

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 28	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2011 - * 024	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 type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	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)(5)
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(6)	<input checked="" type="checkbox"/> 19b-4(f)(3)

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 to Update Rule Cross-References and Make Non-Substantive Technical Changes to Certain FINRA Rules

**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 \* Matthew Last Name \* Vitek  
Title \* Counsel  
E-mail \* matthew.vitek@finra.org  
Telephone \* (202) 728-8156 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 05/16/2011  
By Patrice Gliniecki Senior Vice President and Deputy General Counsel  
(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.

Patrice Gliniecki,

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”),<sup>1</sup> Financial Industry Regulatory Authority, Inc. (“FINRA”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to update cross-references within certain FINRA rules to reflect changes adopted in the consolidated FINRA rulebook and to make non-substantive technical changes to certain FINRA Rules.

The text of the proposed rule change is attached as Exhibit 5.

\* \* \* \* \*

(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 has filed the proposed rule change for immediate effectiveness. The implementation date for the proposed rule changes to FINRA Rules 6130, 6220, 6622, 6630, 7230A, 7330 and 9120 will be June 17, 2011. The implementation date for the proposed rule changes to FINRA Rules 0150, 4530 and 9217 will be July 1, 2011. The implementation date for the proposed rule change to FINRA Rule 2268 will be December

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

5, 2011. The implementation date for the proposed rule change to Incorporated NYSE Rule Interpretation 409 will be the effective date of SR-FINRA-2010-061.<sup>2</sup>

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

(a) Purpose

FINRA is in the process of developing a new consolidated rulebook (“Consolidated FINRA Rulebook”).<sup>3</sup> That process involves FINRA submitting to the Commission for approval a series of proposed rule changes over time to adopt rules in the Consolidated FINRA Rulebook. The phased adoption and implementation of those rules necessitates periodic amendments to update rule cross-references and other non-substantive technical changes in the Consolidated FINRA Rulebook.

The proposed rule change would update rule cross-references to reflect changes adopted in the Consolidated FINRA Rulebook. In this regard, the proposed rule change would update references in FINRA Rules 0150 (Application of Rules to Exempted Securities Except Municipal Securities), 6630 (Applicability of FINRA Rules to Securities Previously Designated as PORTAL Securities), 7230A (Trade Report Input), 7330 (Trade Report Input) and 9217 (Violations Appropriate for Disposition Under Plan

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<sup>2</sup> See Securities Exchange Act Release No. 63999 (March 1, 2011), 76 FR 12380 (March 7, 2011) (Order Approving File No. SR-FINRA-2010-061).

<sup>3</sup> The current FINRA rulebook consists of (1) FINRA Rules; (2) NASD Rules; and (3) rules incorporated from NYSE (“Incorporated NYSE Rules”) (together, the NASD Rules and Incorporated NYSE Rules are referred to as the “Transitional Rulebook”). While the NASD Rules generally apply to all FINRA members, the Incorporated NYSE Rules apply only to those members of FINRA that are also members of the NYSE (“Dual Members”). The FINRA Rules apply to all FINRA members, unless such rules have a more limited application by their terms. For more information about the rulebook consolidation process, see Information Notice, March 12, 2008 (Rulebook Consolidation Process).

Pursuant to SEA Rule 19d-1(c)(2)) that are needed as the result of Commission approval of two recent FINRA proposed rule changes.<sup>4</sup> Furthermore, the proposed rule change would update a reference in FINRA Rule 9120 (Definitions) to reflect that the NASD Rule 3300 Series has been replaced by FINRA Rule 4560 and the FINRA Rule 5200 Series.<sup>5</sup> The proposed rule change would also make a technical change to FINRA Rule 4530 (Reporting Requirements) to clarify in Supplementary Material .03 that the proper referenced term is “Order Accepting an Offer of Settlement.” The proposed rule change would also make a technical change to FINRA Rule 6622 (Transaction Reporting) by moving the word “and” from subparagraph (c)(3) to subparagraph (c)(4). Additionally, the proposed rule change would correct the numbering of Incorporated NYSE Rule Interpretation 409 (Statements of Accounts to Customers) due to an inadvertent deletion.<sup>6</sup>

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<sup>4</sup> See Securities Exchange Act Release No. 63150 (October 21, 2010), 75 FR 66173 (October 27, 2010) (Order Approving File No. SR-FINRA-2009-058); and Securities Exchange Act Release No. 63260 (November 5, 2010), 75 FR 69508 (November 12, 2010) (Order Approving File No. SR-FINRA-2010-034).

