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Page 1 of * 170

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

File No. * SR 2026 - * 024
Amendment No. (req. for Amendments *)

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 *).

Proposed Rule Change to Amend the FINRA By-Laws, the FINRA Regulation By-Laws, the Plan of Allocation and Delegation of Functions by FINRA to Subsidiaries, and FINRA's Restated Certificate of Incorporation

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 * Lisa Last Name * Horrigan

Title * Associate General Counsel

E-mail * lisa.horrigan@finra.org

Telephone * (202) 728-8331 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 11/02/2026

By Philip Shaikun
(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.

Philip Shaikun
Digitally signed by Philip Shaikun
Date: 2026.11.02 16:00:03 -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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FINRA-2026-024 19b-4.docx

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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FINRA-2026-024 Exhibit 1.docx

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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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-2026-024 Exhibit 5.docx

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

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "SEA"),[1] the Financial Industry Regulatory Authority, Inc. ("FINRA") is filing with the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule change to (1) amend the By-Laws of the Corporation ("FINRA By-Laws"), the By-Laws of FINRA Regulation, Inc. ("FINRA Regulation By-Laws") and the Plan of Allocation and Delegation of Functions by FINRA to Subsidiaries ("Delegation Plan") to revise FINRA's governance structure, including the composition and operation of the Board of Governors of FINRA ("FINRA Board" or "Board") and committees established by the Board comprising solely Governors ("Board committees"); and (2) amend FINRA's Restated Certificate of Incorporation ("Certificate of Incorporation") to conform relevant provisions to the amended and restated FINRA By-Laws. The proposed rule change also would make technical and conforming changes to the FINRA By-Laws, FINRA Regulation By-Laws, Delegation Plan, Certificate of Incorporation and FINRA rules.

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

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The FINRA Board authorized the filing of the proposed rule change with the SEC. On October 9, 2026, FINRA held a special meeting of the members of FINRA eligible to vote on the amendments to the FINRA By-Laws. A quorum of members

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[1] 15 U.S.C. 78s(b)(1).

entitled to vote on the matter was present at such meeting, in person or by proxy, and a majority of the members voting approved the proposed amendments to the FINRA By-Laws. The Chief Legal Officer of FINRA authorized the filing with the SEC of the proposed rule change to make technical non-substantive changes to FINRA rules pursuant to delegated authority. No other action by FINRA is necessary for the filing of the proposed rule change.

If the Commission approves the proposed rule change, the effective date will be the date of filing with the Delaware Secretary of State of an amended and restated Certificate of Incorporation, which is intended to be no later than the date of FINRA's 2027 Annual Meeting of Member Firms ("2027 Annual Meeting"). FINRA anticipates that the 2027 Annual Meeting will take place during the third or fourth quarter of 2027.

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

(a) Purpose

Background

The FINRA By-Laws, read together with the Certificate of Incorporation, govern the composition and operation of the FINRA Board. The Board includes individuals from member firms of various sizes and business models, as well as public leaders with expertise in markets, technology, regulatory oversight, business and law. In 1996, FINRA's predecessor, the National Association of Securities Dealers ("NASD"), amended its By-Laws to require that the number of non-industry Governors exceed the number of industry Governors.[2] The majority public structure was implemented when

[2] See Securities Exchange Act Release No. 37106 (April 11, 1996), 61 FR 16944 (April 18, 1996) (Order Approving File No. SR-NASD-96-02).

the By-Laws were last amended in 2007 in connection with the merger of NASD and NYSE Regulation to create FINRA.[3]

The FINRA By-Laws currently provide for a Board composed of up to 25 Governors, with 10 seats designated for "Industry Governors,"[4] 11 to 14 seats designated for "Public Governors"[5] and one seat reserved for FINRA's Chief Executive Officer ("CEO"), who is considered neither an Industry Governor nor a Public Governor.

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[3] See Securities Exchange Act Release No. 56145 (July 26, 2007), 72 FR 42169 (August 1, 2007) (Order Approving File No. SR-NASD-2007-023).

[4] Article I of the FINRA By-Laws currently defines "Industry Governor" or "Industry committee member" as:

> the Floor Member Governor, the Independent Dealer/Insurance Affiliate Governor and the Investment Company Affiliate Governor and any other Governor (excluding the Chief Executive Officer of the Corporation and, during the Transitional Period, the Chief Executive Officer of NYSE Regulation, Inc.) or committee member who: (1) is or has served in the prior year as an officer, director (other than as an independent director), employee or controlling person of a broker or dealer, or (2) has a consulting or employment relationship with or provides professional services to a self regulatory organization registered under the Act, or has had any such relationship or provided any such services at any time within the prior year.

[5] Article I of the FINRA By-Laws currently defines "Public Governor" or "Public committee member" as:

> any Governor or committee member who is not the Chief Executive Officer of the Corporation or, during the Transitional Period, the Chief Executive Officer of NYSE Regulation, Inc., who is not an Industry Governor and who otherwise has no material business relationship with a broker or dealer or a self regulatory organization registered under the Act (other than serving as a public director of such a self regulatory organization).

Seven of the Industry Governor seats—three Small Firm Governors, one Mid-Size Firm Governor and three Large Firm Governors—are designated for individuals associated with FINRA members that correspond to each firm size. Pursuant to the FINRA By-Laws, a small firm employs at least one and no more than 150 registered persons; a mid-size firm employs at least 151 and no more than 499 registered persons; and a large firm employs 500 or more registered persons. (See FINRA By-Laws Article I.) Industry Governors are elected to these seats by the small, mid-size and large member firms, respectively. The three remaining Industry Governor seats are appointed, segment-specific seats, i.e., a "Floor Member Governor," an "Independent Dealer/Insurance Affiliate Governor" and an "Investment Company Affiliate Governor," as those terms are defined in the FINRA By-Laws. (See FINRA By-Laws Article I.)

Overview of Proposed Amendments

FINRA is proposing to amend the FINRA By-Laws, FINRA Regulation By-Laws and Delegation Plan relating to the composition and operation of the FINRA Board and Board committees to modernize FINRA's governance structure and strengthen FINRA's self-regulatory model. As described below, FINRA is further proposing to amend the Certificate of Incorporation to conform relevant provisions to the amended and restated FINRA By-Laws and to make other updates and technical changes.

Among other changes, the proposed rule change would transition the FINRA Board from a majority of Public Governors to a majority of Industry Governors, while preserving a substantial role for public representatives on the Board—Public Governors would represent from 41.7 to 47.4 percent of the total number of Industry and Public

Governors.[6] The proposed rule change also would potentially broaden industry representation, including among small firms, on the FINRA Board by converting the three appointed, segment-specific industry seats to three appointed, at-large industry seats. And, consistent with modern governance practices, the proposed rule change would reduce the size of the Board, which currently may have up to 25 members, to no more than 20 members.

With respect to the operation of the FINRA Board and Board committees, the proposed rule change would revise term limits, conform quorum requirements and provide more flexibility for the Board to manage the composition of the Board and its committees based on current needs, subject to minimum Industry and Public Governor representation requirements. The Audit Committee would continue to require a majority of Public Governors and continue to be chaired by a Public Governor, as is the case today.

FINRA believes that the proposed rule change would strengthen member engagement, increase access to industry expertise and better position FINRA to protect and serve investors, markets and member firms in an evolving industry and market environment. FINRA believes that the public benefits of the self-regulatory organization ("SRO") model include the ability to leverage member knowledge, experience and

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6 Under the proposed rule change, the minimum number of Industry Governors would be seven and the minimum number of Public Governors would be five. In that instance, Public Governors would represent 5/12 or 41.7 percent of Public and Industry Governors. At the Board's proposed maximum size of 20, Industry Governors would account for 10 seats and Public Governors would account for nine seats. In that instance, Public Governors would represent 9/19 or 47.4 percent of Public and Industry Governors. FINRA's CEO would remain on the Board in a seat that is neither Industry nor Public.

insight. Appropriate member participation in FINRA's programs is important for capturing the deep, practical expertise that is central to self-regulation and helps FINRA effectively carry out its mission of protecting investors and market integrity—including by producing better visibility into emerging threats, risky business practices and unfair tactics. In addition, the proposed rule change would provide the Board greater flexibility to draw on expertise from a broader range of business models to adapt to changes in the industry and ensure appropriate representation from across the membership—enhancing opportunities for a wider spectrum of member firms, including more small firms, to participate in governance. Finally, with a somewhat smaller size and greater flexibility to manage its operations, the Board would be more nimble and better able to benefit from the insights of both Industry and Public Governors.

FINRA notes that several of the factors that supported NASD's adoption of a majority non-industry Board over 30 years ago are significantly different from the environment FINRA faces today. NASD's change to its Board composition was one of many changes made in connection with an SEC enforcement action against NASD, which found that NASD failed to adequately oversee the Nasdaq market and that Nasdaq market makers exercised undue influence over NASD's operations and regulatory affairs.[7]

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[7] See In the Matter of National Association of Securities Dealers, Inc., Admin. Proc. File No. 3-9056, Securities Exchange Act Release No. 37538 (August 8, 1996) (Order Instituting Public Proceedings Pursuant to Section 19(h)(1) of the Securities Exchange Act of 1934, Making Findings and Imposing Remedial Sanctions) (the "SEC Order").

The SEC Order imposes 14 undertakings, including that NASD maintain at least 50 percent independent public and non-industry membership on its Board, as well as specified subsidiaries, affiliates and committees. The SEC Order also requires that a majority of public and non-industry members and a public Chair serve on

NASD fully divested Nasdaq in 2006, eliminating the market-driven conflicts of interest that had previously existed between NASD's self-regulatory obligations and the competitive incentives of Nasdaq market makers.[8] And FINRA has a number of important institutional safeguards in place to ensure that it serves its mission of protecting investors and market integrity. These include, in addition to substantial Public Governor involvement, organizational guardrails, procedural requirements and other checks and balances to provide for robust and fair regulatory and disciplinary functions, and greater transparency into FINRA's regulatory operations, rulemaking and finances to facilitate accountability.

More specifically, FINRA maintains a fully independent internal audit staff, which reviews all aspects of FINRA and its subsidiaries and reports directly to what will continue to be a majority public, Public Governor-chaired Audit Committee.[9] In addition, FINRA's Office of the Ombuds provides an independent, neutral and confidential source of assistance for individuals who have questions or concerns about the activities of FINRA and its employees. FINRA's ombuds staff also reports directly to

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the Audit Committee. FINRA is separately applying to the SEC for relief solely from one undertaking relating to the composition of the Board and committees. This relief would not modify the separate undertaking that specifies the composition and Chair of the Audit Committee, as well as the maintenance of a substantial, independent audit staff.

8 Such conflicts of interest were a "primary focus" of the SEC's enforcement action in 1996. See Report Pursuant to Section 21(a) of the Securities Exchange Act of 1934 Regarding the NASD and the NASDAQ Market (August 8, 1996), available at https://www.sec.gov/litigation/investreports/nd21a-report.

9 See, e.g., the 2025 FINRA Audit & Risk Committee Charter, available at https://www.finra.org/about/governance/standing-committees/audit-committee-charter.

the Audit Committee.[10] This structure ensures that the Audit Committee can investigate issues of concern.[11]

To ensure independence in disciplinary functions, FINRA's Office of Hearing Officers ("OHO") serves as FINRA's adjudicatory forum for disciplinary and expedited proceedings. OHO is an independent office within FINRA that employs impartial professional Hearing Officers who preside over proceedings commenced by FINRA's Enforcement Department. OHO maintains strict independence from FINRA's regulatory and enforcement programs, and Hearing Officers are not involved in the investigative and examination processes of FINRA. Employment protections exist for Hearing Officers to further ensure their independence, and any termination by FINRA's CEO can be appealed to the Audit Committee.[12]

In addition, FINRA's Office of Disciplinary Affairs ("ODA"), which is independent of Enforcement and not involved in the investigation or litigation of cases, is charged with reviewing proposed settlements and complaints. ODA provides an independent review of the legal and evidentiary sufficiency of charges proposed by the

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10 Additional information regarding the Office of the Ombuds can be found on FINRA's website at https://www.finra.org/about/office-ombuds.

11 In addition to directing and overseeing the activities of FINRA's internal audit and ombuds functions, the Audit Committee monitors the performance of the independent outside auditors retained by FINRA, oversees FINRA's compliance with applicable legal and regulatory requirements and corporate policies, and assists the Board in its oversight of FINRA's enterprise risks.

12 Additional information regarding OHO can be found on FINRA's website at https://www.finra.org/rules-guidance/adjudication-decisions/office-hearing-officers-oho/about.

Enforcement staff. ODA also reviews settlements for consistency with FINRA's Sanction Guidelines and applicable precedent.[13]

In furtherance of FINRA's mission to protect investors, FINRA's Investor Education Foundation provides educational programs and supports innovative research to protect investors and help them achieve their financial goals.[14]

FINRA also produces regular reports on its activities and finances, with publicly available reports on its budget and financial performance. All FINRA rule changes are subject to public review and comment, and FINRA disciplinary actions are made public. FINRA also produces regular information about its examination program and broader regulatory operations, including insights into findings from those operations.[15]

FINRA believes that these safeguards, among others, along with comprehensive SEC oversight and evaluation of such oversight by the Government Accountability Office ("GAO"),[16] provide strong assurance that FINRA will continue to perform its investor protection responsibilities while benefiting from the revised governance structure and strengthened self-regulatory model that the proposed rule change provides.

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13 See, e.g., Regulatory Notice 09-17 (March 2009).

14 Additional information regarding the Investor Education Foundation is available at https://www.finrafoundation.org/.

15 See, e.g., 2026 FINRA Annual Regulatory Oversight Report (December 9, 2025), available at https://www.finra.org/rules-guidance/guidance/reports/2026-finra-annual-regulatory-oversight-report.

16 The GAO is required by statute to review the SEC's oversight of FINRA every three years in 10 specified areas, including conflicts of interest management and transparency of governance. See, e.g., SEC's Oversight of the Financial Industry Regulatory Authority, GAO-25-107723 (November 12, 2024), available at https://www.gao.gov/products/gao-25-107723.

