

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 18	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2020 - * 007 Amendment No. (req. for Amendments *) 1
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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"/>
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	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)		

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

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 action (limit 250 characters, required when Initial is checked *).

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 * Joseph Last Name * Savage
 Title * Vice President
 E-mail * joe.savage@finra.org
 Telephone * (240) 386-4534 Fax (301) 216-3720

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.

(Title *)

Date 05/13/2020 Senior Vice President and Deputy General Counsel
 By Patrice Gliniecki
 (Name *)

Patrice Gliniecki,

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 EFFF 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 *

Add Remove View

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

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

Add Remove View

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 March 12, 2020, Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change, SR-FINRA-2020-007, to amend FINRA Rules 2111 (Suitability), 2310 (Direct Participation Programs), 2320 (Variable Contracts of an Insurance Company), 2341 (Investment Company Securities), and 5110 (Corporate Financing Rule – Underwriting Terms and Arrangements), and Capital Acquisition Broker (CAB) Rule 211 (Suitability). The proposed rule change would: (1) amend the FINRA and CAB suitability rules to state that the rules do not apply to recommendations subject to Regulation Best Interest (“Reg BI”),¹ and to remove the element of control from the quantitative suitability obligation; and (2) conform the rules governing non-cash compensation to Reg BI’s limitations on sales contests, sales quotas, bonuses and non-cash compensation.

The Commission published the proposed rule change for public comment in the Federal Register on March 25, 2020,² and received six comment letters directed to the rule filing.³ Four commenters supported all aspects of the proposal.⁴ Two commenters had concerns with the proposed changes to the FINRA non-cash compensation rules.⁵

FINRA is submitting by separate letter its response to comments on the proposed rule change contemporaneously with this Partial Amendment No. 1. With this Partial Amendment No. 1, FINRA is including Exhibit 4, which reflects changes to the text of the proposed rule change pursuant to this Partial Amendment No. 1, and Exhibit 5, which

¹ 17 CFR 240.151-1.

² See Securities Exchange Act Release No. 88422 (March 19, 2020), 85 FR 16974 (March 25, 2020) (Notice of Filing of File No. SR-FINRA-2020-007).

³ See Letter from Christopher A. Iacovella, American Securities Association, to Vanessa Countryman, Secretary, SEC, dated April 20, 2020 (“ASA”); Letter from Clifford Kirsch and Eric Arnold, Eversheds Sutherland (US) LLP, for the Committee of Annuity Insurers, to Vanessa Countryman, Secretary, SEC, dated April 15, 2020 (“CAI”); Letter from Kristen Malinconico, Center for Capital Markets Competitiveness, U.S. Chamber of Commerce, to Vanessa Countryman, Secretary, SEC, dated April 15, 2020 (“CCMC”); Letter from Robin Traxler, Financial Services Institute, to Vanessa Countryman, Secretary, SEC, dated April 15, 2020 (“FSI”); Letter from Emily Micale, Insured Retirement Institute, to Vanessa Countryman, Secretary, SEC, dated April 15, 2020 (“IRI”); and Letter from Samuel B. Edwards, Public Investors Advocate Bar Association, to Brent J. Fields, Secretary, SEC, dated April 15, 2020 (“PIABA”).

⁴ See ASA, CCMC, IRI and PIABA. FSI also supported the proposed changes to the suitability rules.

⁵ See CAI and FSI.

reflects all proposed changes to the current rule text, as amended by this Partial Amendment No. 1.

In its initial filing of the proposed rule change, FINRA proposed to delete rule text in FINRA Rules 2320(g)(4)(D) and 2341(l)(5)(D) that requires non-cash compensation arrangements between a member firm and its associated persons, or between a non-member company and its sales personnel who are associated persons of an affiliated member, to be based on the total production of associated persons with respect to all variable contract securities (under Rule 2320) or investment company securities (under Rule 2341) distributed by the member, and that credit received for sales of those securities is equally weighted. FINRA also proposed to delete rule text in Rules 2310(c)(2)(C), 2320(g)(4)(C), 2341(l)(5)(C), and 5110(h)(2)(C) that references Rules 2310(c)(2)(D), 2320(g)(4)(D), 2341(l)(5)(D), and 5110(h)(2)(D), respectively. As discussed in FINRA's response to comments, FINRA has determined not to delete this rule text. This Partial Amendment No. 1 reinserts this rule text into Rules 2310, 2320, 2341, and 5110.