<sup>5</sup> See Securities Exchange Act Release No. 58461 (September 4, 2008), 73 FR 52710 (September 10, 2008) (Order Approving File No. SR-FINRA-2008-033); Securities Exchange Act Release No. 60648 (September 10, 2009), 74 FR 47837 (September 17, 2009) (Order Approving File No. SR-FINRA-2009-048); Securities Exchange Act Release No. 60659 (September 11, 2009), 74 FR 48117 (September 21, 2009) (Order Approving File No. SR-FINRA-2009-044); Securities Exchange Act Release No. 60835 (October 16, 2009), 74 FR 54616 (October 22, 2009) (Order Approving File No. SR-FINRA-2009-055); Securities Exchange Act Release No. 61071 (November 30, 2009), 74 FR 64109 (December 7, 2009) (Order Approving File No. SR-FINRA-2009-067); and Securities Exchange Act Release No. 62842 (September 3, 2010), 75 FR 55842 (September 14, 2010) (Order Approving File No. SR-FINRA-2010-030). When SR-FINRA-2010-030 became effective, the last remaining provision of the NASD Rule 3300 Series was deleted, thereby necessitating the proposed rule change to FINRA Rule 9120.

<sup>6</sup> See note 2.

FINRA also is proposing to move the definition of “initial public offering” from Rule 6220 (Definitions) to Rule 6130 (Transactions Related to Initial Public Offerings). FINRA is not proposing substantive changes to the definition of “initial public offering.” FINRA believes that Rule 6130 is the more appropriate location for the definition of “initial public offering” and that relocating this definition, as proposed, will reduce confusion for members.

Finally, FINRA is proposing a change to FINRA Rule 2268(a)(5)<sup>7</sup> to reflect amendments to the Code of Arbitration Procedure for Customer Disputes allowing customers to choose an all public arbitration panel.<sup>8</sup>

As noted in Item 2 of this filing, FINRA has filed the proposed rule change for immediate effectiveness. The implementation date for the proposed rule changes to FINRA Rules 6130, 6220, 6622, 6630, 7230A, 7330 and 9120 will be June 17, 2011. The implementation date for the proposed rule changes to FINRA Rules 0150, 4530 and 9217 will be July 1, 2011. The implementation date for the proposed rule change to FINRA Rule 2268 will be December 5, 2011. The implementation date for the proposed rule change to Incorporated NYSE Rule Interpretation 409 will be the effective date of SR-FINRA-2010-061.<sup>9</sup>

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<sup>7</sup> FINRA Rule 2268 was adopted as part of the consolidated FINRA rules governing books and records. See Regulatory Notice 11-19 (April 2011). FINRA Rule 2268 will become effective on December 5, 2011.

<sup>8</sup> See Securities Exchange Act Release No. 63799 (January 31, 2011), 76 FR 6500 (February 4, 2011) (Order Approving File No. SR-FINRA-2010-053).

<sup>9</sup> See note 2.

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>10</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 the proposed rule change will provide greater clarity to members and the public regarding FINRA's rules.

**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**

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 Act<sup>11</sup> and paragraph (f)(6) of Rule 19b-4 thereunder,<sup>12</sup> in that the proposed rule change does not significantly affect the protection of investors or the public interest; does

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<sup>10</sup> 15 U.S.C. 78o-3(b)(6).

<sup>11</sup> 15 U.S.C. 78s(b)(3).

<sup>12</sup> 17 CFR 240.19b-4(f)(6).

not impose any significant burden on competition; and does not become operative for 30 days after filing or such shorter time as the Commission may designate.

In accordance with Rule 19b-4(f)(6),<sup>13</sup> 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, or such shorter time as the Commission may designate, as specified in Rule 19b-4(f)(6)(iii) under the Act.<sup>14</sup>

**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.

Exhibit 5. Text of proposed rule change.

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<sup>13</sup> 17 CFR 240.19b-4(f)(6).

<sup>14</sup> 17 CFR 240.19b-4(f)(6)(iii).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-FINRA-2011-024)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Update Rule Cross-References and Make Non-Substantive Technical Changes to Certain FINRA Rules

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”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I and II 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,<sup>3</sup> 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 update cross-references within certain FINRA rules to reflect changes adopted in the consolidated FINRA rulebook and to make non-substantive technical changes to certain FINRA Rules.