Proposed Amendments Relating to the FINRA Board

FINRA is proposing to amend the FINRA By-Laws with respect to the composition and operation of the FINRA Board as follows.

First, the proposed rule change would amend the FINRA By-Laws to require that the Board have a majority of Industry Governors. (See FINRA By-Laws Article VII, Section 4(a).) The minimum number of Industry Governors would be the seven existing elected Industry Governor seats. The number of Public Governors would be required to be one or two less than the number of Industry Governors, meaning that at least 41.7 percent of Industry and Public Governors would be Public Governors. FINRA's CEO would remain on the Board in a seat that is neither Industry nor Public.

Second, the proposed rule change would amend the FINRA By-Laws to convert the three appointed Industry Governor seats (as noted above, these are the Floor Member Governor, the Independent Dealer/Insurance Affiliate Governor and the Investment Company Affiliate Governor) to appointed At Large Industry Governor seats. (See FINRA By-Laws Article VII, Section 4(a).) An "At Large Industry Governor" would be defined as a "member of the Board to be appointed by the Board; provided however, to be eligible to serve, an At Large Industry Governor must qualify as an Industry Governor." (See FINRA By-Laws Article I.) The number of At Large Industry Governor seats would not exceed three.[17]

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[17] FINRA is proposing to update the definition of "Industry Governor" to remove legacy language that, if not removed, would allow employees and consultants of SROs to qualify for the proposed At Large Industry Governor seats. (See FINRA By-Laws Article I.) In addition, FINRA is proposing to make related amendments to the definition of "Public Governor" to exclude persons that have, or had within the prior year, an employment relationship with an SRO (other than serving as a public director of such SRO). The proposed rule change would make conforming changes to the definitions of "Industry Director" and "Public

The FINRA Board would have flexibility to fill these seats based on the needs of FINRA by drawing from the expertise, experience and business models of the entire membership. In addition, the Board would be able to decide whether to further decrease its overall size by reducing the number of At Large Industry Governor seats. In such instance, the Board also would decrease the number of Public Governor seats to maintain the Industry Governor majority. In all scenarios, the total number of Public Governors on the Board would be one or two less than the total number of Industry Governors on the Board, thereby preserving substantial Public Governor participation in Board governance, as illustrated in greater detail below.

Third, the proposed rule change would reduce the total number of seats on the Board to a maximum of 20, comprising: (1) seven to 10 Industry Governors (seven elected Industry Governors, i.e., three Small Firm Governors, one Mid-Size Firm Governor and three Large Firm Governors, and zero to three appointed At Large Industry Governors (as determined by the Board)); (2) five to nine Public Governors (as determined by the Board, always one or two less than the total number of Industry Governors); and (3) FINRA's CEO. As amended, Article VII, Section 4(a) of the FINRA By-Laws would provide that the FINRA Board shall consist of no fewer than 13 nor more than 20 Governors.

As noted, the proposed rule change provides for substantial continued public representation on the Board, with Public Governors comprising at least 41.7 percent of the total number of Industry and Public Governors. For example, if the Board has the minimum

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Director" of the FINRA Regulation Board. (See FINRA By-Laws Article I and FINRA Regulation By-Laws Article I.)

number of Industry Governors, i.e., the seven elected Industry Governor seats, then the number of Public Governors can be no less than five and no more than six. If there are five Public Governors (i.e., two less than the number of Industry Governors), then the Public Governors would comprise 41.7 percent of the total number of Industry and Public Governors. If there are six Public Governors (i.e., one less than the number of Industry Governors), then the Public Governors would comprise 46.2 percent.

If the Board has the maximum number of Industry Governors, i.e., the seven elected Industry Governor seats and the three appointed At Large Industry Governor seats, then the number of Public Governors can be no less than eight and no more than nine. If there are eight Public Governors (i.e., two less than the number of Industry Governors), then the Public Governors would comprise 44.4 percent of the total number of Industry and Public Governors. If there are nine Public Governors (i.e., one less than the number of Industry Governors), then the Public Governors would comprise 47.4 percent.[18]

Fourth, the proposed rule change would amend the FINRA By-laws to revise the quorum requirements to reflect the changes to the Board's composition. Specifically, a majority of the Board, including not less than 50 percent of the Public Governor members (which is currently required) and 50 percent of the Industry Governor members (which would be a new requirement) would be needed to constitute a quorum of the Board. (See FINRA By-Laws Article VII, Section 8.)

Finally, the proposed rule change would amend the FINRA By-Laws to extend the current Board term limits from two consecutive three-year terms to three consecutive

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[18] FINRA notes that the seat reserved for FINRA's CEO has been excluded from these calculations.

three-year terms. (See FINRA By-Laws Article VII, Section 5.) This would provide the possibility that Governors could serve for up to nine years (versus six years currently).[19] Section 5 would also be amended to clarify that any appointed or elected Governor who fills a vacancy of a Governor position or a new Governor position shall serve for the remaining term of the class[20] or until a successor is duly appointed and qualified, or until death, resignation, disqualification or removal.

Proposed Amendments Relating to the FINRA Board Committees

The FINRA By-Laws provide for the following Board committees: the Nominating Committee,[21] Executive Committee, Audit Committee[22] and Finance Committee.[23] (See FINRA By-Laws Article VII, Section 9, and Article IX, Sections 4, 5 and 6, respectively.) The FINRA By-Laws also provide generally for any other committee or subcommittee appointed by the Board. (See FINRA By-Laws Article IX, Section 1(b).) Additional Board committees are provided for under the FINRA Regulation By-Laws (specifically, the FINRA Regulation Board of Directors ("FINRA

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19 FINRA notes that when evaluating whether to nominate a Governor to a third term, the Board's Nominating and Governance Committee or "Nominating Committee," which is responsible for identifying qualified candidates for the appointed Industry and Public Governor seats on the Board, may consider, among other factors, whether there are succession or similar considerations that support such nomination, including extensive subject-matter knowledge, significant unplanned turnover and desired continuity in the Board or a committee Chair.

20 The appointed and elected Governors are divided into classes pursuant to Article VII, Section 5 to stagger their terms of office.

21 This committee is known as the Nominating and Governance Committee.

22 This committee is known as the Audit and Risk Committee.

23 This committee is known as the Finance, Operations and Technology Committee.

Regulation Board")[24] under Article IV) and the Delegation Plan (specifically, the Management Compensation Committee ("Compensation Committee")[25] under Section I.C.).[26] FINRA is proposing to modify composition and other requirements for the Board committees and subcommittees as follows.

First, the proposed rule change would amend the FINRA By-Laws to establish minimum composition requirements for Board committees, as set out below. Subject to these requirements, other Board committee governance requirements (e.g., number and composition of committee members and Chair designation) would be established by the Board in the committees' respective governing documents. This would provide the Board with greater discretion to establish and modify, as needed, the size, composition and leadership of its committees to best suit FINRA's circumstances and governance needs.

As noted above, the Audit Committee would continue to have a majority of Public Governors and be chaired by a Public Governor. Specifically, the amended and restated FINRA By-Laws would provide that the Audit Committee "shall include a number of Public Governors as members thereof in excess of the number of Industry Governors which are members thereof" and retain the requirement that a Public Governor serve as Chair of the Committee. (See FINRA By-Laws Article IX, Section 5(a).) This would ensure that the FINRA Board would continue to have an appropriately constituted

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24 This committee is known as the Regulatory Policy Committee, which sits as the FINRA Regulation Board.

25 This committee is known as the Compensation and Human Capital Committee.

26 Information regarding the Board committees can be found on FINRA's website at https://www.finra.org/about/governance/standing-committees.

committee to review any alleged concerns arising from FINRA's conduct or from industry participation in FINRA's governance and oversight of member firms. FINRA is proposing to delete the requirement that the Audit Committee consist of four or five Governors to provide the Board flexibility to determine the appropriate size of the Audit Committee, consistent with other Board committees. FINRA officers and employees would continue to be prohibited from being members of the Audit Committee. (See FINRA By-Laws Article IX, Section 5(a).)

For all other Board committees, the proposed rule change would delete requirements in the FINRA By-Laws relating to the size of any given committee and require that each Board committee have (1) at least two Public Governors and at least two Industry Governors; and (2) a minimum number of Public Governors that is one or two less than the number of Industry Governors, depending on the size of the committee.[27] (See FINRA By-Laws Article VII, Section 9(b) (relating to the Nominating Committee), Article IX, Section 1(b) (relating to Board committees and subcommittees generally), Article IX, Section 4(b) (relating to the Executive Committee) and Article IX, Section 6(b) (relating to the Finance Committee).) The first requirement would ensure a minimum representation of both Industry and Public Governors on each Board

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[27] Specifically, if the number of members of the committee is seven or fewer, the minimum number of Public Governors must be one less than the number of Industry Governors. If the number of members is eight or greater, the minimum number of Public Governors must be two less than the number of Industry Governors. Thus, for example, on a seven-member committee, there must be a minimum of three Public Governors, which would comprise 42.9 percent of the committee. On an eight-member committee, there must be a minimum of three Public Governors, comprising 37.5 percent of the committee.

committee. The second requirement would ensure that Public Governors continue to have meaningful representation on each Board committee.

Thus, except for the Audit Committee—which must be majority public and have a public Chair—the Board could choose to appoint a committee with a majority of Public Governors, a majority of Industry Governors, or an equal number of Public and Industry Governors, based on the needs of FINRA at the time, e.g., the expertise of particular Governors. Similarly, the Board could choose a committee Chair who is a Public Governor or an Industry Governor.

The proposed rule change would make conforming amendments to the FINRA Regulation By-Laws relating to the FINRA Regulation Board. Specifically, the FINRA Regulation Board must have at least two Public Directors and at least two Industry Directors and, depending on its size, must have a minimum number of Public Directors that is one or two less than the number of Industry Directors. (See FINRA Regulation By-Laws Article IV, Section 4.3(a).)

In addition, FINRA is proposing to delete the requirement that the FINRA Regulation Board consist of no fewer than five and no more than 17 Directors to provide the FINRA Board flexibility to determine the appropriate number of Directors based on FINRA's needs.[28] (See FINRA Regulation By-Laws Article IV, Section 4.2.) FINRA's CEO and the Chair of the FINRA Board would continue to serve as ex-officio non-voting

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[28] The FINRA Regulation By-Laws provide that the number of FINRA Regulation Board members will be determined by resolution adopted by the stockholder of FINRA Regulation from time to time. See FINRA Regulation By-Laws Article IV, Section 4.2. Pursuant to Article XI, Section 11.1 of the FINRA Regulation By-Laws, FINRA is the sole stockholder of the capital stock of FINRA Regulation.

members of the FINRA Regulation Board. (See FINRA Regulation By-Laws Article IV, Section 4.3.)

FINRA notes that the FINRA Regulation By-Laws also require that at least two and not less than 20 percent of the members of the FINRA Regulation Board be elected Governors, i.e., Small Firm, Mid-Size Firm or Large Firm Governors.[29] The proposed rule change would not modify this provision.

Second, the proposed rule change would amend the FINRA By-Laws to remove the one-year term limits that currently exist for certain Board committees[30] and adopt a new provision, consistent with Delaware law and current governance practices, expressly authorizing the FINRA Board to appoint committee members for such terms as the Board deems advisable. Specifically, proposed FINRA By-Laws Article IX, Section 8 would provide that committee and subcommittee members shall hold office for such term as may be determined by the Board and until a successor is duly appointed, or until such member's earlier death, resignation, disqualification or removal.[31] In addition, the

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29 The requirement for a minimum representation of elected Governors on the FINRA Regulation Board is unique to this committee and helps ensure that elected representatives of the industry have a role in the rulemaking and regulatory oversight functions of the Board.

30 See FINRA By-Laws Article VII, Section 9(c) (relating to the Nominating Committee), Article IX, Section 4(c) (relating to the Executive Committee), Article IX, Section 5(a) (relating to the Audit Committee) and Article IX, Section 6(b) (relating to the Finance Committee).

31 The provisions relating to the removal of a Board committee member would be amended to clarify that the member may be removed "for cause during the term for which they have been appointed by the Board" by majority vote, after appropriate notice. See FINRA By-Laws Article VII, Section 9(c) and Article IX, Section 3(a).

The proposed amendments more closely align the FINRA By-Laws with Delaware law, the relevant provisions of which generally give a board of directors

proposed rule change would adopt FINRA By-Laws Article IX, Section 3(b) to authorize the Board, in addition to appointing committee members for such terms as the Board deems advisable, to review the composition of the committees and subcommittees and change the membership of the committees and subcommittees from time to time as the Board deems advisable.[32] Consistent with its current practice, the FINRA Board intends to review committee membership on an annual basis.

Third, the proposed rule change would amend the quorum requirements under the FINRA By-Laws to reflect the increased industry representation on the Board committees and create a simplified uniform requirement. Specifically, the current committee-specific quorum requirements[33] would be deleted, and pursuant to proposed FINRA By-Laws Article IX, Section 7, a quorum would consist of a majority of the committee (or subcommittee, as applicable), including not less than 50 percent of the Public Governor members (which is currently required) and not less than 50 percent of the Industry Governor members (which would be a new requirement).

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of a Delaware corporation broad discretion with respect to the composition of board committees. The proposed amendments give the Board greater flexibility with respect to the appointment and removal of Board committee members (and changes to the slate of members serving on a committee from time to time), while retaining and harmonizing the existing requirement that notice be given to Board committee members if they are going to be removed for grounds that would otherwise constitute cause.

32 Proposed FINRA By-Laws Article IX, Section 3(b) also provides that "For the avoidance of doubt, any action that may be taken by the Board pursuant to this Section 3(b) may be taken by any duly authorized committee thereof."

33 See FINRA By-Laws Article VII, Section 9(e) (relating to the Nominating Committee), Article IX, Section 4(d) (relating to the Executive Committee), Article IX, Section 5(e) (relating to the Audit Committee) and Article IX, Section 6(c) (relating to the Finance Committee).