The following are FINRA's responses to the commenters' material concerns.

Proposed Changes to Suitability Rules

Five commenters supported the proposed changes to FINRA Rule 2111 (Suitability) and CAB Rule 211 (Suitability) to provide that these rules do not apply to recommendations that are subject to Reg BI,⁶ and none objected. These commenters expressed appreciation for the clarification of which rules would apply to recommendations to retail and non-retail customers. Accordingly, FINRA sees no reason to alter the proposed rule text amending FINRA Rule 2111 and CAB Rule 211.

Proposed Changes to Non-Cash Compensation Rules

As discussed above, four commenters supported the proposed changes to the non-cash compensation provisions in FINRA Rules 2310 (Direct Participation Programs), 2320 (Variable Contracts of an Insurance Company), 2341 (Investment Company Securities) and 5110 (Corporate Financing Rule – Underwriting Terms and Arrangements). ASA stated that it supported aligning FINRA's non-cash compensation rules with Reg BI's requirements to adopt written policies and procedures reasonably designed to identify and eliminate sales contests, sales quotas, bonuses and non-cash compensation that are tied to sales of specific securities or specific types of securities within a limited period of time. ASA noted that “[t]hese prohibitions are reasonable and necessary to protect investors from harmful incentives that go against their best interest.” Likewise, PIABA stated that it “supports the removal of internal sales contests of securities. Retail investors' life savings are too important to be subjected to sales goals and contests similar to the way a used car dealership might incentivize its car dealers.”

⁶ See ASA, CCMC, IRI, FSI and PIABA. While PIABA supported the proposed changes to the suitability rules, it expressed reservations about Reg BI itself.

In contrast, CAI and FSI expressed concerns with statements in FINRA's proposed rule filing suggesting that contests based on sales of securities within particular product categories (such as mutual funds or variable annuities) would no longer be allowed under Reg BI. These commenters noted that in the SEC's adopting release for Reg BI, the SEC refers to mutual funds and variable annuities as "general categories of securities," and, in contrast, refers to "stocks of a particular sector or bonds with a specific credit rating" as examples of "specifically identified types of securities."⁷

These commenters stated that, since the text of Reg BI prohibits limited period sales contests if they involve "specific types of securities," it seems difficult to comprehend that mutual funds or variable annuities, in the SEC's view, are both "general categories of securities," but also "specific types of securities" that are subject to the limited period sales contest prohibitions under the Conflict of Interest Obligation of Reg BI. These commenters believe that the SEC intended with respect to variable contracts and mutual funds that the Conflict of Interest Obligation's prohibition of limited period sales contests merely applies to specific types of variable annuities or funds within those general product categories, such as contests involving only large cap equity mutual funds. The commenters recommended that FINRA clarify that its amendments to the non-cash compensation rules do not prohibit sales contests and other non-cash compensation arrangements that are permissible under Reg BI.

It is not FINRA's intent to propose changes to its non-cash compensation rules that would prohibit sales contests, sales quotas, bonuses or non-cash compensation that are permissible under Reg BI. Accordingly, should the SEC approve the proposed changes to FINRA's non-cash compensation rules, FINRA will include language in the Regulatory Notice announcing SEC approval of its intent that the FINRA rule changes at issue be read consistent with the SEC's interpretation of Reg BI. As stated in this Partial Amendment No. 1, FINRA also is modifying its proposal by not deleting rule text in FINRA Rules 2320(g)(4)(D) and 2341(l)(5)(D) that requires non-cash compensation arrangements between a member and its associated persons, or between a non-member company and its sales personnel who are associated persons of an affiliated member, for the sale of variable insurance products (under Rule 2320) or investment company securities (under Rule 2341) to be based on the total production and equal weighting of sales of those products. FINRA also is not deleting rule text in FINRA Rules 2310(c)(2)(C), 2320(g)(4)(C), 2341(l)(5)(C) and 5110(h)(2)(C) that reference Rules 2310(c)(2)(D), 2320(g)(4)(D), 2341(l)(5)(D), and 5110(h)(2)(D), respectively.

