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Page 1 of * 34

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2026 - * 017
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 * ☐ Amendment * ☑ Withdrawal ☐

Section 19(b)(2) * ☑ Section 19(b)(3)(A) * ☐ Section 19(b)(3)(B) * ☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☐ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐ Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

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 * Kristine Last Name * Vo

Title * Assistant General Counsel

E-mail * kristine.vo@finra.org

Telephone * (212) 858-4106 Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, Financial Industry Regulatory Authority has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 11/20/2026

By Victoria Crane
(Name *)

(Title *) Vice President & Associate General Counsel

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Victoria Crane
Digitally signed by Victoria Crane
Date: 2026.11.20 15:36:07 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced 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 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

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

Exhibit 4 - Marked Copies

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FINRA-2026-017 Partial A-1 Exhibit 4.

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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FINRA-2026-017 Partial A-1 Exhibit 5.

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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FINRA-2026-017 Partial A-1.docx

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 August 12, 2026, the Financial Industry Regulatory Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule change, SR-FINRA-2026-017, that would amend the Code of Arbitration Procedure for Customer Disputes ("Customer Code") and the Code of Arbitration Procedure for Industry Disputes ("Industry Code") (together, "Codes") to provide parties with greater input into arbitrator selection at initial panel appointment and when replacing arbitrators after initial panel appointment.[1]

The Commission published the Proposal for public comment in the Federal Register on August 28, 2026, and received five comments in response.[2] All commenters expressed general support for the Proposal, with some commenters also suggesting modifications or clarifications.

FINRA is submitting by separate letter its response to comments on the Proposal contemporaneously with this Partial Amendment No. 1.

The Proposal would amend the Codes to codify the current voluntary Short List Option as the default method for selecting replacement arbitrators after initial panel appointment ("Proposed Short List Option").[3] The Proposal provides that parties would have no more than five days after the Director sends a short list of five arbitrators to return their ranked short list through the Party Portal.[4] For a short list of three arbitrators, parties would have no more than two days after the Director sends the short list to return

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1 See Securities Exchange Act Release No. 106183 (August 25, 2026), 91 FR 55637 (August 28, 2026) (Notice of Filing of File No. SR-FINRA-2026-017) ("Proposal").

2 See Letter from Jessica R. Giroux, Chief Legal Officer, American Securities Association, to Vanessa A. Countryman, Secretary, SEC, dated September 17, 2026 ("ASA"); letter from William A. Jacobson, Clinical Professor of Law and Director, Cornell Securities Law Clinic, John Corey, Cornell Law School, Class of 2027, Hugo Duque, Cornell Law School, Class of 2028, & Howard Yuwen, Cornell Law School, Class of 2028, to Vanessa A. Countryman, Secretary, SEC, dated September 18, 2026 ("Cornell"); letter from Marni Rock Gibson, President, North American Securities Administrators Association, Inc., to Sherry R. Haywood, Assistant Secretary, SEC, dated September 18, 2026 ("NASAA"); letter from Michael C. Bixby, President, Public Investors Advocate Bar Association, to Sherry R. Haywood, Assistant Secretary, SEC, dated September 18, 2026 ("PIABA"); and letter from Kevin L. Petrasic, Managing Director, Legal and Government Affairs, Charles Schwab & Co., Inc., to Vanessa Countryman, Secretary, SEC, dated September 23, 2026 ("Schwab").

3 See Proposal, 91 FR 55637, 55639.

4 See id.; proposed FINRA Rules 12402(h)(3)(A)(ii), 12403(g)(3)(A)(ii), and 13411(f)(3)(A)(ii).

their ranked short list through the Party Portal.[5] As discussed in FINRA's response to comments and below, FINRA has determined to extend the timeframe for parties to return a ranked short list from two days to three days when the short list contains three arbitrators.

Schwab, Cornell, and ASA commented on the proposed deadlines for returning ranked short lists. Schwab recommended "firm, certain, and short (measured in business days)" deadlines for parties to strike and rank the lists. Cornell recommended that the response periods run from receipt of the short list and be measured in business days. ASA recommended providing at least three business days to respond to a three-arbitrator short list or, alternatively, clarifying how weekends and holidays would be treated, citing the burden that the proposed timeframe could impose on smaller and mid-size firms.

After considering the comments, FINRA has determined to amend proposed Rules 12402(h)(3)(B), 12403(g)(3)(B), and 13411(f)(3)(B) to extend the timeframe for the parties to return a ranked short list from two days to three days when the short list contains three arbitrators. The three-day period would provide parties with additional time to review and return their ranked short lists while allowing time for FINRA Dispute Resolution Services ("DRS") to complete the replacement process and for the replacement arbitrator to conduct the required review of the existing case record before participating in the hearing.