Conforming amendments relating to the quorum requirements for the FINRA Regulation Board would be made to Article IV, Section 4.9 of the FINRA Regulation By-Laws.[34] This Section would also be amended to clarify that the ex-officio non-voting members of the FINRA Regulation Board do not count for purposes of determining quorum or whether a majority vote has been obtained.[35]

Fourth, the proposed rule change would amend the FINRA By-Laws to provide expressly that the Nominating Committee, Audit Committee and Finance Committee shall exercise any such other powers and duties, and perform such other functions, as may be authorized by the Board. (See proposed FINRA By-Laws Article VII, Section 16, and amended Article IX, Section 5(b) and Article IX, Section 6(a), respectively.)

Finally, the proposed rule change would delete Section I.C. (Management Compensation Committee) of the Delegation Plan in its entirety.[36] This committee, which is the only Board committee established in the Delegation Plan, would be governed by the general provisions of the FINRA By-Laws applicable to other committees appointed by the FINRA Board pursuant to Article IX, Section 1(b).

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34 Pursuant to the proposed rule change, Section 4.9 would be renumbered as Section 4.8.

35 Similar language would be added to FINRA Regulation By-Laws Article IV, Section 4.15 (which would be renumbered as Section 4.14) to clarify that consent by the ex-officio non-voting members of the FINRA Regulation Board would not be required to approve actions taken without a meeting.

36 Pursuant to the proposed rule change, subsections D. through E. of Delegation Plan Section I. would be redesignated as C. through D.

Comparison of Current and Proposed Requirements

The following chart summarizes the current and proposed composition, quorum and term requirements relating to the FINRA Board and Board committees. The following is only a summary; the text of the proposed rule change is attached as Exhibit 5.

Topic	Current	Proposed
FINRA Board Composition	The Board consists of 16 to 25 Governors. The number of Public Governors exceeds the number of Industry Governors. The Board of Governors consists of (i) FINRA's CEO, (ii) a number of Public Governors determined by the Board, (iii) a Floor Member Governor, an Independent Dealer/Insurance Affiliate Governor and an Investment Company Affiliate Governor, and (iv) three Small Firm Governors, one Mid-Size Firm Governor and three Large Firm Governors.	The Board consists of 13 to 20 Governors. The number of Industry Governors exceeds the number of Public Governors. The Board of Governors consists of (i) FINRA's CEO, (ii) a number of Public Governors that is one or two less than the number of Industry Governors, as determined by the Board, (iii) a number of At Large Industry Governors, not to exceed three, as determined by the Board, and (iv) three Small Firm Governors, one Mid-Size Firm Governor and three Large Firm Governors.
At Large Industry Governor	Not applicable.	Means a member of the Board appointed by the Board who qualifies as an Industry Governor.
Industry Governor	Means the Floor Member Governor, the Independent Dealer/Insurance Affiliate Governor and the Investment Company Affiliate Governor and any other Governor (excluding FINRA's CEO and, during the Transitional Period, the CEO of NYSE	Means a Governor (excluding FINRA's CEO) who is or has served in the prior year as an officer, director (other than as an independent director), employee or controlling person of a broker or dealer.

Topic	Current	Proposed
	Regulation, Inc.) who: (1) is or has served in the prior year as an officer, director (other than as an independent director), employee or controlling person of a broker or dealer, or (2) has a consulting or employment relationship with or provides professional services to a self-regulatory organization registered under the Act, or has had any such relationship or provided any such services at any time within the prior year.	
Elected Governors	The Elected Governors include the three Small Firm Governors, one Mid-Size Firm Governor and the three Large Firm Governors, and are elected by the firms in the same category. A Small Firm Governor must be registered with a Small Firm member (a member with at least one and no more than 150 registered persons) and be an Industry Governor. A Mid-Size Firm Governor must be registered with a Mid-Size Firm member (a member with at least 151 and no more than 499 registered persons) and be an Industry Governor. A Large Firm Governor must be registered with a Large Firm member (a member with at least 500 registered persons) and be an Industry Governor.	No change to these definitions (other than removing provisions relating to the transitional period following the consolidation of NASD with NYSE Regulation).

Topic	Current	Proposed
Floor Member Governor	Means an appointed member of the Board who is a person associated with a member (or a firm in the process of becoming a member) which is a specialist or floor broker on the New York Stock Exchange trading floor.	Deleted from the FINRA By-Laws
Independent Dealer / Insurance Affiliate Governor	Means an appointed member of the Board who is a person associated with a member which is an independent contractor financial planning member firm or an insurance company, or an affiliate of such a member.	Deleted from the FINRA By-Laws
Investment Company Affiliate Governor	Means an appointed member of the Board who is a person associated with a member which is an Investment Company or an affiliate of such a member.	Deleted from the FINRA By-Laws
Public Governor	Means an appointed member of the Board (excluding FINRA's CEO) who is not an Industry Governor and who otherwise has no material business relationship with a broker or dealer or SRO registered under the Act (other than serving as a public director of such SRO).	Means an appointed member of the Board (excluding FINRA's CEO) who (1) is not an Industry Governor, (2) does not have, and has not had within the prior year, an employment relationship with an SRO registered under the Act (other than serving as a public director of such SRO) and (3) otherwise has no material business relationship with a broker or dealer or an SRO registered under the Act (other than serving as a public director of such SRO).

Topic	Current	Proposed
Term of Office of Governors	Governors may serve no more than two consecutive three-year terms. If a Governor is appointed or elected to fill a vacancy where the remaining term is less than one year, the Governor may serve up to two consecutive terms following the expiration of the Governor's initial term.	Governors may serve no more than three consecutive three-year terms. If a Governor is appointed or elected to fill a vacancy where the remaining term is less than one year, the Governor may serve up to three consecutive terms following the expiration of the Governor's initial term.
Board Quorum	A quorum for the transaction of business consists of a majority of the Board, including not less than 50 percent of the Public Governors.	A quorum for the transaction of business consists of a majority of the Board, including not less than 50 percent of the Public Governors and not less than 50 percent of the Industry Governors.
Audit Committee Composition	The Audit Committee consists of four or five Governors, none of whom are officers or employees of FINRA. The Audit Committee must include a majority of Public Governors and must include at least two Public Governors. A Public Governor serves as Chair of the Audit Committee.	No members of the Audit Committee shall be officers or employees of FINRA. The Audit Committee must include a majority of Public Governors. A Public Governor serves as Chair of the Audit Committee.
Executive Committee Composition	The Executive Committee consists of no fewer than five and no more than eight Governors and must include a majority of Public Governors.	The Executive Committee consists of at least two Public Governors and at least two Industry Governors. If the number of members is seven or fewer, the Executive Committee has a minimum number of Public Governors that is one less than the number of Industry Governors. If the number of members is eight or greater, the Executive Committee has

Topic	Current	Proposed
		a minimum number of Public Governors that is two less than the number of Industry Governors.
Finance Committee Composition	The Finance Committee consists of four or more Governors and must include a majority of Public Governors.	The Finance Committee consists of at least two Public Governors and at least two Industry Governors. If the number of members is seven or fewer, the Finance Committee has a minimum number of Public Governors that is one less than the number of Industry Governors. If the number of members is eight or greater, the Finance Committee has a minimum number of Public Governors that is two less than the number of Industry Governors.
Nominating Committee Composition	The number of Public Governors on the Nominating Committee equals or exceeds the number of Industry Governors.	The Nominating Committee includes at least two Public Governors and at least two Industry Governors. If the number of members is seven or fewer, the Nominating Committee has a minimum number of Public Governors that is one less than the number of Industry Governors. If the number of members is eight or greater, the Nominating Committee has a minimum number of Public Governors that is two less than the number of Industry Governors.
Composition of all Other Board Committees	Any other committee having the authority to exercise the powers and authority of the Board has a number of Public	Any other committee having the authority to exercise the powers and authority of the Board has at least two Public

Topic	Current	Proposed
	Governors as members in excess of the number of Industry Governors.	Governors and at least two Industry Governors. If the number of members is seven or fewer, the committee has a minimum number of Public Governors that is one less than the number of Industry Governors. If the number of members is eight or greater, the committee has a minimum number of Public Governors that is two less than the number of Industry Governors.
FINRA Regulation Board Composition	The FINRA Regulation Board consists of no fewer than five and no more than 17 Directors and must include a majority of Public Directors. The Chairman of the FINRA Board and FINRA's CEO are ex-officio non-voting members. At least two, and not less than 20 percent, of the Directors are Small Firm, Mid-Size Firm or Large Firm Governors.	The FINRA Regulation Board consists of at least two Public Directors and at least two Industry Directors. If the number of Directors is seven or fewer, the FINRA Regulation Board has a minimum number of Public Directors that is one less than the number of Industry Directors. If the number of Directors is eight or greater, the FINRA Regulation Board has a minimum number of Public Directors that is two less than the number of Industry Directors. The Chairman of the FINRA Board and the FINRA's CEO are ex-officio non-voting members. At least two, and not less than 20 percent, of the Directors are Small Firm, Mid-Size Firm or Large Firm Governors.

Topic	Current	Proposed
Management Compensation Committee Composition	The Management Compensation Committee consists of no fewer than four and no more than seven Governors. The number of Non-Industry members equals or exceeds the number of Industry members. FINRA's CEO is an ex-officio non-voting member.	Deleted from the Delegation Plan[37]
Committee Quorum Requirements	A quorum for the transaction of business for the Nominating Committee consists of a majority of the Nominating Committee. A quorum for the transaction of business for the Executive Committee, Audit Committee and Finance Committee consists of a majority of the committee, including not less than 50 percent of the Public Committee members.	A quorum for the transaction of business consists of a majority of the committee, including not less than 50 percent of the Public Governor committee members and not less than 50 percent of the Industry Governor committee members.

37 As noted above, with the deletion of Delegation Plan Section I.C., the composition of the Compensation Committee will be governed by the general provisions of the FINRA By-Laws applicable to Board committees. (See FINRA By-Laws Article IX, Section 1(b).) Specifically, the Compensation Committee will have at least two Public Governors and at least two Industry Governors. If the number of members is seven or fewer, the Compensation Committee will have a minimum number of Public Governors that is one less than the number of Industry Governors. If the number of members is eight or greater, the Compensation Committee will have a minimum number of Public Governors that is two less than the number of Industry Governors.

Topic	Current	Proposed
Terms of Committee Members	Members of the Audit Committee, Executive Committee and Finance Committee hold office for one-year terms. Members of the Nominating Committee are appointed annually by the Board.	Members of the Board committees are appointed by the Board to hold office for such term as may be determined by the Board.

Proposed Amendments Consistent with Delaware Law

FINRA is proposing additional amendments to update and clarify the FINRA By-Laws and FINRA Regulation By-Laws consistent with Delaware law. The proposed rule change would:

- update the FINRA By-Laws to expressly allow the Chair of any meeting of FINRA's members to convene, recess or adjourn the meeting, which is a common feature of the by-laws of Delaware corporations (see FINRA By-Laws Article XXI);
- update the provisions relating to conflicts of interest to reflect updates to Section 144 of the Delaware General Corporation Law, which was overhauled in 2025 (see FINRA By-Laws Article XV, Section 4, and FINRA Regulation By-Laws Article IV, Section 4.14(b));[38]
- update the provision in the FINRA By-Laws relating to the removal of FINRA officers, as permitted by Delaware law and common practice for Delaware corporations, to provide additional flexibility for removal by a duly authorized

[38] Pursuant to the proposed rule change, FINRA Regulation By-Laws Article IV, Section 4.14 would be renumbered as Section 4.13.

officer or an officer who appointed the officer (see FINRA By-Laws Article VIII, Section 6(b));

- clarify and harmonize provisions in the FINRA Regulation By-Laws governing the voting standard required for the FINRA Regulation Board to remove officers (see FINRA Regulation By-Laws Article VII, Section 7.1);[39]
- incorporate references in the FINRA Regulation By-Laws to the statutory requirement that actions taken by the stockholder of FINRA Regulation without a meeting be delivered to FINRA Regulation (see FINRA Regulation By-Laws Article III, Section 3.1);
- update and harmonize provisions in the FINRA Regulation By-Laws relating to the removal, resignation and disqualification of Directors,[40] and the filling of vacancies and newly-created directorships in a manner consistent with applicable provisions of Delaware law (see FINRA Regulation By-Laws Article IV, Sections 4.6, 4.7 and 4.8);[41]
- update and clarify provisions in the FINRA Regulation By-Laws relating to the appointment of committees by the FINRA Regulation Board and the

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39 FINRA notes that the standard for removal of officers is specified in FINRA Regulation By-Laws Article VII, Section 7.5(b), which is not being modified by the proposed rule change.

40 With respect to the proposed deletion of language in Article IV, Section 4.7(a) relating to disqualification, because FINRA Regulation is a stock corporation, FINRA, as the sole stockholder, would be required to remove a Director described therein.

41 Pursuant to the proposed rule change, FINRA Regulation By-Laws Article IV, Sections 4.6 and 4.7 would be consolidated into Section 4.6, and the remaining paragraphs of Article IV would be renumbered accordingly.

powers that can be delegated to such committees under Delaware law (see FINRA Regulation By-Laws Article IV, Section 4.13, which would be renumbered as Section 4.12);[42]

- delete provisions in the FINRA Regulation By-Laws that specifically provide for two committees of the FINRA Regulation Board that do not currently exist and are not needed today for the operation of the FINRA Regulation Board, i.e., an Executive Committee[43] and Finance Committee; FINRA notes that the creation of any such committees in the future would be governed by the provisions of the FINRA Regulation By-Laws relating to committees generally, and the size, composition and other requirements for such committees would be specified in the committee governing documents (see FINRA Regulation By-Laws Article IV, Section 4.13 (which, as noted above, would be renumbered as Section 4.12));
- update provisions in the FINRA Regulation By-Laws pertaining to indemnification and advancement of expenses to reflect market practice and current case law, and clarify that certain indemnification provisions do not apply to committee members who are not Directors (see FINRA Regulation By-Laws Article X);[44]

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42 Pursuant to the proposed rule change, paragraphs (b) and (c) of renumbered Section 4.12 would be consolidated and streamlined, paragraph (c) would be deleted and the remaining paragraphs would be redesignated accordingly.

43 A conforming change would be made to FINRA Regulation By-Laws Article VI, Section 6.14 and Article VIII, Section 8.18 to clarify that the Executive Committee referred to therein is the Executive Committee of the FINRA Board.