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

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

<sup>3</sup> 17 CFR 240.19b-4(f)(6).

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

FINRA is in the process of developing a new consolidated rulebook ("Consolidated FINRA Rulebook").<sup>4</sup> That process involves FINRA submitting to the Commission for approval a series of proposed rule changes over time to adopt rules in the Consolidated FINRA Rulebook. The phased adoption and implementation of those rules necessitates periodic amendments to update rule cross-references and other non-substantive technical changes in the Consolidated FINRA Rulebook.

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<sup>4</sup> The current FINRA rulebook consists of (1) FINRA Rules; (2) NASD Rules; and (3) rules incorporated from NYSE ("Incorporated NYSE Rules") (together, the NASD Rules and Incorporated NYSE Rules are referred to as the "Transitional Rulebook"). While the NASD Rules generally apply to all FINRA members, the Incorporated NYSE Rules apply only to those members of FINRA that are also members of the NYSE ("Dual Members"). The FINRA Rules apply to all FINRA members, unless such rules have a more limited application by their terms. For more information about the rulebook consolidation process, see Information Notice, March 12, 2008 (Rulebook Consolidation Process).

The proposed rule change would update rule cross-references to reflect changes adopted in the Consolidated FINRA Rulebook. In this regard, the proposed rule change would update references in FINRA Rules 0150 (Application of Rules to Exempted Securities Except Municipal Securities), 6630 (Applicability of FINRA Rules to Securities Previously Designated as PORTAL Securities), 7230A (Trade Report Input), 7330 (Trade Report Input) and 9217 (Violations Appropriate for Disposition Under Plan Pursuant to SEA Rule 19d-1(c)(2)) that are needed as the result of Commission approval of two recent FINRA proposed rule changes.<sup>5</sup> Furthermore, the proposed rule change would update a reference in FINRA Rule 9120 (Definitions) to reflect that the NASD Rule 3300 Series has been replaced by FINRA Rule 4560 and the FINRA Rule 5200 Series.<sup>6</sup> The proposed rule change would also make a technical change to FINRA Rule 4530 (Reporting Requirements) to clarify in Supplementary Material .03 that the proper referenced term is “Order Accepting an Offer of Settlement.” The proposed rule change

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<sup>5</sup> See Securities Exchange Act Release No. 63150 (October 21, 2010), 75 FR 66173 (October 27, 2010) (Order Approving File No. SR-FINRA-2009-058); and Securities Exchange Act Release No. 63260 (November 5, 2010), 75 FR 69508 (November 12, 2010) (Order Approving File No. SR-FINRA-2010-034).

<sup>6</sup> See Securities Exchange Act Release No. 58461 (September 4, 2008), 73 FR 52710 (September 10, 2008) (Order Approving File No. SR-FINRA-2008-033); Securities Exchange Act Release No. 60648 (September 10, 2009), 74 FR 47837 (September 17, 2009) (Order Approving File No. SR-FINRA-2009-048); Securities Exchange Act Release No. 60659 (September 11, 2009), 74 FR 48117 (September 21, 2009) (Order Approving File No. SR-FINRA-2009-044); Securities Exchange Act Release No. 60835 (October 16, 2009), 74 FR 54616 (October 22, 2009) (Order Approving File No. SR-FINRA-2009-055); Securities Exchange Act Release No. 61071 (November 30, 2009), 74 FR 64109 (December 7, 2009) (Order Approving File No. SR-FINRA-2009-067); and Securities Exchange Act Release No. 62842 (September 3, 2010), 75 FR 55842 (September 14, 2010) (Order Approving File No. SR-FINRA-2010-030). When SR-FINRA-2010-030 became effective, the last remaining provision of the NASD Rule 3300 Series was deleted, thereby necessitating the proposed rule change to FINRA Rule 9120.

would also make a technical change to FINRA Rule 6622 (Transaction Reporting) by moving the word “and” from subparagraph (c)(3) to subparagraph (c)(4). Additionally, the proposed rule change would correct the numbering of Incorporated NYSE Rule Interpretation 409 (Statements of Accounts to Customers) due to an inadvertent deletion.<sup>7</sup>

FINRA also is proposing to move the definition of “initial public offering” from Rule 6220 (Definitions) to Rule 6130 (Transactions Related to Initial Public Offerings). FINRA is not proposing substantive changes to the definition of “initial public offering.” FINRA believes that Rule 6130 is the more appropriate location for the definition of “initial public offering” and that relocating this definition, as proposed, will reduce confusion for members.

