

OMB APPROVAL

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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 14	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2019 - * 030 Amendment No. (req. for Amendments *) 1
Filing 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"/>	Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input type="checkbox"/> 19b-4(f)(6)
Pilot <input type="checkbox"/> Extension of Time Period for Commission Action * <input type="checkbox"/> Date Expires * <input type="text"/>	Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/> Section 806(e)(2) * <input type="checkbox"/>	
Exhibit 2 Sent As Paper Document <input type="checkbox"/> Exhibit 3 Sent As Paper Document <input type="checkbox"/>		Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>
Description Provide a brief description of the action (limit 250 characters, required when Initial is checked *). <div style="border: 1px solid black; height: 40px; margin-top: 10px;"></div>		
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 action.		
First Name * Victoria Last Name * Crane Title * Vice President and Associate General Counsel E-mail * victoria.crane@finra.org Telephone * (202) 728-8104 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. <div style="text-align: right;">(Title *)</div> <div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="width: 30%;"> Date 02/06/2020 By Patrice Gliniecki (Name *) </div> <div style="width: 60%; text-align: center;"> Senior Vice President and Deputy General Counsel <div style="border: 1px solid black; padding: 5px; display: inline-block; margin-top: 10px;"> Patrice Gliniecki, </div> </div> </div>		
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 EFFT 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 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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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, security-based swap submission, or advance notice 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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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 Sent As Paper Document

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Exhibit 3 - Form, Report, or Questionnaire

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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 Sent As Paper Document

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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.

On December 13, 2019, Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“Commission” or “SEC”) proposed rule change SR-FINRA-2019-030, pursuant to which FINRA proposed to amend the Membership Application Program (“MAP”) rules to help further address the issue of pending arbitration claims, as well as arbitration awards and settlement agreements related to arbitrations that have not been paid in full in accordance with their terms.

The Commission published the proposed rule change for public comment in the Federal Register on December 30, 2019.¹ The Commission received two comments in response to the proposed rule change.² On January 31, 2020, in response to the comments the Commission received on the Federal Register publication, FINRA filed with the Commission a Response to Comments.³ In the Response to Comments, FINRA did not propose to change the terms of the initial rule filing.

In the initial rule filing, FINRA proposed, among other things, to define a new term, “Covered Pending Arbitration Claim,” as proposed Rule 1011(c), requiring FINRA to renumber the existing definitions under paragraphs (c) through (n) as (d) through (o). Among the existing definitions that would require renumbering is the term, “material change in business operations,” which would be moved, without modification, from Rule 1011(k) to Rule 1011(l).

Currently, Rule 1017(a)(5) cross-references to Rule 1011(k), defining “material change in business operations.” In the initial rule filing, FINRA did not propose a change to Rule 1017(a)(5) to reflect the cross-reference change from Rule 1011(k) to Rule 1011(l). With this Partial Amendment No. 1, FINRA is proposing to make this technical change to Rule 1017(a)(5).

With this Partial Amendment No. 1, FINRA is including: (1) Exhibit 4 (see below), which reflects a technical change to the text of the proposed rule change pursuant to this Partial Amendment No. 1, marked to show the change to the text as proposed in the original filing; and (2) Exhibit 5 (see below), which reflects the changes to the current rule text that are proposed in the proposed rule change, as amended by this Partial Amendment No. 1.

¹ See Securities Exchange Act Release No. 87810 (December 20, 2019), 84 FR 72088 (December 30, 2019) (Notice of Filing of File No. SR-FINRA-2019-030).

² See Letter from Steven B. Caruso, Maddox Hargett & Caruso, P.C., to Vanessa Countryman, Secretary, SEC, dated January 7, 2020; and letter from Christine Lazaro, Director of the Securities Arbitration Clinic and Professor Clinical Legal Education, St. John’s University School of Law, to Vanessa Countryman, Secretary, SEC, dated January 21, 2020.

³ See Letter from Victoria Crane, Vice President and Associate General Counsel, FINRA, to Vanessa Countryman, Secretary, SEC, dated January 31, 2020.