44 This proposed change conforms to the proposed amendment to the Certificate of Incorporation, discussed below, clarifying that indemnification does not extend to

- clarify requirements in the FINRA Regulation By-Laws regarding FINRA Regulation's share certificates, stock ledger and corporate seal (see FINRA Regulation By-Laws Article XI, Sections 11.2 through Section 11.4 and Article XII, Section 12.1, respectively);
- clarify in the FINRA Regulation By-Laws that records may be maintained by any method permitted by Delaware law (see FINRA Regulation By-Laws Article XII, Section 12.5); and
- make additional updates and clarifying changes to ensure internal consistency and conformity with Delaware law.

Proposed Technical and Conforming Updates

FINRA is proposing a number of technical and conforming changes to the FINRA By-Laws and FINRA Regulation By-Laws. The proposed rule change would:

- delete defined terms and provisions in the FINRA By-Laws relating to the closing of the transaction to consolidate NASD with NYSE Regulation, the subsequent transitional period and legacy committees that were only operable during the transitional period following the closing (among others, see FINRA By-Laws Article I, Article IX, Section 7 and Article XXII);
- change references from NASD and NASD Regulation to FINRA and FINRA Regulation (among others, see FINRA By-Laws Article I and FINRA Regulation By-Laws Article I);

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committee members who are not Governors, other than members of FINRA's Investment Committee.

- remove references in the FINRA By-Laws to NASD Dispute Resolution, which was merged into FINRA Regulation in 2015 (among others, see FINRA By-Laws Article I);
- update the provisions relating to mailing notices and other information to allow for electronic communication in lieu of paper mailing (see FINRA By-Laws Article XXI and FINRA Regulation By-Laws Article VI, Section 6.3);
- update the provisions relating to FINRA's registered agent, as they are currently outdated and may change from time to time (see FINRA By-Laws Article II and FINRA Regulation By-Laws Article II);
- update defined terms, including adding a definition of "Restated Certificate of Incorporation" and deleting "beginning with the Rule 0100 Series" in the definition of "Rules of the Corporation" (see FINRA By-Laws Article I and FINRA Regulation By-Laws Article I); and delete definitions that are no longer used, such as "Floor Member Governor," "Independent Dealer/Insurance Affiliate Governor" and "Investment Company Affiliate Governor" (see FINRA By-Laws Article I);[45] and
- renumber provisions and update cross-references throughout the FINRA By-Laws and FINRA Regulation By-Laws.

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45 The proposed rule change would redesignate the remaining paragraphs of Article I of the FINRA By-Laws accordingly and make a conforming change to update the cross-reference to Article I(rr) that appears in FINRA Rule 5110(j)(1).

Proposed Amendments to the Certificate of Incorporation

FINRA is proposing to amend the Certificate of Incorporation, which will be filed with the Delaware Secretary of State, to conform relevant provisions to the amended and restated FINRA By-Laws. Specifically, the proposed rule change would amend Article Second to update FINRA's registered office and registered agent; Article Eighth to update provisions relating to the composition of the FINRA Board, terms of office and classes of appointed and elected Governors; and Article Twelfth[46] to update definitions in accordance with the proposed amendments to the FINRA By-Laws.

In addition, Article Fifth of the Certificate of Incorporation would be amended to update the provisions relating to indemnification, advancement of expenses and liability insurance to align with current Delaware law and market practice. The amended Certificate of Incorporation also would clarify that certain indemnification and insurance provisions do not apply to committee members who are not Governors, other than members of FINRA's Investment Committee.

Finally, the proposed rule change would make technical conforming changes to the Certificate of Incorporation, e.g., to change NASD to FINRA and remove references to the transitional period following the closing of the transaction to consolidate NASD with NYSE Regulation, including the deletion of Article Eleventh.

As noted in Item 2 of this filing, if the Commission approves the proposed rule change, the effective date will be the date of filing with the Delaware Secretary of State of an amended and restated Certificate of Incorporation, which is intended to be no later

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46 The proposed rule change would renumber Article Twelfth as Article Eleventh.

than the commencement of the 2027 Annual Meeting. FINRA anticipates that the 2027 Annual Meeting will take place during the third or fourth quarter of 2027.

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(2) of the Act,[47] which requires that FINRA be so organized and have the capacity to be able to carry out the purposes of the Act, to comply with the Act and to enforce compliance by FINRA members and persons associated with members with the Act, the rules and regulations thereunder, FINRA rules and the rules of the MSRB; Section 15A(b)(4) of the Act,[48] which requires that FINRA's rules assure a fair representation of its members in the selection of its directors and administration of its affairs and provide that one or more directors shall be representative of issuers and investors and not be associated with a member of FINRA, broker or dealer; and Section 15A(b)(6) of the Act,[49] which requires, among other things, that FINRA rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

FINRA believes that the proposed rule change to revise FINRA's Board governance structure provides for the organization of FINRA in a manner that will continue to enable FINRA to carry out the purposes of the Act and to comply and enforce compliance by FINRA members with the Act. FINRA believes that the proposed rule change assures a fair representation of FINRA's members in the selection of its

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47 15 U.S.C. 78o-3(b)(2).

48 15 U.S.C. 78o-3(b)(4).

49 15 U.S.C. 78o-3(b)(6).

Governors and administration of its affairs and complies with the public participant requirements of the Act, including the issuer and investor representation requirement.

As discussed above, the proposed rule change would transition the FINRA Board to a majority of Industry Governors, while preserving a substantial role for public representatives on the Board. Seven Industry Governor seats (i.e., three Small Firm Governors, one Mid-Size Firm Governor and three Large Firm Governors) would continue to be elected by small, mid-size and large member firms, respectively. The conversion of three appointed segment-specific Industry seats to three appointed At Large Industry seats would potentially broaden industry representation, including among small firms.

FINRA members will continue to have extensive involvement in the administration of FINRA's affairs through participation in advisory committees, disciplinary hearing panels and the National Adjudicatory Council, among others. The Commission has previously found that such participation further provides for the fair representation of members in the administration of the affairs of an SRO, particularly with respect to participation on committees relating to rulemaking and relating to the disciplinary process.[50]

At the same time, the proposed rule change would preserve a substantial role for public representatives on the Board by requiring that the number of Public Governors on the Board be one or two less than the number of Industry Governors. The Public Governors would represent no less than 41.7 percent of the total number of Industry and

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50 See Securities Exchange Act Release No. 56145 (July 26, 2007), 72 FR 42169, 42185 (August 1, 2007) (Order Approving File No. SR-NASD-2007-023).

Public Governors on the Board. In addition, the proposed rule change provides for a minimum number of Public Governors on Board committees, and the Audit Committee must continue to be public majority and chaired by a Public Governor. The Commission has previously found that Public Governors, none of which may have a material relationship with a broker or dealer or registered SRO, satisfy the requirement under the Act to have at least one director representative of issuers and investors.[51]

FINRA believes its internal safeguards, along with comprehensive SEC oversight and evaluation of such oversight by the GAO, provide strong assurance that FINRA will continue to perform its investor protection responsibilities and safeguard market integrity.

Finally, FINRA believes that the proposed amendments to make technical and other conforming changes to, among other things, update defined terms and cross-references, will provide greater clarity to members and the public regarding FINRA rules and FINRA's corporate documents as they appear in the FINRA Manual.

4. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The regulatory need for the proposed rule change is described above in Item 3(a).

Economic Baseline

The economic baseline for the proposed rule change consists of the current FINRA By-Laws governing the composition, structure and operation of the FINRA Board and its committees.

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51 See supra note 50.

In general, corporate boards provide direction, monitoring and accountability to help ensure stewardship and enable the organization to have access to vital external resources and information.[52] As the Board of an SRO, FINRA's Board differs from conventional corporate boards in that it is meant to provide fair representation across its membership and serve the other statutory requirements of the Act.[53] Although there may be broad agreement on the importance of these requirements, individual Governors may differ in their perspectives and beliefs as how to best meet FINRA's statutory obligations. Industry Governors will typically have more technical and detailed current knowledge regarding the brokerage industry, member-firm business models and evolving industry conditions, while Public Governors will have a wider variety of backgrounds reflective of the governance needs of the organization, which will not always include knowledge of the brokerage industry that is comparable to Industry Governors.

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52 See, e.g., Eugene F. Fama & Michael C. Jensen, Separation of Ownership and Control, 26 Journal of Law and Economics (1983), Michael Jensen & William Meckling, Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure, 3(4) Journal of Financial Economics 305 (1976). Jeffrey Pfeffer & Gerald R. Salancik, The External Control of Organizations (1978), argue that directors strategically link the firm with vital external resources and information.

53 The nature and impact of the potential challenges in a board's ability to provide direction, monitoring and accountability are different in the setting of SRO governance than in a corporate board. In a corporate setting, economic theory typically focuses on the influence of self-interested behaviors of certain board members in the organization's pursuit of its goals, whereas the focus of theory for SRO boards is typically the influence of the regulated industry in the SRO's pursuit of its mission. Different SRO models address this influence differently, including through structures, policies and procedures. See, e.g., John W. Carson, Self-Regulation in Securities Markets, 2011, World Bank Policy Research Paper No. 5542, and George Stigler, The Theory of Economic Regulation, 2(1) Bell Journal of Economics and Management Science 3 (1971).

Industry and Public Governors will, given the requirements of their classification, have different backgrounds, business affiliations and relationships. Each individual Governor will be informed by their own experience and current situation, thus perspectives, knowledge and incentives may differ both between the groups and among Governors within each group. The balance of these may influence the Board's oversight of and advice to management and, in turn, how FINRA fulfills its mission.[54] Differences among Industry Governors' interests and incentives along with substantial participation by Public Governors can contribute to ensuring balance in governance and fulfillment of FINRA's statutory obligations. These same characteristics of the board also support the public's confidence in its stewardship of the public interest.

The relevance of the extent and type of expertise accessible to the Board and Board committees will vary depending on the context. For example, when considering if or how to respond to new industry products or business practices, detailed technical Board knowledge informed by different experiences may be of particular importance. In other contexts, there may be a stronger emphasis on the Board's needs in broader areas that extend outside the industry, such as corporate governance, technology management or public policy.

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[54] Economic theory suggests trade-offs can exist when determining corporate board composition, including between the informational advantages of individuals with specific expertise and knowledge and the costs associated with managing the influence of such individuals. See Milton Harris & Artur Raviv, A Theory of Board Control and Size, 21(4) Review of Financial Studies 1797 (2008). Although the theory focuses on corporate boards of directors, similar considerations regarding expertise and its value to oversight bear on FINRA's governance structure.

Economic Impacts

The proposed rule change would alter the composition of the Board and its committees in several respects, as outlined above. Specifically, these changes may improve FINRA's ability to fulfill its mission by modernizing the organization's governance and strengthening the self-regulatory model. This would include increasing access to industry expertise and providing greater flexibility to manage the Board's operations. In particular, the proposed rule change may broaden the range of business models represented on the Board, including those of small firms, and enhance the Board's ability to draw on expertise relevant to evolving market and industry conditions. Greater access to member knowledge, experience and insight may, in turn, support more informed and responsive decision-making.[55] For the wide range of issues coming before the Board of Governors that are informed by the technical considerations of financial services, the option for broader industry input—over potentially a wider range of perspectives—may lead to better designed regulatory outcomes, enhancing investor protections and market integrity. At the same time, where technical considerations may be of lesser importance, the proposed rule change preserves substantial Public Governor representation that should continue to enable the Board to meet its obligations critical for governance. Greater potential diversity of representation across Industry Governors, combined with the continued substantial Public Governor representation, should serve to mitigate risk that any one set of interests or incentives could predominate in governance. Moreover, Public Governors would continue to have the Chair and a majority on the Audit Committee, providing another important mitigant.

The above discussion about changes in the Board composition also broadly applies to Board committees. While the Board retains oversight of the Board committees' decisions, to the extent that there are resulting shifts in the composition of Board committees, the same considerations related to achieving a mix of industry and public representation apply to Board committees as well.

The existing structural safeguards detailed above would provide additional assurance that FINRA will continue to perform its statutory obligations. Among other things, the composition and responsibilities of offices within FINRA, such as OHO and ODA, that have a high degree of defined independence, would not change. Also, external governance such as comprehensive SEC oversight and the GAO's evaluation of that oversight may complement internal governance.

In addition to the amendments altering the composition of the Board and its committees, the proposed rule change would alter Board structure and continuity. A smaller Board may facilitate coordination and decision-making but may include fewer voices with differing experience and knowledge to address complex issues.[56] Under the proposed rule change, however, the Board would continue to have a broad range of pertinent expertise and experience. In particular, the conversion of three Industry

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55 See, e.g., Nishant Dass et. al., Board Expertise: Do Directors from Related Industries Help Bridge the Information Gap?, 27(5) Review of Financial Studies 1533 (2014).

56 Economic theory provides a frame to consider board size for effective decision-making. Earlier empirical research suggests a negative relationship between board size and firm performance, suggesting small boards may lead to better outcomes for shareholders. More recent studies, however, indicate that optimal board size may vary on a firm's advising needs. See, Jeffrey L. Coles, Naveen D. Daniel, & Lalitha Naveen, Boards: Does One Size Fit All?, 87(2) Journal of Financial Economics 329 (2008).

Governor seats currently reserved for specific segments to at-large seats, as well as the broad expertise residing with Public Governors, may provide the Board greater ability to draw on expertise based on the needs of the organization.

Finally, the number of consecutive three-year terms a Governor may serve would increase from two to three. The additional term may preserve institutional knowledge and Board experience by allowing Governors whose continued service would benefit the Board to serve for another three years.[57]

Alternatives Considered

No alternatives were considered for purposes of this statement.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

FINRA does not consent at this time to an extension of the time period for Commission action specified in Section 19(b)(2) of the Act.[58]

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

Not applicable.

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57 Empirical research suggests a concave relationship between board tenure and measures of accounting performance. See, Sterling Huang & Gilles Hilary, Zombie Board: Board Tenure and Firm Performance, 56(4) Journal of Accounting Research 1285 (2018). Using the average tenure of outside directors, the authors find that the benefits of board tenure peak at approximately 10 years. The results may not be directly applicable to FINRA, however, because the authors study public companies, which generally do not impose specific director term limits.