The response periods would continue to be measured in calendar days from the date the Director sends the short list to the parties. However, if a deadline falls on a Saturday, Sunday, or any FINRA holiday, the deadline would extend to the next *business* day, consistent with the definition of "day" under the Codes.[6]

The tables below illustrate the impact of a three-calendar day versus business day response period if an arbitrator were to withdraw or be removed from a panel 10 days before a scheduled hearing date. The examples assume the parties have not agreed to proceed with the remaining two arbitrators and, therefore, would receive a short list of three arbitrators to strike and rank. Under the Proposal, 10 days before a scheduled hearing would be the closest day to the hearing where the parties could still receive a short list of arbitrators if an arbitrator withdraws or is removed from a panel.

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5 See supra note 3; proposed FINRA Rules 12402(h)(3)(B)(ii), 12403(g)(3)(B)(ii), and 13411(f)(3)(B)(ii).

6 See FINRA Rules 12100(l) and 13100(l) (defining "day" to mean calendar day, except as otherwise provided, and providing that a deadline specified in the Code that falls on a Saturday, Sunday, or any FINRA holiday is extended until the next business day).

Table 1: Calendar Days

Date	Day	Time to Hearing	Action
May 25, 2027	Tuesday	Day 10	Arbitrator withdraws or is removed from panel.
May 26, 2027	Wednesday	Day 9	DRS starts the replacement process and contacts arbitrators for availability.
May 27, 2027	Thursday	Day 8	DRS completes the three-arbitrator short list and the Director sends the three-arbitrator short list to the parties.
May 28, 2027	Friday	Day 7	First day of the ranking period.
May 29, 2027	Saturday	Day 6	Second day of the ranking period.
May 30, 2027	Sunday	Day 5	Third day of the ranking period. Because the deadline falls on Sunday, a weekend, the deadline extends to the next business day.
May 31, 2027	Monday	Day 4	Because the extended deadline falls on Memorial Day, a FINRA holiday, the deadline extends to the next business day.
June 1, 2027	Tuesday	Day 3	The parties' ranked short lists are due.
June 2, 2027	Wednesday	Day 2	DRS begins processing the parties' rankings and contacts the highest-ranked available arbitrator to confirm acceptance of the case.
June 3, 2027	Thursday	Day 1	The replacement arbitrator conducts the required review of the existing case record before the hearing begins.[7]
June 4, 2027	Friday	Day 0	Hearing begins. Replacement arbitrator participates in the hearing.

Table 1 shows that a three-day response period provides time for the parties to strike and rank the three-arbitrator short list, for DRS to process the parties' rankings,

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[7] See Proposal, 91 FR 55637, 55640 & n.48 (stating that the Proposal would expressly codify the current expectation that, immediately following panel appointment, replacement arbitrators review the case record); see also proposed FINRA Rules 12402(i)(1), 12403(h)(1), and 13411(g)(1).

contact the highest-ranked arbitrator to notify them of their selection and confirm their acceptance of the case, and for the replacement arbitrator to conduct the required review of the case record prior to commencement of the hearing.

Table 2 below illustrates how the same timeline would operate if the three-day ranking period were measured in business days rather than calendar days.

Table 2: Business Days

Date	Day	Time to Hearing	Action
May 25, 2027	Tuesday	Day 10	Arbitrator withdraws or is removed from panel.
May 26, 2027	Wednesday	Day 9	DRS starts the replacement process and contacts arbitrators for availability.
May 27, 2027	Thursday	Day 8	DRS completes the three-arbitrator short list and the Director sends the three-arbitrator short list to the parties.
May 28, 2027	Friday	Day 7	First day of the ranking period.
May 29, 2027	Saturday	Day 6	Weekend
May 30, 2027	Sunday	Day 5	Weekend
May 31, 2027	Monday	Day 4	Memorial Day, a FINRA holiday.
June 1, 2027	Tuesday	Day 3	Second day of the ranking period.
June 2, 2027	Wednesday	Day 2	Third day of the ranking period. The parties' ranked short lists are due.
June 3, 2027	Thursday	Day 1	DRS begins processing the parties' rankings and contacts the highest-ranked available arbitrator to confirm acceptance of the case.
June 4, 2027	Friday	Day 0	Hearing begins. Replacement arbitrator participates in the hearing.

Table 2 illustrates that while measuring the three-day ranking period in business days would provide the parties with additional time to strike and rank the three-arbitrator short list and time for DRS to complete the replacement process, it would not provide time for the replacement arbitrator to conduct the required review of the existing case record before the hearing. Thus, FINRA believes that three calendar days — subject to the treatment under the Codes of deadlines falling on weekends or holidays — appropriately balances providing parties with time to strike and rank the three-arbitrator

short list with allowing time for DRS to complete the replacement process before participating in the hearing.[8] FINRA has determined to maintain the 10 calendar day approach to avoid additional case postponements and potentially significant delays while new hearing dates are scheduled.