Finally, FINRA is proposing a change to FINRA Rule 2268(a)(5)<sup>8</sup> to reflect amendments to the Code of Arbitration Procedure for Customer Disputes allowing customers to choose an all public arbitration panel.<sup>9</sup>

FINRA has filed the proposed rule change for immediate effectiveness. The implementation date for the proposed rule changes to FINRA Rules 6130, 6220, 6622, 6630, 7230A, 7330 and 9120 will be June 17, 2011. The implementation date for the proposed rule changes to FINRA Rules 0150, 4530 and 9217 will be July 1, 2011. The implementation date for the proposed rule change to FINRA Rule 2268 will be December

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<sup>7</sup> See Securities Exchange Act Release No. 63999 (March 1, 2011), 76 FR 12380 (March 7, 2011) (Order Approving File No. SR-FINRA-2010-061).

<sup>8</sup> FINRA Rule 2268 was adopted as part of the consolidated FINRA rules governing books and records. See Regulatory Notice 11-19 (April 2011). FINRA Rule 2268 will become effective on December 5, 2011.

<sup>9</sup> See Securities Exchange Act Release No. 63799 (January 31, 2011), 76 FR 6500 (February 4, 2011) (Order Approving File No. SR-FINRA-2010-053).

5, 2011. The implementation date for the proposed rule change to Incorporated NYSE Rule Interpretation 409 will be the effective date of SR-FINRA-2010-061.<sup>10</sup>

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>11</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 the proposed rule change will provide greater clarity to members and the public regarding FINRA's rules.

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,

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<sup>10</sup> See Securities Exchange Act Release No. 63999 (March 1, 2011), 76 FR 12380 (March 7, 2011) (Order Approving File No. SR-FINRA-2010-061).

<sup>11</sup> 15 U.S.C. 78o-3(b)(6).

or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>12</sup> and Rule 19b-4(f)(6) thereunder.<sup>13</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend 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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or 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](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2011-024 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.

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<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4(f)(6).

All submissions should refer to File Number SR-FINRA-2011-024. 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 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-2011-024 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.<sup>14</sup>

Elizabeth M. Murphy

Secretary

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<sup>14</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

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

\* \* \* \* \*

**FINRA Rules**

\* \* \* \* \*

**0100. GENERAL STANDARDS**

\* \* \* \* \*

**0150. Application of Rules to Exempted Securities Except Municipal Securities**

(a) through (b) No Change.

(c) Unless otherwise indicated within a particular Rule, the following FINRA and NASD rules are applicable to transactions in, and business activities relating to, exempted securities, except municipal securities, conducted by members and associated persons: FINRA Rules 2010, 2020, 2060, 2150, 2261, 2269, 2320(g), 3220, 3270, 4120, 4130, 4210, 4530, 5160, 5210, 5220, 5230, 8110, 8120, 8210, 8310, 8311, 8312, 8320, 8330 and 9552; NASD Rules 2210, IM-2210-1, IM-2210-2, IM-2210-3, 2310, IM-2310-2, IM-2310-3, 2320, 2330, IM-2330, 2340, 2430, 2510, 3010, 3020, 3040, 3050, [3070,] 3110, IM-3110, 3140, 3230.

\* \* \* \* \*

**2200. COMMUNICATIONS AND DISCLOSURES**

\* \* \* \* \*

**2260. Disclosures**

\* \* \* \* \*

**2268. Requirements When Using Predispute Arbitration Agreements for Customer Accounts**

(a) Any predispute arbitration clause shall be highlighted and shall be immediately preceded by the following language in outline form.

This agreement contains a predispute arbitration clause. By signing an arbitration agreement the parties agree as follows:

(1) through (4) No Change.

(5) The panel of arbitrators may [will typically] include a minority of arbitrators who were or are affiliated with the securities industry.

(6) through (7) No Change.

(b) through (g) No Change.

\* \* \* \* \*

**4500. BOOKS, RECORDS AND REPORTS**

\* \* \* \* \*

**4530. Reporting Requirements**

(a) through (g) No Change.