58 15 U.S.C. 78s(b)(2).

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

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

Exhibit 5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-FINRA-2026-024]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change to Amend the FINRA By-Laws, the FINRA Regulation By-Laws, the Plan of Allocation and Delegation of Functions by FINRA to Subsidiaries, and FINRA's Restated Certificate of Incorporation

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on , the Financial Industry Regulatory Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

FINRA is proposing to (1) amend the By-Laws of the Corporation ("FINRA By-Laws"), the By-Laws of FINRA Regulation, Inc. ("FINRA Regulation By-Laws") and the Plan of Allocation and Delegation of Functions by FINRA to Subsidiaries

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

("Delegation Plan") to revise FINRA's governance structure, including the composition and operation of the Board of Governors of FINRA ("FINRA Board" or "Board") and committees established by the Board comprising solely Governors ("Board committees"); and (2) amend FINRA's Restated Certificate of Incorporation ("Certificate of Incorporation") to conform relevant provisions to the amended and restated FINRA By-Laws. The proposed rule change also would make technical and conforming changes to the FINRA By-Laws, FINRA Regulation By-Laws, Delegation Plan, Certificate of Incorporation and FINRA rules.

The text of the proposed rule change is available on FINRA's website at http://www.finra.org and at the principal office of FINRA.

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

In its filing with the Commission, FINRA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

Background

The FINRA By-Laws, read together with the Certificate of Incorporation, govern the composition and operation of the FINRA Board. The Board includes individuals from member firms of various sizes and business models, as well as public leaders with

expertise in markets, technology, regulatory oversight, business and law. In 1996, FINRA's predecessor, the National Association of Securities Dealers ("NASD"), amended its By-Laws to require that the number of non-industry Governors exceed the number of industry Governors.[3] The majority public structure was implemented when the By-Laws were last amended in 2007 in connection with the merger of NASD and NYSE Regulation to create FINRA.[4]

The FINRA By-Laws currently provide for a Board composed of up to 25 Governors, with 10 seats designated for "Industry Governors,"[5] 11 to 14 seats designated

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3 See Securities Exchange Act Release No. 37106 (April 11, 1996), 61 FR 16944 (April 18, 1996) (Order Approving File No. SR-NASD-96-02).

4 See Securities Exchange Act Release No. 56145 (July 26, 2007), 72 FR 42169 (August 1, 2007) (Order Approving File No. SR-NASD-2007-023).

5 Article I of the FINRA By-Laws currently defines "Industry Governor" or "Industry committee member" as:

> the Floor Member Governor, the Independent Dealer/Insurance Affiliate Governor and the Investment Company Affiliate Governor and any other Governor (excluding the Chief Executive Officer of the Corporation and, during the Transitional Period, the Chief Executive Officer of NYSE Regulation, Inc.) or committee member who: (1) is or has served in the prior year as an officer, director (other than as an independent director), employee or controlling person of a broker or dealer, or (2) has a consulting or employment relationship with or provides professional services to a self regulatory organization registered under the Act, or has had any such relationship or provided any such services at any time within the prior year.

for "Public Governors"[6] and one seat reserved for FINRA's Chief Executive Officer ("CEO"), who is considered neither an Industry Governor nor a Public Governor.

Seven of the Industry Governor seats—three Small Firm Governors, one Mid-Size Firm Governor and three Large Firm Governors—are designated for individuals associated with FINRA members that correspond to each firm size. Pursuant to the FINRA By-Laws, a small firm employs at least one and no more than 150 registered persons; a mid-size firm employs at least 151 and no more than 499 registered persons; and a large firm employs 500 or more registered persons. (See FINRA By-Laws Article I.) Industry Governors are elected to these seats by the small, mid-size and large member firms, respectively. The three remaining Industry Governor seats are appointed, segment-specific seats, i.e., a "Floor Member Governor," an "Independent Dealer/Insurance Affiliate Governor" and an "Investment Company Affiliate Governor," as those terms are defined in the FINRA By-Laws. (See FINRA By-Laws Article I.)

Overview of Proposed Amendments

FINRA is proposing to amend the FINRA By-Laws, FINRA Regulation By-Laws and Delegation Plan relating to the composition and operation of the FINRA Board and Board committees to modernize FINRA's governance structure and strengthen FINRA's

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[6] Article I of the FINRA By-Laws currently defines "Public Governor" or "Public committee member" as:

> any Governor or committee member who is not the Chief Executive Officer of the Corporation or, during the Transitional Period, the Chief Executive Officer of NYSE Regulation, Inc., who is not an Industry Governor and who otherwise has no material business relationship with a broker or dealer or a self regulatory organization registered under the Act (other than serving as a public director of such a self regulatory organization).

self-regulatory model. As described below, FINRA is further proposing to amend the Certificate of Incorporation to conform relevant provisions to the amended and restated FINRA By-Laws and to make other updates and technical changes.

Among other changes, the proposed rule change would transition the FINRA Board from a majority of Public Governors to a majority of Industry Governors, while preserving a substantial role for public representatives on the Board—Public Governors would represent from 41.7 to 47.4 percent of the total number of Industry and Public Governors.[7] The proposed rule change also would potentially broaden industry representation, including among small firms, on the FINRA Board by converting the three appointed, segment-specific industry seats to three appointed, at-large industry seats. And, consistent with modern governance practices, the proposed rule change would reduce the size of the Board, which currently may have up to 25 members, to no more than 20 members.

With respect to the operation of the FINRA Board and Board committees, the proposed rule change would revise term limits, conform quorum requirements and provide more flexibility for the Board to manage the composition of the Board and its committees based on current needs, subject to minimum Industry and Public Governor representation requirements. The Audit Committee would continue to require a majority

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7 Under the proposed rule change, the minimum number of Industry Governors would be seven and the minimum number of Public Governors would be five. In that instance, Public Governors would represent 5/12 or 41.7 percent of Public and Industry Governors. At the Board's proposed maximum size of 20, Industry Governors would account for 10 seats and Public Governors would account for nine seats. In that instance, Public Governors would represent 9/19 or 47.4 percent of Public and Industry Governors. FINRA's CEO would remain on the Board in a seat that is neither Industry nor Public.

of Public Governors and continue to be chaired by a Public Governor, as is the case today.

FINRA believes that the proposed rule change would strengthen member engagement, increase access to industry expertise and better position FINRA to protect and serve investors, markets and member firms in an evolving industry and market environment. FINRA believes that the public benefits of the self-regulatory organization ("SRO") model include the ability to leverage member knowledge, experience and insight. Appropriate member participation in FINRA's programs is important for capturing the deep, practical expertise that is central to self-regulation and helps FINRA effectively carry out its mission of protecting investors and market integrity—including by producing better visibility into emerging threats, risky business practices and unfair tactics. In addition, the proposed rule change would provide the Board greater flexibility to draw on expertise from a broader range of business models to adapt to changes in the industry and ensure appropriate representation from across the membership—enhancing opportunities for a wider spectrum of member firms, including more small firms, to participate in governance. Finally, with a somewhat smaller size and greater flexibility to manage its operations, the Board would be more nimble and better able to benefit from the insights of both Industry and Public Governors.

FINRA notes that several of the factors that supported NASD's adoption of a majority non-industry Board over 30 years ago are significantly different from the environment FINRA faces today. NASD's change to its Board composition was one of many changes made in connection with an SEC enforcement action against NASD, which found that NASD failed to adequately oversee the Nasdaq market and that Nasdaq

market makers exercised undue influence over NASD's operations and regulatory affairs.[8]

NASD fully divested Nasdaq in 2006, eliminating the market-driven conflicts of interest that had previously existed between NASD's self-regulatory obligations and the competitive incentives of Nasdaq market makers.[9] And FINRA has a number of important institutional safeguards in place to ensure that it serves its mission of protecting investors and market integrity. These include, in addition to substantial Public Governor involvement, organizational guardrails, procedural requirements and other checks and balances to provide for robust and fair regulatory and disciplinary functions, and greater transparency into FINRA's regulatory operations, rulemaking and finances to facilitate accountability.

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8 See In the Matter of National Association of Securities Dealers, Inc., Admin. Proc. File No. 3-9056, Securities Exchange Act Release No. 37538 (August 8, 1996) (Order Instituting Public Proceedings Pursuant to Section 19(h)(1) of the Securities Exchange Act of 1934, Making Findings and Imposing Remedial Sanctions) (the "SEC Order").

The SEC Order imposes 14 undertakings, including that NASD maintain at least 50 percent independent public and non-industry membership on its Board, as well as specified subsidiaries, affiliates and committees. The SEC Order also requires that a majority of public and non-industry members and a public Chair serve on the Audit Committee. FINRA is separately applying to the SEC for relief solely from one undertaking relating to the composition of the Board and committees. This relief would not modify the separate undertaking that specifies the composition and Chair of the Audit Committee, as well as the maintenance of a substantial, independent audit staff.

9 Such conflicts of interest were a "primary focus" of the SEC's enforcement action in 1996. See Report Pursuant to Section 21(a) of the Securities Exchange Act of 1934 Regarding the NASD and the NASDAQ Market (August 8, 1996), available at https://www.sec.gov/litigation/investreports/nd21a-report.

More specifically, FINRA maintains a fully independent internal audit staff, which reviews all aspects of FINRA and its subsidiaries and reports directly to what will continue to be a majority public, Public Governor-chaired Audit Committee.[10] In addition, FINRA's Office of the Ombuds provides an independent, neutral and confidential source of assistance for individuals who have questions or concerns about the activities of FINRA and its employees. FINRA's ombuds staff also reports directly to the Audit Committee.[11] This structure ensures that the Audit Committee can investigate issues of concern.[12]

To ensure independence in disciplinary functions, FINRA's Office of Hearing Officers ("OHO") serves as FINRA's adjudicatory forum for disciplinary and expedited proceedings. OHO is an independent office within FINRA that employs impartial professional Hearing Officers who preside over proceedings commenced by FINRA's Enforcement Department. OHO maintains strict independence from FINRA's regulatory and enforcement programs, and Hearing Officers are not involved in the investigative and examination processes of FINRA. Employment protections exist for Hearing Officers to

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10 See, e.g., the 2025 FINRA Audit & Risk Committee Charter, available at https://www.finra.org/about/governance/standing-committees/audit-committee-charter.

11 Additional information regarding the Office of the Ombuds can be found on FINRA's website at https://www.finra.org/about/office-ombuds.

12 In addition to directing and overseeing the activities of FINRA's internal audit and ombuds functions, the Audit Committee monitors the performance of the independent outside auditors retained by FINRA, oversees FINRA's compliance with applicable legal and regulatory requirements and corporate policies, and assists the Board in its oversight of FINRA's enterprise risks.

further ensure their independence, and any termination by FINRA's CEO can be appealed to the Audit Committee.[13]

In addition, FINRA's Office of Disciplinary Affairs ("ODA"), which is independent of Enforcement and not involved in the investigation or litigation of cases, is charged with reviewing proposed settlements and complaints. ODA provides an independent review of the legal and evidentiary sufficiency of charges proposed by the Enforcement staff. ODA also reviews settlements for consistency with FINRA's Sanction Guidelines and applicable precedent.[14]

In furtherance of FINRA's mission to protect investors, FINRA's Investor Education Foundation provides educational programs and supports innovative research to protect investors and help them achieve their financial goals.[15]

FINRA also produces regular reports on its activities and finances, with publicly available reports on its budget and financial performance. All FINRA rule changes are subject to public review and comment, and FINRA disciplinary actions are made public. FINRA also produces regular information about its examination program and broader regulatory operations, including insights into findings from those operations.[16]

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13 Additional information regarding OHO can be found on FINRA's website at https://www.finra.org/rules-guidance/adjudication-decisions/office-hearing-officers-oho/about.

14 See, e.g., Regulatory Notice 09-17 (March 2009).

15 Additional information regarding the Investor Education Foundation is available at https://www.finrafoundation.org/.

16 See, e.g., 2026 FINRA Annual Regulatory Oversight Report (December 9, 2025), available at https://www.finra.org/rules-guidance/guidance/reports/2026-finra-annual-regulatory-oversight-report.

FINRA believes that these safeguards, among others, along with comprehensive SEC oversight and evaluation of such oversight by the Government Accountability Office ("GAO"),[17] provide strong assurance that FINRA will continue to perform its investor protection responsibilities while benefiting from the revised governance structure and strengthened self-regulatory model that the proposed rule change provides.

Proposed Amendments Relating to the FINRA Board

FINRA is proposing to amend the FINRA By-Laws with respect to the composition and operation of the FINRA Board as follows.

First, the proposed rule change would amend the FINRA By-Laws to require that the Board have a majority of Industry Governors. (See FINRA By-Laws Article VII, Section 4(a).) The minimum number of Industry Governors would be the seven existing elected Industry Governor seats. The number of Public Governors would be required to be one or two less than the number of Industry Governors, meaning that at least 41.7 percent of Industry and Public Governors would be Public Governors. FINRA's CEO would remain on the Board in a seat that is neither Industry nor Public.

Second, the proposed rule change would amend the FINRA By-Laws to convert the three appointed Industry Governor seats (as noted above, these are the Floor Member Governor, the Independent Dealer/Insurance Affiliate Governor and the Investment Company Affiliate Governor) to appointed At Large Industry Governor seats. (See FINRA By-Laws Article VII, Section 4(a).) An "At Large Industry Governor" would be

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17 The GAO is required by statute to review the SEC's oversight of FINRA every three years in 10 specified areas, including conflicts of interest management and transparency of governance. See, e.g., SEC's Oversight of the Financial Industry Regulatory Authority, GAO-25-107723 (November 12, 2024), available at https://www.gao.gov/products/gao-25-107723.

defined as a "member of the Board to be appointed by the Board; provided however, to be eligible to serve, an At Large Industry Governor must qualify as an Industry Governor." (See FINRA By-Laws Article I.) The number of At Large Industry Governor seats would not exceed three.[18]

The FINRA Board would have flexibility to fill these seats based on the needs of FINRA by drawing from the expertise, experience and business models of the entire membership. In addition, the Board would be able to decide whether to further decrease its overall size by reducing the number of At Large Industry Governor seats. In such instance, the Board also would decrease the number of Public Governor seats to maintain the Industry Governor majority. In all scenarios, the total number of Public Governors on the Board would be one or two less than the total number of Industry Governors on the Board, thereby preserving substantial Public Governor participation in Board governance, as illustrated in greater detail below.