EXHIBIT 4

Exhibit 4 shows the changes proposed in this Partial Amendment No. 1, with the proposed changes in the original filing shown as if adopted. Proposed new language in this Partial Amendment No. 1 is underlined; proposed deletions in this Partial Amendment No. 1 are in brackets.

* * * * *

1000. MEMBERSHIP APPLICATION AND ASSOCIATED PERSON REGISTRATION

* * * * *

1017. Application for Approval of Change in Ownership, Control, or Business Operations

(a) Events Requiring Application

A member shall file an application for approval of any of the following changes to its ownership, control, or business operations:

(1) through (4) No Change.

(5) a material change in business operations as defined in Rule 1011([k]);

or

(6) No Change.

(b) through (m) No Change.

* * * * *

EXHIBIT 5

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

* * * * *

FINRA Rules

* * * * *

1000. MEMBERSHIP APPLICATION AND ASSOCIATED PERSON REGISTRATION

* * * * *

1011. Definitions

Unless otherwise provided, terms used in the Rule 1000 Series shall have the meaning as defined in Rule 0160.

(a) through (b) No Change.

(c) "Covered Pending Arbitration Claim"

The term "Covered Pending Arbitration Claim" means:

(1) For purposes of a business expansion as described in IM-1011-2 and

Rule 1017(a)(6)(B):

(A) An investment-related, consumer initiated claim filed against
the Associated Person in any arbitration forum that is unresolved; and
whose claim amount (individually or, if there is more than one claim, in
the aggregate) exceeds the hiring member's excess net capital.

(2) For purposes of an event described in Rule 1017(a)(6)(A):

(A) An investment-related, consumer initiated claim filed against the transferring member or its Associated Persons in any arbitration forum that is unresolved; and whose claim amount (individually or, if there is more than one claim, in the aggregate) exceeds the transferring member's excess net capital.

For purposes of this definition, the claim amount includes claimed compensatory loss amounts only, not requests for pain and suffering, punitive damages or attorney's fees, and shall be the maximum amount for which the Associated Person or transferring member, as applicable, is potentially liable regardless of whether the claim was brought against additional persons or the Associated Person reasonably expects to be indemnified, share liability or otherwise lawfully avoid being held responsible for all or part of such maximum amount.

(c) through (n) renumbered as (d) through (o).

* * * * *

IM-1011-2. Business Expansions and Covered Pending Arbitration Claims

The safe harbor for business expansions in IM-1011-1 is not available to any member that is seeking to add one or more Associated Persons involved in sales and one or more of those Associated Persons has a Covered Pending Arbitration Claim (as defined in Rule 1011(c)(1)), an unpaid arbitration award or unpaid settlement related to an arbitration; in such circumstances, if the member is not otherwise required to file a Form CMA in accordance with Rule 1017, the member must comply with the requirements of Rule 1017(a)(6)(B).

* * * * *

1013. New Member Application and Interview

(a) through (b) No Change.

(c) Notification of Pending Arbitration Claims, Unpaid Arbitration Awards, or Unpaid Settlement Agreements Related to Arbitration

The Applicant shall promptly notify the Department in writing of any arbitration claim involving the Applicant or its Associated Persons that is filed, awarded or becomes unpaid before a decision constituting final action of FINRA is served on the Applicant.

* * * * *

1014. Department Decision

(a) Standards for Admission

After considering the application, the membership interview, other information and documents provided by the Applicant, other information and documents obtained by the Department, and the public interest and the protection of investors, the Department shall determine whether the Applicant meets each of the following standards:

(1) through (2) No Change.

(3) The Applicant and its Associated Persons are capable of complying with [the federal]applicable securities laws[, the rules] and regulations [thereunder], and with applicable FINRA rules, including observing high standards of commercial honor and just and equitable principles of trade. In determining whether this standard is met, the Department shall take into consideration whether:

(A) No Change.