With this Partial Amendment No. 1, FINRA is including (1) Exhibit 4, which reflects changes to the text of the proposed rule change pursuant to this Partial Amendment No. 1, marked to show changes to the text as proposed in the Proposal; and (2) Exhibit 5, which reflects all proposed changes to the current rule text, as amended by this Partial Amendment No. 1.

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8 In addition, FINRA notes that the parties may agree in writing to extend or modify the deadline for returning the ranked arbitrator list, provided that they notify the Director of the new deadline in writing. See FINRA Rules 12207(a) and 13207(a).

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.

* * * * *

12000. CODE OF ARBITRATION PROCEDURE FOR CUSTOMER DISPUTES

* * * * *

12402. Cases with One Arbitrator

(a) through (g) No Change.

(h) Short List Arbitrator Replacement

(1) through (2) No Change.

(3) Striking and Ranking Arbitrators

(A) No Change.

(B) If the Director sends a short list of three arbitrators under paragraph (h)(1)(B) of this Rule, each opposing party (all separately represented claimants collectively and all separately represented respondents collectively) may strike one of the arbitrators from the short list for any reason.

(i) No Change.

(ii) The ranked short list must be completed via the Party Portal or, if the party is a *pro se* customer who opted out of using the Party Portal pursuant to Rule 12300(a), returned to the Director by first-class mail, overnight mail service, overnight delivery service, hand delivery, email or facsimile no more than [two]three

days after the date upon which the Director sent the short list to the parties.

(C) through (D) No Change.

(4) No Change.

(i) No Change.

12403. Cases with Three Arbitrators

Composition of Panels

(a) through (f) No Change.

(g) Short List Arbitrator Replacement

(1) through (2) No Change.

(3) Striking and Ranking Arbitrators

(A) No Change.

(B) If the Director sends a short list of three arbitrators under paragraph (g)(1)(B) of this Rule, each opposing party (all separately represented claimants collectively and all separately represented respondents collectively) may strike one of the arbitrators from the short list for any reason.

(i) No Change.

(ii) The ranked short list must be completed via the Party Portal or, if the party is a *pro se* customer who opted out of using the Party Portal pursuant to Rule 12300(a), returned to the Director by first-class mail, overnight mail service, overnight delivery service, hand delivery, email or facsimile no more than [two]three

days after the date upon which the Director sent the short list to the parties.

(C) through (D) No Change.

(4) No Change.

(h) No Change.

* * * * *

13000. CODE OF ARBITRATION PROCEDURE FOR INDUSTRY DISPUTES

* * * * *

13411. Replacement of Arbitrators

(a) through (e) No Change.

(f) Short List Arbitrator Replacement

(1) through (2) No Change.

(3) Striking and Ranking Arbitrators

(A) No Change.

(B) If the Director sends a short list of three arbitrators under paragraph (f)(1)(B) of this Rule, each opposing party (all separately represented claimants collectively and all separately represented respondents collectively) may strike one of the arbitrators from the short list for any reason.

(i) No Change.

(ii) The ranked short list must be completed via the Party Portal no more than [two]three days after the date upon which the Director sent the short list to the parties.

(C) through (D) No Change.

(4) No Change.

(g) No Change.

* * * * *

EXHIBIT 5

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

* * * * *

12000. CODE OF ARBITRATION PROCEDURE FOR CUSTOMER DISPUTES

* * * * *

12402. Cases with One Arbitrator

(a) through (e) No Change.

(f) Appointment of Arbitrators[; Discretion to Appoint Arbitrators Not on List]

(1) No Change.

(2) If the number of arbitrators available to serve from the combined ranked list is not sufficient to fill an initial panel, a new list of arbitrators will be generated randomly by the list selection algorithm in accordance with the procedures set forth in paragraphs (a) through (e) of this Rule, and the highest-ranked available arbitrator will be appointed by the Director [will appoint a chair-qualified arbitrator to complete the panel from names generated randomly by the list selection algorithm].

(3) through (4) No Change.

(g) Replacement of Arbitrators

(1) After panel appointment, if there are no hearings scheduled and [If] an arbitrator is removed, or becomes otherwise unable or unwilling to serve, a new list of arbitrators will be generated randomly by the list selection algorithm in accordance with the procedures set forth in paragraphs (a) through (e) of this

Rule, and the highest-ranked available arbitrator will be appointed by the Director [will appoint a replacement arbitrator in accordance with this rule].

(2) [The Director will appoint as a replacement arbitrator the arbitrator who is the most highly ranked available arbitrator remaining on the combined list.]After panel appointment, if there are hearings scheduled and an arbitrator is removed, or otherwise becomes unable or unwilling to serve, the Director will appoint a replacement arbitrator in accordance with paragraph (h) of this Rule, unless:

(A) a hearing is scheduled in fewer than 10 days of the date the arbitrator was removed, or became otherwise unable or unwilling to serve, and all parties do not agree to postpone the hearing dates pursuant to Rule 12601;

(B) there are multiple claimants that are separately represented and do not agree to jointly submit one ranking list;

(C) there are multiple respondents that are separately represented and do not agree to jointly submit one ranking list; or

(D) there is a third party claim in which the third party respondent does not reach agreement with either the claimant or the respondent to jointly submit one ranking list.