FINRA cautions members, however, not to conclude that any sales contest that awards non-cash compensation for sales of securities within particular product categories is per se permissible under Reg BI.

⁷ See Securities Exchange Act Release No. 86031 (June 5, 2019), 84 FR 33318, 33396 (July 12, 2019) (Final Rule; Regulation Best Interest: The Broker-Dealer Standard of Conduct).

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.

* * * * *

2000. DUTIES AND CONFLICTS

* * * * *

2300. SPECIAL PRODUCTS

2310. Direct Participation Programs

(a) through (b) No Change.

(c) Non-Cash Compensation

(1) No Change.

(2) Restriction on Non-Cash Compensation

In connection with the sale and distribution of direct participation program or REIT securities, no member or person associated with a member shall directly or indirectly accept or make payments or offers of payments of any non-cash compensation, except as provided below. Non-cash compensation arrangements must be consistent with the applicable requirements of SEA Rule 151-1 (“Regulation Best Interest”) and are limited to the following:

(A) through (B) No Change.

(C) Payment or reimbursement by offerors in connection with meetings held by an offeror or by a member for the purpose of training or education of associated persons of a member, provided that:

(i) associated persons obtain the member's prior approval to attend the meeting and attendance by a member's associated persons is not conditioned by the member on the achievement of a sales target or any other incentives pursuant to a non-cash compensation arrangement permitted by paragraph (c)(2)(D);

(ii) through (iii) No Change.

(iv) the payment or reimbursement by the offeror is not conditioned by the offeror on the achievement of a sales target or any other non-cash compensation arrangement permitted by paragraph (c)(2)(D).

(D) through (E) No Change.

(d) No Change.

2320. Variable Contracts of an Insurance Company

(a) through (f) No Change.

(g) Member Compensation

In connection with the sale and distribution of variable contracts:

(1) through (3) No Change.

(4) No member or person associated with a member shall directly or indirectly accept or make payments or offers of payments of any non-cash compensation, except as provided below. Notwithstanding the provisions of paragraph (g)(1), the following non-cash compensation arrangements are permitted provided that they are consistent with the applicable requirements of SEA Rule 151-1 ("Regulation Best Interest"):

(A) through (B) No Change.

(C) Payment or reimbursement by offerors in connection with meetings held by an offeror or by a member for the purpose of training or education of associated persons of a member, provided that:

(i) No Change.

(ii) associated persons obtain the member's prior approval to attend the meeting and attendance by a member's associated persons is not preconditioned by the member on the achievement of a sales target or any other incentives pursuant to a non-cash compensation arrangement permitted by paragraph (g)(4)(D);

(iii) through (iv) No Change.

(v) the payment or reimbursement by the offeror is not preconditioned by the offeror on the achievement of a sales target or any other non-cash compensation arrangement permitted by paragraph (g)(4)(D).

(D) Non-cash compensation arrangements between a member and its associated persons or a non-member company and its sales personnel who are associated persons of an affiliated member, provided that:

(i) the member's or non-member's non-cash compensation arrangement, if it includes variable contract securities, is based on the total production of associated persons with respect to all variable contract securities distributed by the member;

(ii) the non-cash compensation arrangement requires that the credit received for each variable contract security is equally weighted;

(~~i~~iii) no unaffiliated non-member company or other unaffiliated member directly or indirectly participates in the member's or non-member's organization of a permissible non-cash compensation arrangement; and

(~~ii~~iv) the record keeping requirement in paragraph (g)(3) is satisfied.

(E) No Change.

* * * * *

2341. Investment Company Securities

(a) through (k) No Change.

(l) Member Compensation

In connection with the sale and distribution of investment company securities:

(1) through (4) No Change.