(B) an Applicant's or Associated Person's record reflects a sales practice event[, a pending arbitration,] or a pending private civil action;

(C) an Applicant or Associated Person is the subject of a pending, adjudicated, or settled regulatory action or investigation by the SEC, the Commodity Futures Trading Commission, a federal[,] or state regulatory agency, [or] a foreign financial regulatory [agency] authority, or a self-regulatory organization; an adjudicated[,] or settled investment-related private civil action for damages or an injunction; or a criminal action (other than a minor traffic violation) that is pending, adjudicated, or that has resulted in a guilty or no contest plea; [or]

(D) an Applicant, its control persons, principals, registered representatives, other Associated Persons, any lender of [5] five percent or more of the Applicant's net capital, and any other member with respect to which these persons were a control person or a [5] five percent lender of its net capital is subject to unpaid arbitration awards, other adjudicated customer awards, or unpaid arbitration settlements;

(E) an Applicant or Associated Person is the subject of a pending arbitration claim;

(D) through (F) renumbered as (F) through (H).

(4) through (14) No Change.

(b) Granting or Denying Application

(1) In reviewing an application for membership, the Department shall consider whether the Applicant and its Associated Persons meet each of the

standards in paragraph (a). Where the Department determines that the Applicant or its Associated Persons are the subject of any of the events set forth in Rule 1014(a)(3)(A), [and] (C), (D), (F) and [through] ([E]G), and (E) for new member applications, a presumption exists that the application should be denied. The Applicant may overcome the presumption by demonstrating that it can meet each of the standards in paragraph (a), notwithstanding the existence of any of the events set forth in Rule 1014(a)(3)(A), [and] (C), (D), (F) and [through] ([E]G), and (E) for new member applications.

(2) through (3) No Change.

(c) through (g) No Change.

IM-1014-1. Evidence of Ability to Satisfy Unpaid Arbitration Awards, Other Adjudicated Customer Awards, Unpaid Arbitration Settlements or, for New Member Applications, Pending Arbitration Claims

To the extent that the Applicant or Associated Person is subject to unpaid arbitration awards, other adjudicated customer awards, unpaid arbitration settlements or, for new member applications, pending arbitration claims, the Applicant may submit with an application documentation that evidences the ability to satisfy all such awards, settlements or claims through supporting documentation. Such documentation may include an escrow agreement, insurance coverage, a clearing deposit, a guarantee, a reserve fund or the retention of proceeds from an asset transfer, or such other forms that the Department may determine to be acceptable. The Applicant may provide a written opinion of an independent, reputable U.S. licensed counsel knowledgeable as to the value of such arbitration claims. To overcome the presumption to deny the application, the

Applicant must guarantee that any funds used to evidence the Applicant's ability to satisfy any awards, settlements or claims will be used for that purpose. Any demonstration by an Applicant of its ability to satisfy these outstanding obligations will be subject to a reasonableness assessment by the Department.

* * * * *

1017. Application for Approval of Change in Ownership, Control, or Business Operations

(a) Events Requiring Application

A member shall file an application for approval of any of the following changes to its ownership, control, or business operations:

(1) through (3) No Change.

(4) a change in the equity ownership or partnership capital of the member that results in one person or entity directly or indirectly owning or controlling 25 percent or more of the equity or partnership capital; [or]

(5) a material change in business operations as defined in Rule 1011([k]l)[.]; or

(6)(A) notwithstanding subparagraph (3) of Rule 1017(a), any direct or indirect acquisition or transfer of a member's assets or any asset, business or line of operation where the transferring member or an Associated Person of the transferring member has a Covered Pending Arbitration Claim (as defined in Rule 1011(c)(2)), unpaid arbitration award or unpaid settlement related to an arbitration, and the member is not otherwise required to file a Form CMA in accordance with Rule 1017, unless the member has first submitted a written

request to the Department, in a manner prescribed by FINRA, seeking a materiality consultation for the contemplated acquisition or transfer. The written request must address the issues that are central to the materiality consultation. As part of the materiality consultation, the Department shall consider the written request and other information or documents provided by the member to determine in the public interest and the protection of investors that either (i) the member is not required to file a Form CMA in accordance with Rule 1017 and may effect the contemplated acquisition or transfer; or (ii) the member is required to file a Form CMA in accordance with Rule 1017 and the member may not effect the contemplated acquisition or transfer unless the Department approves the Form CMA; or