(3) If any of paragraphs (g)(2)(A) through (D) of this Rule applies, the Director will appoint as a replacement the arbitrator who is the next highest-ranked available arbitrator remaining on the combined ranked list.

[3] (4) If any of paragraphs (g)(2)(A) through (D) of this Rule applies,

and [If] if there are no available arbitrators on the combined ranked list, the Director will appoint an arbitrator from the chairperson roster to complete the panel from names generated randomly by the list selection algorithm. The Director will provide the parties information about the arbitrator as provided in Rule 12402(c) and the parties [shall] will have the right to [object to] challenge the arbitrator as provided in Rule 12407.

(h) Short List Arbitrator Replacement

(1) Generating and Sending the Short List to Parties

As soon as practicable from the date the arbitrator was removed, or becomes unable or unwilling to serve, the Director will send to all parties at the same time:

(A) A short list of five public arbitrators from the FINRA chairperson roster generated randomly by the list selection algorithm if a hearing is scheduled in more than 20 days;

(B) A short list of three public arbitrators from the FINRA chairperson roster generated randomly by the list selection algorithm if a hearing is scheduled between 10 and 20 days;

(C) A short list of five public arbitrators from the FINRA chairperson roster generated randomly by the list selection algorithm if a hearing is scheduled in fewer than 10 days and the parties agree to postpone the upcoming hearing:

(i) Parties may be assessed postponement fees under Rules 12214 and 12601;

(ii) Parties must provide the Director with at least four sets of mutually agreed upon hearing dates to reschedule the hearings; or

(D) A short list of five public arbitrators from the FINRA chairperson roster generated randomly by the list selection algorithm if the hearings have concluded but the award has not been issued.

(2) Prescreening Arbitrators on the Short List

The Director will prescreen the arbitrators on the short list to confirm their availability for any scheduled hearing dates. The Director will provide the parties information about the arbitrators as provided in Rule 12402(c) and the parties will have the right to challenge the arbitrators as provided in Rule 12407.

(3) Striking and Ranking Arbitrators

(A) If the Director sends a short list of five arbitrators under paragraphs (h)(1)(A), (h)(1)(C) or (h)(1)(D) of this Rule, each opposing party (all separately represented claimants collectively and all separately represented respondents collectively) may strike two of the arbitrators from the short list for any reason.

(i) At least three names must remain on the short list. Each opposing party (all separately represented claimants collectively and all separately represented respondents collectively) shall rank all remaining arbitrators on the short list in order of preference, with a "1" indicating the opposing party's first choice, a "2" indicating the opposing party's second choice, and a “3” indicating

the opposing party's third choice.

(ii) The ranked short list must be completed via the Party Portal or, if the party is a *pro se* customer who opted out of using the Party Portal pursuant to Rule 12300(a), returned to the Director by first-class mail, overnight mail service, overnight delivery service, hand delivery, email or facsimile no more than five days after the date upon which the Director sent the short list to the parties.

(B) If the Director sends a short list of three arbitrators under paragraph (h)(1)(B) of this Rule, each opposing party (all separately represented claimants collectively and all separately represented respondents collectively) may strike one of the arbitrators from the short list for any reason.

(i) At least two names must remain on the short list. Each opposing party (all separately represented claimants collectively and all separately represented respondents collectively) shall rank all remaining arbitrators on the short list in order of preference, with a "1" indicating the opposing party's first choice, and a "2" indicating the opposing party's second choice.

(ii) The ranked short list must be completed via the Party Portal or, if the party is a *pro se* customer who opted out of using the Party Portal pursuant to Rule 12300(a), returned to the Director by first-class mail, overnight mail service, overnight delivery

service, hand delivery, email or facsimile no more than three days after the date upon which the Director sent the short list to the parties.

(C) If the Director does not receive a party's ranked short list within the prescribed timeframes in paragraph (h)(3) of this Rule, the Director will proceed as though the party did not want to strike any arbitrator or have any preferences among the listed arbitrators.

(D) Parties are not required to send a copy of their ranking list to the opposing parties.

(4) Appointment of Replacement Arbitrator

The Director will appoint the highest-ranked available arbitrator from the combined ranked short list based on the opposing parties' numerical rankings.

(i) Replacement Arbitrator's Duties Immediately Following Appointment

(1) Immediately following panel appointment, the replacement arbitrator must review the case record, including listening to the audio recording(s) of any hearing that has been held (or reading the transcript, if available), and reviewing admitted exhibits. Before making any decision as a replacement arbitrator or attending a hearing session, the replacement arbitrator must execute FINRA's arbitrator oath or affirmation. Any remaining hearing sessions will move forward with the replacement arbitrator. Any pending motions may be decided by the replacement arbitrator.