(5) No member or person associated with a member shall directly or indirectly accept or make payments or offers of payments of any non-cash compensation, except as provided below. Notwithstanding the provisions of paragraph (l)(1), the following non-cash compensation arrangements are permitted provided that they are consistent with the applicable requirements of SEA Rule 151-1 ("Regulation Best Interest"):

(A) through (B) No Change.

(C) Payment or reimbursement by offerors in connection with meetings held by an offeror or by a member for the purpose of training or education of associated persons of a member, provided that:

(i) No Change.

(ii) associated persons obtain the member's prior approval to attend the meeting and attendance by a member's associated persons is not preconditioned by the member on the achievement of a sales target or any other incentives pursuant to a non-cash compensation arrangement permitted by paragraph (1)(5)(D);

(iii) through (iv) No Change.

(v) the payment or reimbursement by the offeror is not preconditioned by the offeror on the achievement of a sales target or any other non-cash compensation arrangement permitted by paragraph (1)(5)(D).

(D) Non-cash compensation arrangements between a member and its associated persons or a non-member company and its sales personnel who are associated persons of an affiliated member, provided that:

(i) the member's or non-member's non-cash compensation arrangement, if it includes investment company securities, is based on the total production of associated persons with respect to all investment company securities distributed by the member;

(ii) the non-cash compensation arrangement requires that the credit received for each investment company security is equally weighted;

(~~i~~iii) no unaffiliated non-member company or other unaffiliated member directly or indirectly participates in the member's or non-member's organization of a permissible non-cash compensation arrangement; and

(~~ii~~iv) the recordkeeping requirement in paragraph (l)(3) is satisfied.

(E) No Change.

(m) through (n) No Change.

* * * * *

5000. SECURITIES OFFERING AND TRADING STANDARDS AND PRACTICES

5100. SECURITIES OFFERINGS, UNDERWRITING AND COMPENSATION

5110. Corporate Financing Rule — Underwriting Terms and Arrangements

(a) through (g) No Change.

(h) Non-Cash Compensation

(1) No Change.

(2) Restrictions on Non-Cash Compensation

In connection with the sale and distribution of a public offering of securities, no member or person associated with a member shall directly or indirectly accept or make payments or offers of payments of any non-cash

compensation, except as provided below. Non-cash compensation arrangements must be consistent with the applicable requirements of SEA Rule 151-1

(“Regulation Best Interest”) and are limited to the following:

(A) through (B) No Change.

(C) Payment or reimbursement by offerors in connection with meetings held by an offeror or by a member for the purpose of training or education of associated persons of a member, provided that:

(i) associated persons obtain the member’s prior approval to attend the meeting and attendance by a member’s associated persons is not preconditioned by the member on the achievement of a sales target or any other incentives pursuant to a non-cash compensation arrangement permitted by paragraph (h)(2)(D);

(ii) through (iii) No Change.

(iv) the payment or reimbursement by the issuer or affiliate of the issuer is not conditioned by the issuer or an affiliate of the issuer on the achievement of a sales target or any other non-cash compensation arrangement permitted by paragraph (h)(2)(D).

(D) through (E) No Change.

A member shall maintain records of all non-cash compensation received by the member or its associated persons in arrangements permitted by paragraphs (h)(2)(C) through (E). The records shall include: the names of the offerors, non-members or other members making the non-cash compensation contributions; the names of the associated persons participating in the arrangements; the nature and

value of non-cash compensation received; the location of training and education meetings; and any other information that proves compliance by the member and its associated persons with paragraphs (h)(2)(C) through (E).

(i) 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

* * * * *

2000. DUTIES AND CONFLICTS

* * * * *

2100. TRANSACTIONS WITH CUSTOMERS

2110. Recommendations

2111. Suitability

(a) through (b) No Change.

••• Supplementary Material: -----

.01 through .04 No Change.

.05 Components of Suitability Obligations. Rule 2111 is composed of three main obligations: reasonable-basis suitability, customer-specific suitability, and quantitative suitability.

(a) through (b) No Change.