Third, the proposed rule change would reduce the total number of seats on the Board to a maximum of 20, comprising: (1) seven to 10 Industry Governors (seven elected Industry Governors, i.e., three Small Firm Governors, one Mid-Size Firm Governor and three Large Firm Governors, and zero to three appointed At Large Industry

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[18] FINRA is proposing to update the definition of "Industry Governor" to remove legacy language that, if not removed, would allow employees and consultants of SROs to qualify for the proposed At Large Industry Governor seats. (See FINRA By-Laws Article I.) In addition, FINRA is proposing to make related amendments to the definition of "Public Governor" to exclude persons that have, or had within the prior year, an employment relationship with an SRO (other than serving as a public director of such SRO). The proposed rule change would make conforming changes to the definitions of "Industry Director" and "Public Director" of the FINRA Regulation Board. (See FINRA By-Laws Article I and FINRA Regulation By-Laws Article I.)

Governors (as determined by the Board)); (2) five to nine Public Governors (as determined by the Board, always one or two less than the total number of Industry Governors); and (3) FINRA's CEO. As amended, Article VII, Section 4(a) of the FINRA By-Laws would provide that the FINRA Board shall consist of no fewer than 13 nor more than 20 Governors.

As noted, the proposed rule change provides for substantial continued public representation on the Board, with Public Governors comprising at least 41.7 percent of the total number of Industry and Public Governors. For example, if the Board has the minimum number of Industry Governors, i.e., the seven elected Industry Governor seats, then the number of Public Governors can be no less than five and no more than six. If there are five Public Governors (i.e., two less than the number of Industry Governors), then the Public Governors would comprise 41.7 percent of the total number of Industry and Public Governors. If there are six Public Governors (i.e., one less than the number of Industry Governors), then the Public Governors would comprise 46.2 percent.

If the Board has the maximum number of Industry Governors, i.e., the seven elected Industry Governor seats and the three appointed At Large Industry Governor seats, then the number of Public Governors can be no less than eight and no more than nine. If there are eight Public Governors (i.e., two less than the number of Industry Governors), then the Public Governors would comprise 44.4 percent of the total number of Industry and Public Governors. If there are nine Public Governors (i.e., one less than the number of Industry Governors), then the Public Governors would comprise 47.4 percent.[19]

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[19] FINRA notes that the seat reserved for FINRA's CEO has been excluded from these calculations.

Fourth, the proposed rule change would amend the FINRA By-laws to revise the quorum requirements to reflect the changes to the Board's composition. Specifically, a majority of the Board, including not less than 50 percent of the Public Governor members (which is currently required) and 50 percent of the Industry Governor members (which would be a new requirement) would be needed to constitute a quorum of the Board. (See FINRA By-Laws Article VII, Section 8.)

Finally, the proposed rule change would amend the FINRA By-Laws to extend the current Board term limits from two consecutive three-year terms to three consecutive three-year terms. (See FINRA By-Laws Article VII, Section 5.) This would provide the possibility that Governors could serve for up to nine years (versus six years currently).[20] Section 5 would also be amended to clarify that any appointed or elected Governor who fills a vacancy of a Governor position or a new Governor position shall serve for the remaining term of the class[21] or until a successor is duly appointed and qualified, or until death, resignation, disqualification or removal.

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20 FINRA notes that when evaluating whether to nominate a Governor to a third term, the Board's Nominating and Governance Committee or "Nominating Committee," which is responsible for identifying qualified candidates for the appointed Industry and Public Governor seats on the Board, may consider, among other factors, whether there are succession or similar considerations that support such nomination, including extensive subject-matter knowledge, significant unplanned turnover and desired continuity in the Board or a committee Chair.

21 The appointed and elected Governors are divided into classes pursuant to Article VII, Section 5 to stagger their terms of office.

Proposed Amendments Relating to the FINRA Board Committees

The FINRA By-Laws provide for the following Board committees: the Nominating Committee,[22] Executive Committee, Audit Committee[23] and Finance Committee.[24] (See FINRA By-Laws Article VII, Section 9, and Article IX, Sections 4, 5 and 6, respectively.) The FINRA By-Laws also provide generally for any other committee or subcommittee appointed by the Board. (See FINRA By-Laws Article IX, Section 1(b).) Additional Board committees are provided for under the FINRA Regulation By-Laws (specifically, the FINRA Regulation Board of Directors ("FINRA Regulation Board")[25] under Article IV) and the Delegation Plan (specifically, the Management Compensation Committee ("Compensation Committee")[26] under Section I.C.).[27] FINRA is proposing to modify composition and other requirements for the Board committees and subcommittees as follows.

First, the proposed rule change would amend the FINRA By-Laws to establish minimum composition requirements for Board committees, as set out below. Subject to these requirements, other Board committee governance requirements (e.g., number and composition of committee members and Chair designation) would be established by the

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22 This committee is known as the Nominating and Governance Committee.

23 This committee is known as the Audit and Risk Committee.

24 This committee is known as the Finance, Operations and Technology Committee.

25 This committee is known as the Regulatory Policy Committee, which sits as the FINRA Regulation Board.

26 This committee is known as the Compensation and Human Capital Committee.

27 Information regarding the Board committees can be found on FINRA's website at https://www.finra.org/about/governance/standing-committees.

Board in the committees' respective governing documents. This would provide the Board with greater discretion to establish and modify, as needed, the size, composition and leadership of its committees to best suit FINRA's circumstances and governance needs.

As noted above, the Audit Committee would continue to have a majority of Public Governors and be chaired by a Public Governor. Specifically, the amended and restated FINRA By-Laws would provide that the Audit Committee "shall include a number of Public Governors as members thereof in excess of the number of Industry Governors which are members thereof" and retain the requirement that a Public Governor serve as Chair of the Committee. (See FINRA By-Laws Article IX, Section 5(a).) This would ensure that the FINRA Board would continue to have an appropriately constituted committee to review any alleged concerns arising from FINRA's conduct or from industry participation in FINRA's governance and oversight of member firms. FINRA is proposing to delete the requirement that the Audit Committee consist of four or five Governors to provide the Board flexibility to determine the appropriate size of the Audit Committee, consistent with other Board committees. FINRA officers and employees would continue to be prohibited from being members of the Audit Committee. (See FINRA By-Laws Article IX, Section 5(a).)

For all other Board committees, the proposed rule change would delete requirements in the FINRA By-Laws relating to the size of any given committee and require that each Board committee have (1) at least two Public Governors and at least two Industry Governors; and (2) a minimum number of Public Governors that is one or two

less than the number of Industry Governors, depending on the size of the committee.[28] (See FINRA By-Laws Article VII, Section 9(b) (relating to the Nominating Committee), Article IX, Section 1(b) (relating to Board committees and subcommittees generally), Article IX, Section 4(b) (relating to the Executive Committee) and Article IX, Section 6(b) (relating to the Finance Committee).) The first requirement would ensure a minimum representation of both Industry and Public Governors on each Board committee. The second requirement would ensure that Public Governors continue to have meaningful representation on each Board committee.

Thus, except for the Audit Committee—which must be majority public and have a public Chair—the Board could choose to appoint a committee with a majority of Public Governors, a majority of Industry Governors, or an equal number of Public and Industry Governors, based on the needs of FINRA at the time, e.g., the expertise of particular Governors. Similarly, the Board could choose a committee Chair who is a Public Governor or an Industry Governor.

The proposed rule change would make conforming amendments to the FINRA Regulation By-Laws relating to the FINRA Regulation Board. Specifically, the FINRA Regulation Board must have at least two Public Directors and at least two Industry Directors and, depending on its size, must have a minimum number of Public Directors

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[28] Specifically, if the number of members of the committee is seven or fewer, the minimum number of Public Governors must be one less than the number of Industry Governors. If the number of members is eight or greater, the minimum number of Public Governors must be two less than the number of Industry Governors. Thus, for example, on a seven-member committee, there must be a minimum of three Public Governors, which would comprise 42.9 percent of the committee. On an eight-member committee, there must be a minimum of three Public Governors, comprising 37.5 percent of the committee.

that is one or two less than the number of Industry Directors. (See FINRA Regulation By-Laws Article IV, Section 4.3(a).)

In addition, FINRA is proposing to delete the requirement that the FINRA Regulation Board consist of no fewer than five and no more than 17 Directors to provide the FINRA Board flexibility to determine the appropriate number of Directors based on FINRA's needs.[29] (See FINRA Regulation By-Laws Article IV, Section 4.2.) FINRA's CEO and the Chair of the FINRA Board would continue to serve as ex-officio non-voting members of the FINRA Regulation Board. (See FINRA Regulation By-Laws Article IV, Section 4.3.)

FINRA notes that the FINRA Regulation By-Laws also require that at least two and not less than 20 percent of the members of the FINRA Regulation Board be elected Governors, i.e., Small Firm, Mid-Size Firm or Large Firm Governors.[30] The proposed rule change would not modify this provision.

Second, the proposed rule change would amend the FINRA By-Laws to remove the one-year term limits that currently exist for certain Board committees[31] and adopt a

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29 The FINRA Regulation By-Laws provide that the number of FINRA Regulation Board members will be determined by resolution adopted by the stockholder of FINRA Regulation from time to time. See FINRA Regulation By-Laws Article IV, Section 4.2. Pursuant to Article XI, Section 11.1 of the FINRA Regulation By-Laws, FINRA is the sole stockholder of the capital stock of FINRA Regulation.

30 The requirement for a minimum representation of elected Governors on the FINRA Regulation Board is unique to this committee and helps ensure that elected representatives of the industry have a role in the rulemaking and regulatory oversight functions of the Board.

31 See FINRA By-Laws Article VII, Section 9(c) (relating to the Nominating Committee), Article IX, Section 4(c) (relating to the Executive Committee),

new provision, consistent with Delaware law and current governance practices, expressly authorizing the FINRA Board to appoint committee members for such terms as the Board deems advisable. Specifically, proposed FINRA By-Laws Article IX, Section 8 would provide that committee and subcommittee members shall hold office for such term as may be determined by the Board and until a successor is duly appointed, or until such member's earlier death, resignation, disqualification or removal.[32] In addition, the proposed rule change would adopt FINRA By-Laws Article IX, Section 3(b) to authorize the Board, in addition to appointing committee members for such terms as the Board deems advisable, to review the composition of the committees and subcommittees and change the membership of the committees and subcommittees from time to time as the

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Article IX, Section 5(a) (relating to the Audit Committee) and Article IX, Section 6(b) (relating to the Finance Committee).

32 The provisions relating to the removal of a Board committee member would be amended to clarify that the member may be removed "for cause during the term for which they have been appointed by the Board" by majority vote, after appropriate notice. See FINRA By-Laws Article VII, Section 9(c) and Article IX, Section 3(a).

The proposed amendments more closely align the FINRA By-Laws with Delaware law, the relevant provisions of which generally give a board of directors of a Delaware corporation broad discretion with respect to the composition of board committees. The proposed amendments give the Board greater flexibility with respect to the appointment and removal of Board committee members (and changes to the slate of members serving on a committee from time to time), while retaining and harmonizing the existing requirement that notice be given to Board committee members if they are going to be removed for grounds that would otherwise constitute cause.

Board deems advisable.[33] Consistent with its current practice, the FINRA Board intends to review committee membership on an annual basis.

Third, the proposed rule change would amend the quorum requirements under the FINRA By-Laws to reflect the increased industry representation on the Board committees and create a simplified uniform requirement. Specifically, the current committee-specific quorum requirements[34] would be deleted, and pursuant to proposed FINRA By-Laws Article IX, Section 7, a quorum would consist of a majority of the committee (or subcommittee, as applicable), including not less than 50 percent of the Public Governor members (which is currently required) and not less than 50 percent of the Industry Governor members (which would be a new requirement).

Conforming amendments relating to the quorum requirements for the FINRA Regulation Board would be made to Article IV, Section 4.9 of the FINRA Regulation By-Laws.[35] This Section would also be amended to clarify that the ex-officio non-voting members of the FINRA Regulation Board do not count for purposes of determining quorum or whether a majority vote has been obtained.[36]

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33 Proposed FINRA By-Laws Article IX, Section 3(b) also provides that "For the avoidance of doubt, any action that may be taken by the Board pursuant to this Section 3(b) may be taken by any duly authorized committee thereof."

34 See FINRA By-Laws Article VII, Section 9(e) (relating to the Nominating Committee), Article IX, Section 4(d) (relating to the Executive Committee), Article IX, Section 5(e) (relating to the Audit Committee) and Article IX, Section 6(c) (relating to the Finance Committee).

35 Pursuant to the proposed rule change, Section 4.9 would be renumbered as Section 4.8.

36 Similar language would be added to FINRA Regulation By-Laws Article IV, Section 4.15 (which would be renumbered as Section 4.14) to clarify that consent

Fourth, the proposed rule change would amend the FINRA By-Laws to provide expressly that the Nominating Committee, Audit Committee and Finance Committee shall exercise any such other powers and duties, and perform such other functions, as may be authorized by the Board. (See proposed FINRA By-Laws Article VII, Section 16, and amended Article IX, Section 5(b) and Article IX, Section 6(a), respectively.)

Finally, the proposed rule change would delete Section I.C. (Management Compensation Committee) of the Delegation Plan in its entirety.[37] This committee, which is the only Board committee established in the Delegation Plan, would be governed by the general provisions of the FINRA By-Laws applicable to other committees appointed by the FINRA Board pursuant to Article IX, Section 1(b).

Comparison of Current and Proposed Requirements

The following chart summarizes the current and proposed composition, quorum and term requirements relating to the FINRA Board and Board committees. The following is only a summary; the text of the proposed rule change is attached as Exhibit 5.

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by the ex-officio non-voting members of the FINRA Regulation Board would not be required to approve actions taken without a meeting.

37 Pursuant to the proposed rule change, subsections D. through E. of Delegation Plan Section I. would be redesignated as C. through D.