(B) notwithstanding IM-1011-1, any addition of one or more Associated Persons involved in sales as described in IM-1011-2, and one or more of those Associated Persons has a Covered Pending Arbitration Claim (as defined in Rule 1011(c)(1)), an unpaid arbitration award or unpaid settlement related to an arbitration, and the member is not otherwise required to file a Form CMA in accordance with Rule 1017, unless the member has first submitted a written request to the Department, in a manner prescribed by FINRA, seeking a materiality consultation for the contemplated business expansion. The written request must address the issues that are central to the materiality consultation. As part of the materiality consultation, the Department shall consider the written request and other information or documents provided by the member to determine

in the public interest and the protection of investors that either (i) the member is not required to file a Form CMA in accordance with Rule 1017 and may effect the contemplated business expansion; or (ii) the member is required to file a Form CMA in accordance with Rule 1017 and the member may not effect the contemplated business expansion unless the Department approves the Form CMA. The safe harbor for business expansions under IM-1011-1 shall not be available to the member when a materiality consultation is required under this paragraph (a)(6)(B).

(b) No Change.

(c) Effecting Change and Imposition of Interim Restrictions

(1) through (3) No Change.

(4) Notwithstanding subparagraphs (1) through (3) of Rule 1017(c), where a member or Associated Person has a unpaid arbitration award or unpaid settlement related to an arbitration at the time of filing an application under Rule 1017, the member may not effect such change until the member has demonstrated in the application its ability to satisfy such obligation in accordance with Rule 1014 and IM-1014-1.

(d) through (f) No Change.

(g) Membership Interview

(1) through (3) No Change.

(4) During the membership interview, the Department shall review the application and the considerations for the Department's decision set forth in paragraph [(h)](i)(1) with the Applicant's representative or representatives. The

Department shall provide to the Applicant's representative or representatives any information or document that the Department has obtained from the Central Registration Depository or a source other than the Applicant and upon which the Department intends to base its decision under paragraph [(h)](i). If the Department receives such information or document after the membership interview or decides to base its decision on such information after the membership interview, the Department shall promptly serve the information or document and an explanation thereof on the Applicant.

(h) Notification of Pending Arbitration Claims, Unpaid Arbitration Awards, or Unpaid Settlement Agreements Related to Arbitration

The Applicant shall promptly notify the Department in writing of any arbitration claim involving the Applicant or its Associated Persons that is filed, awarded or becomes unpaid before a decision constituting final action of FINRA is served on the Applicant.

[(h)](i) Department Decision

(1) The Department shall consider the application, the membership interview, other information and documents provided by the Applicant or obtained by the Department, the public interest, and the protection of investors. In rendering a decision on an application submitted under Rule 1017(a), the Department shall consider whether the Applicant and its Associated Persons meet each of the standards in Rule 1014(a). Where the Department determines that the Applicant or its Associated Person are the subject of any of the events set forth in Rule 1014(a)(3)(A), [and] (C), (D), (F) and [through] ([E)]G), a presumption exists that the application should be denied. The Applicant may overcome the

presumption by demonstrating that it can meet each of the standards in Rule 1014(a), notwithstanding the existence of any of the events set forth in Rule 1014(a)(3)(A), [and] (C), (D), (F) and [through] ([E]G).

(A) through (B) No Change.

(2) through (4) No Change.

(i) through (l) renumbered as (j) through (m).

* * * * *

Capital Acquisition Broker Rules

* * * * *

100. MEMBER APPLICATION AND ASSOCIATED PERSON REGISTRATION

* * * * *

111. Membership Proceedings

(a) No Change.

(b) Safe Harbor for Business Expansions

All capital acquisition brokers are subject to FINRA IM-1011-1 and IM-1011-2.

(c) No Change.

* * * * *

113. Department Decision

(a) All capital acquisition brokers and applicants for membership in FINRA as a capital acquisition broker are subject to FINRA Rule 1014 and IM-1014-1.

(b) No Change.

* * * * *