(2) FINRA will pay the replacement arbitrator an honorarium of $300 for every four hours or less of reasonable time spent listening to audio recording(s) or

reading transcripts of a hearing that has been held, or reviewing admitted exhibits, provided that the replacement arbitrator submits written confirmation in the manner and form required by the Director.

12403. Cases with Three Arbitrators

Composition of Panels

(a) through (d) No Change.

(e) Appointment of Arbitrators[; Discretion to Appoint Arbitrators Not on the List]

(1) No Change.

(2) If the number of arbitrators available to serve from the combined public arbitrator list or combined chairperson list[s] is not sufficient to fill an initial panel: [, the Director will appoint one or more arbitrators of the required classification to complete the panel from names generated randomly by the list selection algorithm.]

(A) A new list of arbitrators of the required classification will be generated randomly by the list selection algorithm in accordance with the procedures for that classification set forth in paragraphs (a) through (d) of this Rule, and the highest-ranked available arbitrator will be appointed by the Director.

(B) The Director will provide the parties information about the arbitrators as provided in Rule 12403(b) and the parties will have the right to challenge the arbitrators as provided in Rule 12407.

(3) In cases in which the parties collectively strike all of the arbitrators

appearing on the non-public arbitrator list or when all remaining arbitrators on the non-public arbitrator list are unable or unwilling to serve for any reason:

(A) The Director will return to the public arbitrator list and select the next highest-ranked available arbitrator (after the public arbitrator position has been filled) to complete the three member panel.

(B) In the event no ranked arbitrators remain on the public arbitrator list or when all remaining arbitrators on the public arbitrator list are unable or unwilling to serve for any reason, FINRA will select the next highest-ranked arbitrator appearing on the [chair-qualified] chairperson list (after the chairperson position has been filled) to complete the three member panel.

(C) If the number of arbitrators available to serve from the [chair-qualified]chairperson list and public arbitrator list is not sufficient to fill an initial panel: [, the Director will appoint a public arbitrator to complete the panel from names generated randomly by the list selection algorithm.]

(i) A new list of public arbitrators will be generated randomly by the list selection algorithm in accordance with the procedures for that classification set forth in paragraphs (a) through (d) of this Rule, and the highest-ranked available arbitrator will be appointed by the Director.

(ii) The Director will provide the parties information about the arbitrator as provided in Rule 12403(b) and the parties

will have the right to challenge the arbitrator as provided in Rule 12407.

(4) Appointment of arbitrators occurs when the Director sends notice to the parties of the names of the arbitrators on the panel. Before making any decision as an arbitrator or attending a hearing session, the arbitrators must execute FINRA's arbitrator oath or affirmation.

(f) Replacement of [Public]Arbitrators

(1) After panel appointment, if there are no hearings scheduled and an [If a public] arbitrator is removed, or becomes otherwise unable or unwilling to serve, a new list of arbitrators of the required classification will be generated randomly by the list selection algorithm in accordance with the procedures for that classification set forth in paragraphs (a) through (d) of this Rule, and the highest-ranked available arbitrator will be appointed by the Director [will appoint a replacement arbitrator in accordance with this rule, unless the parties agree in writing to proceed with only the remaining arbitrators].

(2) After panel appointment, if there are hearings scheduled and an arbitrator is removed, or otherwise becomes unable or unwilling to serve, the [The] Director will appoint [as] a replacement arbitrator of the required classification in accordance with paragraph (g) of this Rule, unless: [the public arbitrator who is the most highly ranked available public arbitrator remaining on the combined public list.]

(A) all parties agree in writing to proceed with only the remaining

arbitrators;

(B) a hearing is scheduled in fewer than 10 days of the date the arbitrator was removed, or became otherwise unable or unwilling to serve, and all parties do not agree to postpone the hearing dates pursuant to Rule 12601;

(C) there are multiple claimants that are separately represented and do not agree to jointly submit one ranking list;

(D) there are multiple respondents that are separately represented and do not agree to jointly submit one ranking list; or

(E) there is a third party claim in which the third party respondent does not reach agreement with either the claimant or the respondent to jointly submit one ranking list.

(3) If any of paragraphs (f)(2)(B) through (E) of this Rule applies, the Director will appoint as a replacement the arbitrator who is the next highest-ranked available arbitrator of the required classification remaining on the combined ranked list. [If the next highest ranked available public arbitrator from the combined list is unable or unwilling to serve for any reason, the Director will return to the initial public list and appoint the next highest ranked available arbitrator to complete the three member panel.]