Topic	Current	Proposed
FINRA Board Composition	The Board consists of 16 to 25 Governors. The number of Public Governors exceeds the number of Industry Governors. The Board of Governors consists of (i) FINRA's CEO, (ii) a number of Public Governors determined by the Board, (iii) a Floor Member Governor, an Independent Dealer/Insurance Affiliate Governor and an Investment Company Affiliate Governor, and (iv) three Small Firm Governors, one Mid-Size Firm Governor and three Large Firm Governors.	The Board consists of 13 to 20 Governors. The number of Industry Governors exceeds the number of Public Governors. The Board of Governors consists of (i) FINRA's CEO, (ii) a number of Public Governors that is one or two less than the number of Industry Governors, as determined by the Board, (iii) a number of At Large Industry Governors, not to exceed three, as determined by the Board, and (iv) three Small Firm Governors, one Mid-Size Firm Governor and three Large Firm Governors.
At Large Industry Governor	Not applicable.	Means a member of the Board appointed by the Board who qualifies as an Industry Governor.
Industry Governor	Means the Floor Member Governor, the Independent Dealer/Insurance Affiliate Governor and the Investment Company Affiliate Governor and any other Governor (excluding FINRA's CEO and, during the Transitional Period, the CEO of NYSE Regulation, Inc.) who: (1) is or has served in the prior year as an officer, director (other than as an independent director), employee or controlling person of a broker or dealer, or (2) has a consulting or employment relationship with or provides professional services to a self-	Means a Governor (excluding FINRA's CEO) who is or has served in the prior year as an officer, director (other than as an independent director), employee or controlling person of a broker or dealer.

Topic	Current	Proposed
	regulatory organization registered under the Act, or has had any such relationship or provided any such services at any time within the prior year.	
Elected Governors	The Elected Governors include the three Small Firm Governors, one Mid-Size Firm Governor and the three Large Firm Governors, and are elected by the firms in the same category. A Small Firm Governor must be registered with a Small Firm member (a member with at least one and no more than 150 registered persons) and be an Industry Governor. A Mid-Size Firm Governor must be registered with a Mid-Size Firm member (a member with at least 151 and no more than 499 registered persons) and be an Industry Governor. A Large Firm Governor must be registered with a Large Firm member (a member with at least 500 registered persons) and be an Industry Governor.	No change to these definitions (other than removing provisions relating to the transitional period following the consolidation of NASD with NYSE Regulation).
Floor Member Governor	Means an appointed member of the Board who is a person associated with a member (or a firm in the process of becoming a member) which is a specialist or floor broker on the New York Stock Exchange trading floor.	Deleted from the FINRA By-Laws
Independent	Means an appointed member	Deleted from the FINRA By-

Topic	Current	Proposed
Dealer / Insurance Affiliate Governor	of the Board who is a person associated with a member which is an independent contractor financial planning member firm or an insurance company, or an affiliate of such a member.	Laws
Investment Company Affiliate Governor	Means an appointed member of the Board who is a person associated with a member which is an Investment Company or an affiliate of such a member.	Deleted from the FINRA By-Laws
Public Governor	Means an appointed member of the Board (excluding FINRA's CEO) who is not an Industry Governor and who otherwise has no material business relationship with a broker or dealer or SRO registered under the Act (other than serving as a public director of such SRO).	Means an appointed member of the Board (excluding FINRA's CEO) who (1) is not an Industry Governor, (2) does not have, and has not had within the prior year, an employment relationship with an SRO registered under the Act (other than serving as a public director of such SRO) and (3) otherwise has no material business relationship with a broker or dealer or an SRO registered under the Act (other than serving as a public director of such SRO).
Term of Office of Governors	Governors may serve no more than two consecutive three-year terms. If a Governor is appointed or elected to fill a vacancy where the remaining term is less than one year, the Governor may serve up to two consecutive terms following the expiration of the Governor's initial term.	Governors may serve no more than three consecutive three-year terms. If a Governor is appointed or elected to fill a vacancy where the remaining term is less than one year, the Governor may serve up to three consecutive terms following the expiration of the Governor's initial term.

Topic	Current	Proposed
Board Quorum	A quorum for the transaction of business consists of a majority of the Board, including not less than 50 percent of the Public Governors.	A quorum for the transaction of business consists of a majority of the Board, including not less than 50 percent of the Public Governors and not less than 50 percent of the Industry Governors.
Audit Committee Composition	The Audit Committee consists of four or five Governors, none of whom are officers or employees of FINRA. The Audit Committee must include a majority of Public Governors and must include at least two Public Governors. A Public Governor serves as Chair of the Audit Committee.	No members of the Audit Committee shall be officers or employees of FINRA. The Audit Committee must include a majority of Public Governors. A Public Governor serves as Chair of the Audit Committee.
Executive Committee Composition	The Executive Committee consists of no fewer than five and no more than eight Governors and must include a majority of Public Governors.	The Executive Committee consists of at least two Public Governors and at least two Industry Governors. If the number of members is seven or fewer, the Executive Committee has a minimum number of Public Governors that is one less than the number of Industry Governors. If the number of members is eight or greater, the Executive Committee has a minimum number of Public Governors that is two less than the number of Industry Governors.
Finance Committee Composition	The Finance Committee consists of four or more Governors and must include a majority of Public Governors.	The Finance Committee consists of at least two Public Governors and at least two Industry Governors. If the number of members is seven or fewer, the Finance

Topic	Current	Proposed
		Committee has a minimum number of Public Governors that is one less than the number of Industry Governors. If the number of members is eight or greater, the Finance Committee has a minimum number of Public Governors that is two less than the number of Industry Governors.
Nominating Committee Composition	The number of Public Governors on the Nominating Committee equals or exceeds the number of Industry Governors.	The Nominating Committee includes at least two Public Governors and at least two Industry Governors. If the number of members is seven or fewer, the Nominating Committee has a minimum number of Public Governors that is one less than the number of Industry Governors. If the number of members is eight or greater, the Nominating Committee has a minimum number of Public Governors that is two less than the number of Industry Governors.
Composition of all Other Board Committees	Any other committee having the authority to exercise the powers and authority of the Board has a number of Public Governors as members in excess of the number of Industry Governors.	Any other committee having the authority to exercise the powers and authority of the Board has at least two Public Governors and at least two Industry Governors. If the number of members is seven or fewer, the committee has a minimum number of Public Governors that is one less than the number of Industry Governors. If the number of members is eight or greater, the committee has a minimum number of Public Governors

Topic	Current	Proposed
		that is two less than the number of Industry Governors.
FINRA Regulation Board Composition	The FINRA Regulation Board consists of no fewer than five and no more than 17 Directors and must include a majority of Public Directors. The Chairman of the FINRA Board and FINRA's CEO are ex-officio non-voting members. At least two, and not less than 20 percent, of the Directors are Small Firm, Mid-Size Firm or Large Firm Governors.	The FINRA Regulation Board consists of at least two Public Directors and at least two Industry Directors. If the number of Directors is seven or fewer, the FINRA Regulation Board has a minimum number of Public Directors that is one less than the number of Industry Directors. If the number of Directors is eight or greater, the FINRA Regulation Board has a minimum number of Public Directors that is two less than the number of Industry Directors. The Chairman of the FINRA Board and the FINRA's CEO are ex-officio non-voting members. At least two, and not less than 20 percent, of the Directors are Small Firm, Mid-Size Firm or Large Firm Governors.
Management Compensation Committee	The Management Compensation Committee consists of no fewer than four and no more than seven	Deleted from the Delegation Plan[38]

[38] As noted above, with the deletion of Delegation Plan Section I.C., the composition of the Compensation Committee will be governed by the general provisions of the FINRA By-Laws applicable to Board committees. (See FINRA By-Laws Article IX, Section 1(b).) Specifically, the Compensation Committee will have at least two Public Governors and at least two Industry Governors. If the number of members is seven or fewer, the Compensation Committee will have a minimum number of Public Governors that is one less than the number of Industry Governors. If the number of members is eight or greater, the

Topic	Current	Proposed
Composition	Governors. The number of Non-Industry members equals or exceeds the number of Industry members. FINRA's CEO is an ex-officio non-voting member.	
Committee Quorum Requirements	A quorum for the transaction of business for the Nominating Committee consists of a majority of the Nominating Committee. A quorum for the transaction of business for the Executive Committee, Audit Committee and Finance Committee consists of a majority of the committee, including not less than 50 percent of the Public Committee members.	A quorum for the transaction of business consists of a majority of the committee, including not less than 50 percent of the Public Governor committee members and not less than 50 percent of the Industry Governor committee members.
Terms of Committee Members	Members of the Audit Committee, Executive Committee and Finance Committee hold office for one-year terms. Members of the Nominating Committee are appointed annually by the Board.	Members of the Board committees are appointed by the Board to hold office for such term as may be determined by the Board.

Proposed Amendments Consistent with Delaware Law

FINRA is proposing additional amendments to update and clarify the FINRA By-Laws and FINRA Regulation By-Laws consistent with Delaware law. The proposed rule change would:

Compensation Committee will have a minimum number of Public Governors that is two less than the number of Industry Governors.

- update the FINRA By-Laws to expressly allow the Chair of any meeting of FINRA's members to convene, recess or adjourn the meeting, which is a common feature of the by-laws of Delaware corporations (see FINRA By-Laws Article XXI);
- update the provisions relating to conflicts of interest to reflect updates to Section 144 of the Delaware General Corporation Law, which was overhauled in 2025 (see FINRA By-Laws Article XV, Section 4, and FINRA Regulation By-Laws Article IV, Section 4.14(b));[39]
- update the provision in the FINRA By-Laws relating to the removal of FINRA officers, as permitted by Delaware law and common practice for Delaware corporations, to provide additional flexibility for removal by a duly authorized officer or an officer who appointed the officer (see FINRA By-Laws Article VIII, Section 6(b));
- clarify and harmonize provisions in the FINRA Regulation By-Laws governing the voting standard required for the FINRA Regulation Board to remove officers (see FINRA Regulation By-Laws Article VII, Section 7.1);[40]
- incorporate references in the FINRA Regulation By-Laws to the statutory requirement that actions taken by the stockholder of FINRA Regulation

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39 Pursuant to the proposed rule change, FINRA Regulation By-Laws Article IV, Section 4.14 would be renumbered as Section 4.13.

40 FINRA notes that the standard for removal of officers is specified in FINRA Regulation By-Laws Article VII, Section 7.5(b), which is not being modified by the proposed rule change.

without a meeting be delivered to FINRA Regulation (see FINRA Regulation By-Laws Article III, Section 3.1);

- update and harmonize provisions in the FINRA Regulation By-Laws relating to the removal, resignation and disqualification of Directors,[41] and the filling of vacancies and newly-created directorships in a manner consistent with applicable provisions of Delaware law (see FINRA Regulation By-Laws Article IV, Sections 4.6, 4.7 and 4.8);[42]
- update and clarify provisions in the FINRA Regulation By-Laws relating to the appointment of committees by the FINRA Regulation Board and the powers that can be delegated to such committees under Delaware law (see FINRA Regulation By-Laws Article IV, Section 4.13, which would be renumbered as Section 4.12);[43]
- delete provisions in the FINRA Regulation By-Laws that specifically provide for two committees of the FINRA Regulation Board that do not currently exist and are not needed today for the operation of the FINRA Regulation Board,

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41 With respect to the proposed deletion of language in Article IV, Section 4.7(a) relating to disqualification, because FINRA Regulation is a stock corporation, FINRA, as the sole stockholder, would be required to remove a Director described therein.

42 Pursuant to the proposed rule change, FINRA Regulation By-Laws Article IV, Sections 4.6 and 4.7 would be consolidated into Section 4.6, and the remaining paragraphs of Article IV would be renumbered accordingly.

43 Pursuant to the proposed rule change, paragraphs (b) and (c) of renumbered Section 4.12 would be consolidated and streamlined, paragraph (c) would be deleted and the remaining paragraphs would be redesignated accordingly.

i.e., an Executive Committee[44] and Finance Committee; FINRA notes that the creation of any such committees in the future would be governed by the provisions of the FINRA Regulation By-Laws relating to committees generally, and the size, composition and other requirements for such committees would be specified in the committee governing documents (see FINRA Regulation By-Laws Article IV, Section 4.13 (which, as noted above, would be renumbered as Section 4.12));

- update provisions in the FINRA Regulation By-Laws pertaining to indemnification and advancement of expenses to reflect market practice and current case law, and clarify that certain indemnification provisions do not apply to committee members who are not Directors (see FINRA Regulation By-Laws Article X);[45]
- clarify requirements in the FINRA Regulation By-Laws regarding FINRA Regulation's share certificates, stock ledger and corporate seal (see FINRA Regulation By-Laws Article XI, Sections 11.2 through Section 11.4 and Article XII, Section 12.1, respectively);

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44 A conforming change would be made to FINRA Regulation By-Laws Article VI, Section 6.14 and Article VIII, Section 8.18 to clarify that the Executive Committee referred to therein is the Executive Committee of the FINRA Board.

45 This proposed change conforms to the proposed amendment to the Certificate of Incorporation, discussed below, clarifying that indemnification does not extend to committee members who are not Governors, other than members of FINRA's Investment Committee.

- clarify in the FINRA Regulation By-Laws that records may be maintained by any method permitted by Delaware law (see FINRA Regulation By-Laws Article XII, Section 12.5); and
- make additional updates and clarifying changes to ensure internal consistency and conformity with Delaware law.