(c) Quantitative suitability requires a member or associated person [who has actual or de facto control over a customer account] to have a reasonable basis for believing that a series of recommended transactions, even if suitable when viewed in isolation, are not excessive and unsuitable for the customer when taken together in light of the customer's investment profile, as delineated in Rule 2111(a). No single test defines excessive activity, but factors such as the turnover rate, the cost-equity ratio, and

the use of in-and-out trading in a customer's account may provide a basis for a finding that a member or associated person has violated the quantitative suitability obligation.

.06 through .07 No Change.

.08 Regulation Best Interest. This Rule shall not apply to recommendations subject to SEA Rule 151-1 ("Regulation Best Interest").

* * * * *

2300. SPECIAL PRODUCTS

2310. Direct Participation Programs

(a) through (b) No Change.

(c) Non-Cash Compensation

(1) No Change.

(2) Restriction on Non-Cash Compensation

In connection with the sale and distribution of direct participation program or REIT securities, no member or person associated with a member shall directly or indirectly accept or make payments or offers of payments of any non-cash compensation, except as provided below [in this provision]. Non-cash compensation arrangements must be consistent with the applicable requirements of SEA Rule 151-1 ("Regulation Best Interest") and are limited to the following:

(A) through (E) No Change.

(d) No Change.

2320. Variable Contracts of an Insurance Company

(a) through (f) No Change.

(g) Member Compensation

In connection with the sale and distribution of variable contracts:

(1) through (3) No Change.

(4) No member or person associated with a member shall directly or indirectly accept or make payments or offers of payments of any non-cash compensation, except as provided below [in this provision]. Notwithstanding the provisions of paragraph (g)(1), the following non-cash compensation arrangements are permitted provided that they are consistent with the applicable requirements of SEA Rule 151-1 (“Regulation Best Interest”):

(A) through (E) No Change.

* * * * *

2341. Investment Company Securities

(a) through (k) No Change.

(l) Member Compensation

In connection with the sale and distribution of investment company securities:

(1) through (4) No Change.

(5) No member or person associated with a member shall directly or indirectly accept or make payments or offers of payments of any non-cash compensation, except as provided below [in this provision]. Notwithstanding the provisions of paragraph (l)(1), the following non-cash compensation arrangements are permitted provided that they are consistent with the applicable requirements of SEA Rule 151-1 (“Regulation Best Interest”):

(A) through (E) No Change.

(m) through (n) No Change.

* * * * *

5000. SECURITIES OFFERING AND TRADING STANDARDS AND PRACTICES

5100. SECURITIES OFFERINGS, UNDERWRITING AND COMPENSATION

5110. Corporate Financing Rule — Underwriting Terms and Arrangements

(a) through (g) No Change.

(h) Non-Cash Compensation

(1) No Change.

(2) Restrictions on Non-Cash Compensation

In connection with the sale and distribution of a public offering of securities, no member or person associated with a member shall directly or indirectly accept or make payments or offers of payments of any non-cash compensation, except as provided below [in this provision]. Non-cash compensation arrangements must be consistent with the applicable requirements of SEA Rule 151-1 (“Regulation Best Interest”) and are limited to the following:

(A) through (E) No Change.

A member shall maintain records of all non-cash compensation received by the member or its associated persons in arrangements permitted by paragraphs (h)(2)(C) through (E). The records shall include: the names of the offerors, non-members or other members making the non-cash compensation contributions; the names of the associated persons participating in the arrangements; the nature and value of non-cash compensation received; the location of training and education

meetings; and any other information that proves compliance by the member and its associated persons with paragraphs (h)(2)(C) through (E).

(i) No Change.

* * * * *

CAPITAL ACQUISITION BROKER RULES

* * * * *

200. DUTIES AND CONFLICTS

* * * * *

211. Suitability

(a) through (b) No Change.

• • • **Supplementary Material:** -----

.01 through .02 No Change.

.03 Regulation Best Interest. This Rule shall not apply to recommendations subject to SEA Rule 15l-1 (“Regulation Best Interest”).

* * * * *