(4) If any of paragraphs (f)(2)(B) through (E) of this Rule applies, and if there are no available arbitrators of the required classification on the combined ranked list [If all remaining arbitrators on the public list are unable or unwilling to serve for any reason], the Director will appoint an

arbitrator of the required classification [a public arbitrator] to complete the panel from names generated randomly by the list selection algorithm.

(5) The Director will provide the parties information about the arbitrator as provided in Rule 12403(b) and the parties [shall]will have the right to [object to]challenge the arbitrator as provided in Rule 12407.

(g) [Replacement of a Chairperson]Short List Arbitrator Replacement

(1) [If a chairperson is removed, or becomes otherwise unable or unwilling to serve, the Director will appoint a replacement arbitrator in accordance with this rule, unless the parties agree in writing to proceed with only the remaining arbitrators.]**Generating and Sending the Short List to Parties**

As soon as practicable from the date the arbitrator was removed, or becomes unable or unwilling to serve, the Director will send to all parties at the same time:

(A) A short list of five arbitrators of the required classification generated randomly by the list selection algorithm if a hearing is scheduled in more than 20 days;

(B) A short list of three arbitrators of the required classification generated randomly by the list selection algorithm if a hearing is scheduled between 10 and 20 days;

(C) A short list of five arbitrators of the required classification generated randomly by the list selection algorithm if a hearing is scheduled in fewer than 10 days and the parties agree to

postpone the upcoming hearing:

(i) Parties may be assessed postponement fees under Rules 12214 and 12601;

(ii) Parties must provide the Director with at least four sets of mutually agreed upon hearing dates to reschedule the hearings; or

(D) A short list of five arbitrators of the required classification generated randomly by the list selection algorithm if the hearings have concluded but the award has not been issued.

(2) [The Director will appoint as a replacement arbitrator the chair-qualified arbitrator who is the most highly ranked available arbitrator remaining on the combined chair-qualified list.]**Prescreening Arbitrators on the Short List**

The Director will prescreen the arbitrators on the short list to confirm their availability for any scheduled hearing dates. The Director will provide the parties information about the arbitrators as provided in Rule 12403(b) and the parties will have the right to challenge the arbitrators as provided in Rule 12407.

(3) [If the next highest ranked available chair-qualified arbitrator from the combined list is unable or unwilling to serve for any reason, the Director will return to the initial chair-qualified list and appoint the next highest ranked available arbitrator to complete the three member panel.]**Striking and Ranking Arbitrators**

(A) If the Director sends a short list of five arbitrators under paragraphs (g)(1)(A), (g)(1)(C) or (g)(1)(D) of this Rule, each opposing party (all separately represented claimants collectively and all separately represented respondents collectively) may strike two of the arbitrators from the short list for any reason.

(i) At least three names must remain on the short list. Each opposing party (all separately represented claimants collectively and all separately represented respondents collectively) shall rank all remaining arbitrators on the short list in order of preference, with a "1" indicating the opposing party's first choice, a "2" indicating the opposing party's second choice, and a “3” indicating the opposing party’s third choice.

(ii) The ranked short list must be completed via the Party Portal or, if the party is a *pro se* customer who opted out of using the Party Portal pursuant to Rule 12300(a), returned to the Director by first-class mail, overnight mail service, overnight delivery service, hand delivery, email or facsimile no more than five days after the date upon which the Director sent the short list to the parties.

(B) If the Director sends a short list of three arbitrators under paragraph (g)(1)(B) of this Rule, each opposing party (all separately represented claimants collectively and all separately

represented respondents collectively) may strike one of the arbitrators from the short list for any reason.

(i) At least two names must remain on the short list. Each opposing party (all separately represented claimants collectively and all separately represented respondents collectively) shall rank all remaining arbitrators on the short list in order of preference, with a "1" indicating the opposing party's first choice, and a "2" indicating the opposing party's second choice.

(ii) The ranked short list must be completed via the Party Portal or, if the party is a *pro se* customer who opted out of using the Party Portal pursuant to Rule 12300(a), returned to the Director by first-class mail, overnight mail service, overnight delivery service, hand delivery, email or facsimile no more than three days after the date upon which the Director sent the short list to the parties.

(C) If the Director does not receive an opposing party's ranked short list within the prescribed timeframes in paragraph (g)(3) of this Rule, the Director will proceed as though the party did not want to strike any arbitrator or have any preferences among the listed arbitrators.

(D) Parties are not required to send a copy of their ranking list to the opposing parties.

(4) [If all remaining arbitrators on the chair-qualified list are unable or unwilling to serve for any reason, the Director will appoint a chair-qualified public arbitrator to complete the panel from names generated randomly by the list selection algorithm.]**Appointment of Replacement Arbitrator**

The Director will appoint the highest-ranked available arbitrator from the combined ranked short list based on the opposing parties' numerical rankings.

[(5) The Director will provide the parties information about the arbitrator as provided in Rule 12403(b) and the parties shall have the right to object to the arbitrator as provided in Rule 12407.]