**••• Supplementary Material: -----**

**.01** through **.02** No Change.

**.03 Meaning of “Found.”** The term “found” as used in paragraph (a)(1)(A) of this Rule includes among other formal findings, adverse final actions, including consent decrees in which the respondent has neither admitted nor denied the findings, but does not include informal agreements, deficiency letters, examination reports, memoranda of understanding, cautionary actions, admonishments and similar informal resolutions of

matters. For example, a Letter of Acceptance, Waiver and Consent or an Order Accepting an Offer of Settlement is considered an adverse final action. The term “found” also includes any formal finding, regardless of whether the finding will be appealed. The term “found” does not include a violation of a self-regulatory organization rule that has been designated as “minor” pursuant to a plan approved by the SEC, if the sanction imposed consists of a fine of \$2,500 or less, and if the sanctioned person does not contest the fine.

.04 through .09 No Change.

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#### **6100. QUOTING AND TRADING IN NMS STOCKS**

\* \* \* \* \*

#### **6130. Transactions Related to Initial Public Offerings**

(a) No member or person associated with a member shall execute or cause to be executed, directly or indirectly, a transaction otherwise than on an exchange in a security subject to an initial public offering until such security has first opened for trading on the national securities exchange listing the security, as indicated by the dissemination of an opening transaction in the security by the listing exchange.

(b) A security is subject to an “initial public offering” for purposes of paragraph (a) of this Rule if:

(1) the offering of the security is registered under the Securities Act; and

(2) the issuer of the security, immediately prior to filing the registration statement with respect to such offering, was not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act.

\* \* \* \* \*

**6200. ALTERNATIVE DISPLAY FACILITY**

\* \* \* \* \*

**6220. Definitions**

(a) Unless the context requires otherwise, the terms used in the Rule 6200 and Rule 7100 Series shall have the meanings below. Terms not specifically defined below shall have the meaning in the FINRA By-Laws and rules and Rule 600 of SEC Regulation NMS.

(1) through (6) No Change.

[(7) “Initial Public Offering” shall mean a security is subject to an initial public offering if: (1) the offering of the security is registered under the Securities Act; and (2) the issuer of the security, immediately prior to filing the registration statement with respect to such offering, was not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act.]

(8) through (17) redesignated as (7) through (16).

(b) No Change.

\* \* \* \* \*

**6600. OTC REPORTING FACILITY**

\* \* \* \* \*

**6620. Reporting Transactions in OTC Equity Securities and Restricted Equity Securities**

\* \* \* \* \*

**6622. Transaction Reporting**

(a) through (b) No Change.

**(c) Information To Be Reported**

Each last sale report shall contain the following information:

(1) through (2) No Change.

(3) Price of the transaction as required by paragraph (d) below; [and]

(4) A symbol indicating whether the transaction is a buy, sell or cross, and if applicable, sell short[.]; and

(5) No Change.

(d) through (h) No Change.

**••• Supplementary Material: -----**

**.01** No Change.

\* \* \* \* \*

**6630. Applicability of FINRA Rules to Securities Previously Designated as PORTAL Securities**

(a) The following are specifically applicable to transactions and business activities relating to securities that, prior to October 26, 2009, had been designated by The Nasdaq Stock Market LLC for inclusion in the PORTAL Market (“PORTAL securities”):

(1) NASD Rules [2230,] 2310, 2440, and FINRA Rules 0130, 0140, 2010, 2020, 2232, 2251, 2261, 2262, 2269, 8210;

(2) through (3) No Change.

(b) through (d) No Change.

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**7200A. FINRA/NASDAQ TRADE REPORTING FACILITY**

\* \* \* \* \*

**7230A. Trade Report Input**

(a) through (g) No Change.

**(h) Inclusion of Transaction Fees in Clearing Reports Submitted to the  
FINRA/Nasdaq Trade Reporting Facility**

FINRA members may agree in advance to transfer a transaction fee charged by one member to another member on a transaction in NMS stocks, as defined in Rule 600(b)(47) of SEC Regulation NMS, effected otherwise than on an exchange through the submission of a clearing report to the FINRA/Nasdaq Trade Reporting Facility. Such report, inclusive of the transaction fee, will be submitted to the National Securities Clearing Corporation for processing. To facilitate the transfer of the transaction fee, the report submitted to the FINRA/Nasdaq Trade Reporting Facility shall provide, in addition to all other information required to be submitted by any other rule, a total per share or contract price amount, inclusive of the transaction fee. Prior to submitting any such report, both members and their respective clearing firms, as applicable, must have executed an agreement, as specified by FINRA, permitting the facilitation of the transfer of the transaction fee through the FINRA/Nasdaq Trade Reporting Facility, as well as any other applicable agreement, such as a give up agreement pursuant to Rule 6380A(h), and submitted the executed agreement(s) to the FINRA/Nasdaq Trade Reporting Facility. Such agreement(s) are considered member records for purposes of NASD Rule 3110(a) and must be made and preserved by both members in conformity with applicable FINRA

rules. Nothing in this paragraph shall relieve a member from its obligations under FINRA rules and the federal securities laws, including but not limited to, [NASD] Rule 2232[0] and SEA Rule 10b-10.

