisfies the Two-Sided Obligation.

(3) National Best Bid and Offer.

The National Best Bid and Offer shall be determined by FINRA in accordance with its procedures for determining protected quotations under Rule 600 of SEC Regulation NMS.

(4) Quotations Closer to the National Best Bid or Offer.

Nothing in this Rule shall preclude a Registered Reporting ADF Market Maker from quoting at price levels that are closer to the National Best Bid and Offer than the levels required by this Rule.

(5) Definitions.

For purposes of this Rule:

(A) the term “Defined Limit” shall mean the individual stock pause trigger percentage under the applicable rule of the primary listing market less one-half percentage point. For times during regular market hours when stock pause triggers are not in effect under the applicable rule of the primary listing market, the Defined Limit calculation will assume a trigger percentage of 22%. For ADF-eligible securities that are not subject

to such stock pause triggers, the Defined Limit calculation will assume a trigger percentage of 32%.

(B) the term “Designated Percentage” shall mean the individual stock pause trigger percentage under the applicable rule of the primary listing market less two percentage points. For times during regular market hours when stock pause triggers are not in effect under the applicable rule of the primary listing market, the Defined Limit calculation will assume a trigger percentage of 22%. For ADF-eligible securities that are not subject to such stock pause triggers, the Defined Limit calculation will assume a trigger percentage of 32%.

[(B)b] Minimum Price Variation for [Decimal-based] Quotations

The minimum quotation increment for ADF-eligible securities [authorized for decimal pricing as part of the SEC-approved Decimals Implementation Plan for the Equities and Options Markets] shall be \$0.01. Quotations failing to meet this standard shall be rejected.

[(b)c] Firm Quotations

(1) through (2) No Change.

[(c) Quotations Reasonably Related to the Market]

[A Registered Reporting ADF Market Maker shall enter and maintain quotations that are reasonably related to the prevailing market. In the event it appears that a Registered Reporting ADF Market Maker's quotations are no longer reasonably related to the prevailing market, FINRA may require the Registered Reporting ADF Market Maker to re-enter its quotations. If a Registered Reporting ADF Market Maker whose quotations

are no longer reasonably related to the prevailing market fails to re-enter its quotations, FINRA may suspend the Registered Reporting ADF Market Maker's quotations in one or all securities.]

* * * * *

(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 implementation date on its Web site.

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

(a) Purpose

In 2002, FINRA created the ADF to ensure that any FINRA member, including alternative trading systems, seeking to display quotations for NMS stocks in the over-the-counter ("OTC") market, rather than through an exchange platform, has an alternative venue through which to post its OTC quotations and report trades.²

FINRA and numerous exchanges are filing proposed rule changes to enhance the minimum quotation requirements for market makers by requiring market makers for each stock in which they are registered to continuously maintain two-sided quotations within a

² Initially, the ADF was limited to quotations and trade reports in Nasdaq securities. See Securities Exchange Act Release No. 46249 (July 24, 2002), 67 FR 49822 (July 31, 2002). In 2006, the ADF was expanded to include all NMS stocks. See Securities Exchange Act Release No. 54537 (September 28, 2006), 71 FR 59173 (October 6, 2006).

designated percentage of the National Best Bid and National Best Offer (or if there is not a National Best Bid or Offer, the last reported sale). These proposed rule changes are intended to eliminate trade executions against market maker “placeholder” quotations that are priced far away from the inside market, commonly known as “stub quotes.” Under these proposed rules, limitations on permissible quotations are determined by the individual character of the security, the time of day in which the quote is entered, and any applicable stock trading pause triggers.

In order to ensure consistency in quotation requirements across markets, FINRA is proposing to amend Rule 6272 to impose the same limitations on a Registered Reporting ADF Market Maker’s quotations on the ADF that will apply to market makers on national securities exchanges. The proposed rule change would thus require all Registered Reporting ADF Market Makers to have systems in place to ensure that any quotations displayed on the ADF met the requirements of Rule 6272.

As noted in Item 2 of this filing, FINRA will announce the implementation date on its Web site.

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,³ 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 ensure consistent treatment

³ 15 U.S.C. 78q-3(b)(6).

of quotations across markets and could prevent the execution of numerous transactions at stub quote prices, such as those on May 6, 2010.

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.

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.⁴

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

The proposed rule change is based on similar proposed rule changes being filed by numerous national securities exchanges.

9. Exhibits

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

⁴ 15 U.S.C. 78s(b)(2).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-FINRA-2010-049)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of Proposed Rule Change Relating to Quotation Requirements on the Alternative Display Facility

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”) 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.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

FINRA is proposing to amend FINRA Rule 6272 to enhance quotation requirements on the Alternative Display Facility (“ADF”).

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

In 2002, FINRA created the ADF to ensure that any FINRA member, including alternative trading systems, seeking to display quotations for NMS stocks in the over-the-counter ("OTC") market, rather than through an exchange platform, has an alternative venue through which to post its OTC quotations and report trades.³

FINRA and numerous exchanges are filing proposed rule changes to enhance the minimum quotation requirements for market makers by requiring market makers for each stock in which they are registered to continuously maintain two-sided quotations within a designated percentage of the National Best Bid and National Best Offer (or if there is not a National Best Bid or Offer, the last reported sale). These proposed rule changes are intended to eliminate trade executions against market maker "placeholder" quotations that are priced far away from the inside market, commonly known as "stub quotes." Under these proposed rules, limitations on permissible quotations are determined by the individual character of the security, the time of day in which the quote is entered, and any applicable stock trading pause triggers.

In order to ensure consistency in quotation requirements across markets, FINRA is proposing to amend Rule 6272 to impose the same limitations on a Registered

³ Initially, the ADF was limited to quotations and trade reports in Nasdaq securities. See Securities Exchange Act Release No. 46249 (July 24, 2002), 67 FR 49822 (July 31, 2002). In 2006, the ADF was expanded to include all NMS stocks. See Securities Exchange Act Release No. 54537 (September 28, 2006), 71 FR 59173 (October 6, 2006).

Reporting ADF Market Maker's quotations on the ADF that will apply to market makers on national securities exchanges. The proposed rule change would thus require all Registered Reporting ADF Market Makers to have systems in place to ensure that any quotations displayed on the ADF met the requirements of Rule 6272.

FINRA will announce the implementation date on its Web site.

2. 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 ensure consistent treatment of quotations across markets and could prevent the execution of numerous transactions at stub quote prices, such as those on May 6, 2010.

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

⁴ 15 U.S.C. 78q-3(b)(6).

Within 45 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-2010-049 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-FINRA-2010-049. 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 Web site viewing and printing 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-2010-049 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.⁵

Florence E. Harmon

Deputy Secretary

⁵ 17 CFR 200.30-3(a)(12).