(h) [Replacement of Non-Public Arbitrators]Replacement Arbitrator's Duties Immediately Following Appointment

(1) [If a non-public arbitrator is removed, or becomes otherwise unable or unwilling to serve, the Director will appoint a replacement arbitrator in accordance with this rule, unless the parties agree in writing to proceed with only the remaining arbitrators.]Immediately following appointment, the replacement arbitrator must review the case record, including listening to the audio recording(s) of any hearing that has been held (or reading the transcript, if available), and reviewing admitted exhibits. Before making any decision as a replacement arbitrator or attending a hearing session, the replacement arbitrator must execute FINRA's arbitrator oath or affirmation. Any remaining hearing sessions will move forward with the replacement arbitrator. Any

pending motions may be decided by the replacement arbitrator.

(2) FINRA will pay the replacement arbitrator an honorarium of $300 for every four hours or less of reasonable time spent listening to audio recording(s) or reading transcripts of a hearing that has been held, or reviewing admitted exhibits, provided that the replacement arbitrator submits written confirmation in the manner and form required by the Director. [In cases in which the parties collectively do not strike all of the non-public arbitrators from the initial list, the Director will appoint as a replacement arbitrator the non-public arbitrator who is the most highly ranked available non-public arbitrator remaining on the combined non-public list.

(3) If the next highest ranked available non-public arbitrator is unable or unwilling to serve for any reason, the Director will return to the initial non-public list and appoint the next highest ranked available arbitrator to complete the three member panel.

(4) In the event no ranked arbitrators remain on the non-public list or when all remaining arbitrators on the non-public list are unable or unwilling to serve for any reason, the Director will return to the public list and select the next highest ranked available arbitrator to complete the three member panel.

(A) In the event no ranked arbitrators remain on the public list or when all remaining arbitrators on the public list are unable or unwilling to serve for any reason, FINRA will select the next highest ranked arbitrator appearing on the chair-qualified list to complete the three member panel.

(B) In the event no ranked arbitrators remain on the chair-qualified list or when all remaining arbitrators on the chair-qualified list are unable or unwilling to serve for any reason, the Director will appoint a public arbitrator to complete the panel from names generated randomly by the list selection algorithm.

(5) The Director will provide the parties information about the arbitrator as provided in Rule 12403(b) and the parties shall have the right to object to the arbitrator as provided in Rule 12407.]

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13000. CODE OF ARBITRATION PROCEDURE FOR INDUSTRY DISPUTES

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13406. Appointment of Arbitrators[; Discretion to Appoint Arbitrators Not on List]

(a) through (b) No Change.

(c) If the number of arbitrators available to serve from the combined ranked list(s) is not sufficient to fill an initial panel, a new list of arbitrators of the required classification will be generated randomly by the list selection algorithm in accordance with the procedures for that classification set forth in Rules 13402, 13403, 13404, and 13405, and the highest-ranked available arbitrator will be appointed by the Director [will appoint one or more arbitrators of the required classification to complete the panel from names generated randomly by the list selection algorithm. If the Director must appoint a non-public arbitrator, the Director may not appoint a non-public arbitrator as defined in Rule 13100(x)(2) through (11), unless the parties agree otherwise]. The Director will

provide the parties information about the arbitrators as provided in Rule 13403 and the parties will have the right to challenge the arbitrators as provided in Rule 13410.

(d) No Change.

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13411. Replacement of Arbitrators

(a) After panel appointment, if there are no hearings scheduled and [If] an arbitrator is removed, or becomes otherwise unable or unwilling to serve, a new list of arbitrators of the required classification will be generated randomly by the list selection algorithm in accordance with the procedures set forth in Rules 13402, 13403, 13404, and 13405, and the highest-ranked available arbitrator will be appointed by the Director [will appoint a replacement arbitrator in accordance with this rule, unless the parties agree in writing to proceed with only the remaining arbitrators].

(b) [The Director will appoint as a replacement arbitrator the arbitrator who is the most highly ranked available arbitrator of the required classification remaining on the combined list.]After panel appointment, if there are hearings scheduled and an arbitrator is removed, or otherwise becomes unable or unwilling to serve, the Director will appoint a replacement arbitrator of the required classification in accordance with paragraph (f) of this Rule, unless:

(1) all parties agree in writing to proceed with only the remaining arbitrators (if the panel consists of three arbitrators);

(2) a hearing is scheduled in fewer than 10 days of the date the arbitrator was removed, or became otherwise unable or unwilling to serve, and all parties do not agree to postpone the hearing dates pursuant to Rule 13601;

(3) there are multiple claimants that are separately represented and do not agree to jointly submit one ranking list;

(4) there are multiple respondents that are separately represented and do not agree to jointly submit one ranking list;

(5) there is a third party claim in which the third party respondent does not reach agreement with either the claimant or the respondent to jointly submit one ranking list; or

(6) the case relates to an expungement request filed pursuant to Rule 13805 on or after October 16, 2023.