**Example:**

SELL 100 shares to another member at 10 plus a transaction fee of .01 per share; REPORT 100 shares at 10 (the per share price exclusive of the transaction fee) to the FINRA/Nasdaq Trade Reporting Facility for publication and also report 10.01 (the per share price inclusive of the transaction fee) for purposes of clearance and settlement through the National Securities Clearing Corporation.

(i) No Change.

\* \* \* \* \*

**7300. OTC REPORTING FACILITY**

\* \* \* \* \*

**7330. Trade Report Input**

(a) through (h) No Change.

**(i) Inclusion of Transaction Fees in Clearing Reports Submitted to the OTC Reporting Facility**

FINRA members may agree in advance to transfer a transaction fee charged by one member to another member on a transaction reported to the OTC Reporting Facility through the submission of a clearing report to the OTC Reporting Facility. Such report, inclusive of the transaction fee, will be submitted to the National Securities Clearing Corporation for processing. To facilitate the transfer of the transaction fee, the report submitted to the OTC Reporting Facility shall provide, in addition to all other

information required to be submitted by any other rule, a total per share or contract price amount, inclusive of the transaction fee. Prior to submitting any such report, both members and their respective clearing firms, as applicable, must have executed an agreement, as specified by FINRA, permitting the facilitation of the transfer of the transaction fee through the OTC Reporting Facility, as well as any other applicable agreement, such as a give up agreement pursuant to Rule 6622(h), and submitted the executed agreement(s) to the OTC Reporting Facility. Such agreement(s) are considered member records for purposes of NASD Rule 3110(a) and must be made and preserved by both members in conformity with applicable FINRA rules. Nothing in this paragraph shall relieve a member from its obligations under FINRA rules and the federal securities laws, including but not limited to, [NASD] Rule 2232[0] and SEA Rule 10b-10.

**Example:**

SELL 100 shares to another member at 10 plus a transaction fee of .01 per share;  
REPORT 100 shares at 10 (the per share price exclusive of the transaction fee) to the OTC Reporting Facility for publication and also report 10.01 (the per share price inclusive of the transaction fee) for purposes of clearance and settlement through the National Securities Clearing Corporation.

\* \* \* \* \*

**9000. CODE OF PROCEDURE**

**9100. APPLICATION AND PURPOSE**

\* \* \* \* \*

**9120. Definitions**

(a) through (t) No Change.

**(u) “Market Regulation Committee”**

The term “Market Regulation Committee” means the committee of FINRA designated to consider the federal securities laws and the rules and regulations adopted thereunder and various FINRA rules and policies relating to:

(1) through (3) No Change.

(4) trading practices, including rules prohibiting manipulation and insider trading, and trading-related rules such as [the NASD Rule 3300 Series and FINRA Rule 4560 and FINRA Rules 5200, 6000, 7100, 7200, 7300 and 7400 Series.

(v) through (cc) No Change.

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**9200. DISCIPLINARY PROCEEDINGS**

**9210. Complaint and Answer**

\* \* \* \* \*

**9217. Violations Appropriate for Disposition Under Plan Pursuant to SEA Rule 19d-1(c)(2)**

Any member of FINRA that is also a member of the New York Stock Exchange LLC (“NYSE”) (“Dual Member”) (including any persons affiliated with such member) may be subject to a fine under Rule 9216(b) with respect to any rule or By-Law provision listed in this Rule that applies to such member or person. However, any Dual Member that was not also a member of NASD as of July 30, 2007 and that does not engage in any activities that otherwise would require it to be a FINRA member (and its affiliated persons that are not otherwise subject to NASD rules) shall only be subject to a fine

under Rule 9216(b) with respect to the following rules or By-Law provisions listed in this Rule: any FINRA By-Law or Schedule to the By-Laws, FINRA rule, SEA rule, or NYSE rule.