(c) If any of paragraphs (b)(2) through (5) of this Rule applies, and [If] if there are no available arbitrators of the required classification on the [consolidated] combined ranked list, the Director will appoint an arbitrator of the required classification to complete the panel from names generated randomly by the list selection algorithm. [The Director will provide the parties information about the arbitrator as provided in Rule 13403, and the parties shall have the right to object to the arbitrator as provided in Rule 13410.]

(d) If the Director must appoint a non-public arbitrator under paragraph (c) of this Rule, the Director may not appoint a non-public arbitrator as defined in Rule 13100(x)(2) through (11), unless the parties agree otherwise.

(e) The Director will provide the parties information about the arbitrator as provided in Rule 13403, and the parties will have the right to challenge the arbitrator as provided in Rule 13410.

(f) Short List Arbitrator Replacement

(1) Generating and Sending the Short List to Parties

As soon as practicable from the date the arbitrator was removed, or becomes unable or unwilling to serve, the Director will send to all parties at the same time:

(A) A short list of five arbitrators of the required classification generated randomly by the list selection algorithm if a hearing is scheduled in more than 20 days;

(B) A short list of three arbitrators of the required classification generated randomly by the list selection algorithm if a hearing is scheduled between 10 and 20 days;

(C) A short list of five arbitrators of the required classification generated randomly by the list selection algorithm if a hearing is scheduled in fewer than 10 days and the parties agree to postpone the upcoming hearing:

(i) Parties may be assessed postponement fees under Rules 13214 and 13601;

(ii) Parties must provide the Director with at least four sets of mutually agreed upon hearing dates to reschedule the hearings; or

(D) A short list of five arbitrators of the required classification generated randomly by the list selection algorithm if the hearings have concluded but the award has not been issued.

(2) Prescreening Arbitrators on the Short List

The Director will prescreen the arbitrators on the short list to confirm their availability for any scheduled hearing dates. The Director will provide the parties information about the arbitrators as provided in Rule 13403 and the parties will have the right to challenge the arbitrators as provided in Rule 13410.

(3) Striking and Ranking Arbitrators

(A) If the Director sends a short list of five arbitrators under paragraphs (f)(1)(A), (f)(1)(C) or (f)(1)(D) of this Rule, each opposing party (all separately represented claimants collectively and all separately represented respondents collectively) may strike two of the arbitrators from the short list for any reason.

(i) At least three names must remain on the short list. Each opposing party (all separately represented claimants collectively and all separately represented respondents collectively) shall rank all remaining arbitrators on the short list in order of preference, with a "1" indicating the opposing party's first choice, a "2" indicating the opposing party's second choice, and a “3” indicating the opposing party’s third choice.

(ii) The ranked short list must be completed via the Party Portal no more than five days after the date upon which the Director sent the short list to the parties.

(B) If the Director sends a short list of three arbitrators under paragraph (f)(1)(B) of this Rule, each opposing party (all separately represented claimants collectively and all separately represented

respondents collectively) may strike one of the arbitrators from the short list for any reason.

(i) At least two names must remain on the short list. Each opposing party (all separately represented claimants collectively and all separately represented respondents collectively) shall rank all remaining arbitrators on the short list in order of preference, with a "1" indicating the opposing party's first choice, and a "2" indicating the opposing party's second choice.

(ii) The ranked short list must be completed via the Party Portal no more than three days after the date upon which the Director sent the short list to the parties.

(C) If the Director does not receive a party's ranked short list within the prescribed timeframes in paragraph (f)(3) of this Rule, the Director will proceed as though the party did not want to strike any arbitrator or have any preferences among the listed arbitrators.

(D) Parties are not required to send a copy of their ranking list to the opposing parties.

(4) Appointment of Replacement Arbitrator

The Director will appoint the highest-ranked available arbitrator from the combined ranked short list based on the opposing parties' numerical rankings.

(g) Replacement Arbitrator's Duties Immediately Following Appointment

(1) Immediately following panel appointment, the replacement arbitrator must review the case record, including listening to the audio recording(s) of any

hearing that has been held (or reading the transcript, if available), and reviewing admitted exhibits. Before making any decision as a replacement arbitrator or attending a hearing session, the replacement arbitrator must execute FINRA's arbitrator oath or affirmation. Any remaining hearing sessions will move forward with the replacement arbitrator. Any pending motions may be decided by the replacement arbitrator.

(2) FINRA will pay the replacement arbitrator an honorarium of $300 for every four hours or less of reasonable time spent listening to audio recording(s) or reading transcripts of a hearing that has been held, or reviewing admitted exhibits, provided that the replacement arbitrator submits written confirmation in the manner and form required by the Director.

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