Any member of FINRA that is not also a member of the NYSE (and its associated persons that are not otherwise subject to NYSE rules) may be subject to a fine under Rule 9216(b) with respect to any rule or By-Laws provision listed in this Rule, with the exception of the NYSE rules.

- Article IV of the FINRA By-Laws — Failure to timely submit amendments to Form BD.
- Article V of the FINRA By-Laws — Failure to timely submit amendments to Form U4.
- Article V of the FINRA By-Laws — Failure to timely submit amendments to Form U5.
- Rule 2220 Options Communications.
- Rule 2360(b)(3) and (b)(4) — Failure to comply with options position and exercise limits.
- Rule 2360(b)(23) — Failure to comply with contrary exercise advice procedures.
- Rule 4521(d) — Failure to submit reports of cash and margin account balances.
- Rule 4530 — Failure to timely file reports.
- Rule 4560 — Failure to timely file reports of short positions on Form NS-1.
- Rules 6282, 6380A, 6550, 6622, 6730, 7130, 7160, 7230A, and 7260A — Transaction reporting in equity and debt securities.

- Rules 7440 and 7450 — Failure to submit data in accordance with the Order Audit Trail System (“OATS”).
- Rules 8211 and 8213 — Failure to submit trading data as requested.
- Rule 11870 — Failure to abide by Customer Account Transfer Contracts.
- NASD Rule 1120 — Failure to comply with the Firm Element of the continuing education requirements.
- NASD Rules 2210, 2211, and IM-2210-1, -2210-2, -2210-3, -2210-4, -2210-5, -2210-7, and -2210-8 — Communications with the public.
- NASD Rule 3010(b) — Failure to timely file reports pursuant to the Taping Rule.
- [• NASD Rule 3070 — Failure to timely file reports.]
- NASD Rule 3110 — Failure to keep and preserve books, accounts, records, memoranda, and correspondence in conformance with all applicable laws, rules, regulations and statements of policy promulgated thereunder, and with NASD rules.
- Failure to provide or update contact information as required by FINRA or NASD rules.
- SEA Rule 17a-5 — Failure to timely file FOCUS reports and annual audit reports.
- SEA Rule 17a-10 — Failure to timely file Schedule I.
- Rule 602(b)(5) of SEC Regulation NMS — Failure to properly update published quotations in certain Electronic Communication Networks (“ECNs”).
- Rule 604 of SEC Regulation NMS — Failure to properly display limit orders.
- MSRB Rule A-14 — Failure to timely pay annual fee.

- MSRB Rule G-12 — Failure to abide by uniform practice rules.
  - MSRB Rule G-14 — Failure to submit reports.
  - MSRB Rule G-36 — Failure to timely submit reports.
  - MSRB Rule G-37 — Failure to timely submit reports for political contributions.
  - MSRB Rule G-38 — Failure to timely submit reports detailing consultant activities.
- NYSE Rules 312(a), (b) & (c), 313, 345.12, 345.17, 351, and 440F & G — Reporting rule violations.
- NYSE Rules 312(i), 342(c), 342.10, and 382(a) — Failure to obtain approval rule violations.
- NYSE Rules 342(b), (d) & 342.13, 311(b)(5), and 344 — Failure of a member organization to have individuals responsible and qualified for the positions of Financial Principal, Operations Principal, Compliance Official, Branch Office Manager and Supervisory Analyst.
- NYSE Rule 343 — Requirements relating to member organization office sharing arrangements.
- NYSE Rule 345(a) — Failure of a member organization to have individuals responsible and qualified for the positions of Securities Lending Supervisor and Securities Trader Supervisor.
- NYSE Rules 345.11, 410, 440, and 472(c) — Record retention rule violations.
  - NYSE Rule 401A — Failure to acknowledge customer complaint within 15 business days.

- NYSE Rule 407 — Requirements for transactions of employees of the Exchange, members or member organizations.
- NYSE Rule 407A — Reporting and notification requirements for members.
- NYSE Rule 408(a) — Requirement that written authorization be obtained for discretionary power in a customer’s account.
- NYSE Rule 416A — Failure to promptly provide or promptly update required membership profile information through the Electronic Filing Platform (“EFP”), or failure to electronically certify that required membership profile information is complete and accurate.

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**Incorporated NYSE Rule Interpretations**

\* \* \* \* \*

**Rule 409 Statements of Accounts to Customers**

(a)

/01 Reserved.

/02 through /06 No Change.

(b) No Change.

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