Proposed Technical and Conforming Updates

FINRA is proposing a number of technical and conforming changes to the FINRA By-Laws and FINRA Regulation By-Laws. The proposed rule change would:

- delete defined terms and provisions in the FINRA By-Laws relating to the closing of the transaction to consolidate NASD with NYSE Regulation, the subsequent transitional period and legacy committees that were only operable during the transitional period following the closing (among others, see FINRA By-Laws Article I, Article IX, Section 7 and Article XXII);
- change references from NASD and NASD Regulation to FINRA and FINRA Regulation (among others, see FINRA By-Laws Article I and FINRA Regulation By-Laws Article I);
- remove references in the FINRA By-Laws to NASD Dispute Resolution, which was merged into FINRA Regulation in 2015 (among others, see FINRA By-Laws Article I);
- update the provisions relating to mailing notices and other information to allow for electronic communication in lieu of paper mailing (see FINRA By-Laws Article XXI and FINRA Regulation By-Laws Article VI, Section 6.3);

- update the provisions relating to FINRA's registered agent, as they are currently outdated and may change from time to time (see FINRA By-Laws Article II and FINRA Regulation By-Laws Article II);
- update defined terms, including adding a definition of "Restated Certificate of Incorporation" and deleting "beginning with the Rule 0100 Series" in the definition of "Rules of the Corporation" (see FINRA By-Laws Article I and FINRA Regulation By-Laws Article I); and delete definitions that are no longer used, such as "Floor Member Governor," "Independent Dealer/Insurance Affiliate Governor" and "Investment Company Affiliate Governor" (see FINRA By-Laws Article I);[46] and
- renumber provisions and update cross-references throughout the FINRA By-Laws and FINRA Regulation By-Laws.

Proposed Amendments to the Certificate of Incorporation

FINRA is proposing to amend the Certificate of Incorporation, which will be filed with the Delaware Secretary of State, to conform relevant provisions to the amended and restated FINRA By-Laws. Specifically, the proposed rule change would amend Article Second to update FINRA's registered office and registered agent; Article Eighth to update provisions relating to the composition of the FINRA Board, terms of office and classes of appointed and elected Governors; and Article Twelfth[47] to update definitions in accordance with the proposed amendments to the FINRA By-Laws.

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46 The proposed rule change would redesignate the remaining paragraphs of Article I of the FINRA By-Laws accordingly and make a conforming change to update the cross-reference to Article I(rr) that appears in FINRA Rule 5110(j)(1).

47 The proposed rule change would renumber Article Twelfth as Article Eleventh.

In addition, Article Fifth of the Certificate of Incorporation would be amended to update the provisions relating to indemnification, advancement of expenses and liability insurance to align with current Delaware law and market practice. The amended Certificate of Incorporation also would clarify that certain indemnification and insurance provisions do not apply to committee members who are not Governors, other than members of FINRA's Investment Committee.

Finally, the proposed rule change would make technical conforming changes to the Certificate of Incorporation, e.g., to change NASD to FINRA and remove references to the transitional period following the closing of the transaction to consolidate NASD with NYSE Regulation, including the deletion of Article Eleventh.

If the Commission approves the proposed rule change, the effective date will be the date of filing with the Delaware Secretary of State of an amended and restated Certificate of Incorporation, which is intended to be no later than the commencement of the 2027 Annual Meeting. FINRA anticipates that the 2027 Annual Meeting will take place during the third or fourth quarter of 2027.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(2) of the Act,[48] which requires that FINRA be so organized and have the capacity to be able to carry out the purposes of the Act, to comply with the Act and to enforce compliance by FINRA members and persons associated with members with the Act, the rules and regulations thereunder, FINRA rules and the rules of the MSRB;

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48 15 U.S.C. 78o-3(b)(2).

Section 15A(b)(4) of the Act,[49] which requires that FINRA's rules assure a fair representation of its members in the selection of its directors and administration of its affairs and provide that one or more directors shall be representative of issuers and investors and not be associated with a member of FINRA, broker or dealer; and Section 15A(b)(6) of the Act,[50] which requires, among other things, that FINRA rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

FINRA believes that the proposed rule change to revise FINRA's Board governance structure provides for the organization of FINRA in a manner that will continue to enable FINRA to carry out the purposes of the Act and to comply and enforce compliance by FINRA members with the Act. FINRA believes that the proposed rule change assures a fair representation of FINRA's members in the selection of its Governors and administration of its affairs and complies with the public participant requirements of the Act, including the issuer and investor representation requirement.

As discussed above, the proposed rule change would transition the FINRA Board to a majority of Industry Governors, while preserving a substantial role for public representatives on the Board. Seven Industry Governor seats (i.e., three Small Firm Governors, one Mid-Size Firm Governor and three Large Firm Governors) would continue to be elected by small, mid-size and large member firms, respectively. The conversion of three appointed segment-specific Industry seats to three appointed At

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49 15 U.S.C. 78o-3(b)(4).

50 15 U.S.C. 78o-3(b)(6).

Large Industry seats would potentially broaden industry representation, including among small firms.

FINRA members will continue to have extensive involvement in the administration of FINRA's affairs through participation in advisory committees, disciplinary hearing panels and the National Adjudicatory Council, among others. The Commission has previously found that such participation further provides for the fair representation of members in the administration of the affairs of an SRO, particularly with respect to participation on committees relating to rulemaking and relating to the disciplinary process.[51]

At the same time, the proposed rule change would preserve a substantial role for public representatives on the Board by requiring that the number of Public Governors on the Board be one or two less than the number of Industry Governors. The Public Governors would represent no less than 41.7 percent of the total number of Industry and Public Governors on the Board. In addition, the proposed rule change provides for a minimum number of Public Governors on Board committees, and the Audit Committee must continue to be public majority and chaired by a Public Governor. The Commission has previously found that Public Governors, none of which may have a material relationship with a broker or dealer or registered SRO, satisfy the requirement under the Act to have at least one director representative of issuers and investors.[52]

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51 See Securities Exchange Act Release No. 56145 (July 26, 2007), 72 FR 42169, 42185 (August 1, 2007) (Order Approving File No. SR-NASD-2007-023).

52 See supra note 51.

FINRA believes its internal safeguards, along with comprehensive SEC oversight and evaluation of such oversight by the GAO, provide strong assurance that FINRA will continue to perform its investor protection responsibilities and safeguard market integrity.

Finally, FINRA believes that the proposed amendments to make technical and other conforming changes to, among other things, update defined terms and cross-references, will provide greater clarity to members and the public regarding FINRA rules and FINRA's corporate documents as they appear in the FINRA Manual.

B. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The regulatory need for the proposed rule change is described above in Item II.A.1.

Economic Baseline

The economic baseline for the proposed rule change consists of the current FINRA By-Laws governing the composition, structure and operation of the FINRA Board and its committees.

In general, corporate boards provide direction, monitoring and accountability to help ensure stewardship and enable the organization to have access to vital external resources and information.[53] As the Board of an SRO, FINRA's Board differs from conventional corporate boards in that it is meant to provide fair representation across its

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53 See, e.g., Eugene F. Fama & Michael C. Jensen, Separation of Ownership and Control, 26 Journal of Law and Economics (1983), Michael Jensen & William Meckling, Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure, 3(4) Journal of Financial Economics 305 (1976). Jeffrey Pfeffer & Gerald R. Salancik, The External Control of Organizations (1978), argue that directors strategically link the firm with vital external resources and information.

membership and serve the other statutory requirements of the Act.[54] Although there may be broad agreement on the importance of these requirements, individual Governors may differ in their perspectives and beliefs as how to best meet FINRA's statutory obligations. Industry Governors will typically have more technical and detailed current knowledge regarding the brokerage industry, member-firm business models and evolving industry conditions, while Public Governors will have a wider variety of backgrounds reflective of the governance needs of the organization, which will not always include knowledge of the brokerage industry that is comparable to Industry Governors.

Industry and Public Governors will, given the requirements of their classification, have different backgrounds, business affiliations and relationships. Each individual Governor will be informed by their own experience and current situation, thus perspectives, knowledge and incentives may differ both between the groups and among Governors within each group. The balance of these may influence the Board's oversight of and advice to management and, in turn, how FINRA fulfills its mission.[55] Differences

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54 The nature and impact of the potential challenges in a board's ability to provide direction, monitoring and accountability are different in the setting of SRO governance than in a corporate board. In a corporate setting, economic theory typically focuses on the influence of self-interested behaviors of certain board members in the organization's pursuit of its goals, whereas the focus of theory for SRO boards is typically the influence of the regulated industry in the SRO's pursuit of its mission. Different SRO models address this influence differently, including through structures, policies and procedures. See, e.g., John W. Carson, Self-Regulation in Securities Markets, 2011, World Bank Policy Research Paper No. 5542, and George Stigler, The Theory of Economic Regulation, 2(1) Bell Journal of Economics and Management Science 3 (1971).

55 Economic theory suggests trade-offs can exist when determining corporate board composition, including between the informational advantages of individuals with specific expertise and knowledge and the costs associated with managing the influence of such individuals. See Milton Harris & Artur Raviv, A Theory of Board Control and Size, 21(4) Review of Financial Studies 1797 (2008). Although the theory focuses on corporate boards of directors, similar

among Industry Governors' interests and incentives along with substantial participation by Public Governors can contribute to ensuring balance in governance and fulfillment of FINRA's statutory obligations. These same characteristics of the board also support the public's confidence in its stewardship of the public interest.

The relevance of the extent and type of expertise accessible to the Board and Board committees will vary depending on the context. For example, when considering if or how to respond to new industry products or business practices, detailed technical Board knowledge informed by different experiences may be of particular importance. In other contexts, there may be a stronger emphasis on the Board's needs in broader areas that extend outside the industry, such as corporate governance, technology management or public policy.

Economic Impacts

The proposed rule change would alter the composition of the Board and its committees in several respects, as outlined above. Specifically, these changes may improve FINRA's ability to fulfill its mission by modernizing the organization's governance and strengthening the self-regulatory model. This would include increasing access to industry expertise and providing greater flexibility to manage the Board's operations. In particular, the proposed rule change may broaden the range of business models represented on the Board, including those of small firms, and enhance the Board's ability to draw on expertise relevant to evolving market and industry conditions. Greater access to member knowledge, experience and insight may, in turn, support more

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considerations regarding expertise and its value to oversight bear on FINRA's governance structure.

informed and responsive decision-making.[56] For the wide range of issues coming before the Board of Governors that are informed by the technical considerations of financial services, the option for broader industry input—over potentially a wider range of perspectives—may lead to better designed regulatory outcomes, enhancing investor protections and market integrity. At the same time, where technical considerations may be of lesser importance, the proposed rule change preserves substantial Public Governor representation that should continue to enable the Board to meet its obligations critical for governance. Greater potential diversity of representation across Industry Governors, combined with the continued substantial Public Governor representation, should serve to mitigate risk that any one set of interests or incentives could predominate in governance. Moreover, Public Governors would continue to have the Chair and a majority on the Audit Committee, providing another important mitigant.

The above discussion about changes in the Board composition also broadly applies to Board committees. While the Board retains oversight of the Board committees' decisions, to the extent that there are resulting shifts in the composition of Board committees, the same considerations related to achieving a mix of industry and public representation apply to Board committees as well.

The existing structural safeguards detailed above would provide additional assurance that FINRA will continue to perform its statutory obligations. Among other things, the composition and responsibilities of offices within FINRA, such as OHO and ODA, that have a high degree of defined independence, would not change. Also, external

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56 See, e.g., Nishant Dass et. al., Board Expertise: Do Directors from Related Industries Help Bridge the Information Gap?, 27(5) Review of Financial Studies 1533 (2014).

governance such as comprehensive SEC oversight and the GAO's evaluation of that oversight may complement internal governance.

In addition to the amendments altering the composition of the Board and its committees, the proposed rule change would alter Board structure and continuity. A smaller Board may facilitate coordination and decision-making but may include fewer voices with differing experience and knowledge to address complex issues.[57] Under the proposed rule change, however, the Board would continue to have a broad range of pertinent expertise and experience. In particular, the conversion of three Industry Governor seats currently reserved for specific segments to at-large seats, as well as the broad expertise residing with Public Governors, may provide the Board greater ability to draw on expertise based on the needs of the organization.

Finally, the number of consecutive three-year terms a Governor may serve would increase from two to three. The additional term may preserve institutional knowledge and Board experience by allowing Governors whose continued service would benefit the Board to serve for another three years.[58]

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57 Economic theory provides a frame to consider board size for effective decision-making. Earlier empirical research suggests a negative relationship between board size and firm performance, suggesting small boards may lead to better outcomes for shareholders. More recent studies, however, indicate that optimal board size may vary on a firm's advising needs. See, Jeffrey L. Coles, Naveen D. Daniel, & Lalitha Naveen, Boards: Does One Size Fit All?, 87(2) Journal of Financial Economics 329 (2008).

58 Empirical research suggests a concave relationship between board tenure and measures of accounting performance. See, Sterling Huang & Gilles Hilary, Zombie Board: Board Tenure and Firm Performance, 56(4) Journal of Accounting Research 1285 (2018). Using the average tenure of outside directors, the authors find that the benefits of board tenure peak at approximately 10 years. The results may not be directly applicable to FINRA, however, because the authors study public companies, which generally do not impose specific director term limits.

Alternatives Considered

No alternatives were considered for purposes of this statement.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-FINRA-2026-024 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-FINRA-2026-024. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (http://www.sec.gov/rules/sro.shtml). Copies of the filing will be available for inspection and copying at the principal office of FINRA. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR-FINRA-2026-024 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[59]

Sherry R. Haywood
Assistant Secretary

[59] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

* * * * *

Amended and Restated By-Laws of the Corporation

ARTICLE I DEFINITIONS

When used in these By-Laws, unless the context otherwise requires, the term:

(a) No Change.

(b) "At Large Industry Governor" means a member of the Board to be appointed by the Board; provided however, to be eligible to serve, an At Large Industry Governor must qualify as an Industry Governor;

Paragraphs (b) through (e) redesignated as paragraphs (c) through (f)

[(f) "Closing" means the closing of the consolidation of certain member firm regulatory functions of NYSE Regulation, Inc. and the Corporation;]

(g) through (h) No Change.

(i) "Corporation" means the[National Association of Securities Dealers,] Financial Industry Regulatory Authority, Inc. or any future name of this entity;

(j) through (k) No Change.

(l) "Delegation Plan" means the "Plan of Allocation and Delegation of Functions by [NASD]FINRA to Subsidiaries" as approved by the Commission, and as amended from time to time;

(m) "district" means a district established by the [NASD]FINRA Regulation Board pursuant to the [NASD]FINRA Regulation By-Laws;

[(n) "Floor Member Governor" means a member of the Board appointed as such who is a person associated with a member (or a firm in the process of becoming a member) which is a specialist or floor broker on the New York Stock Exchange trading floor;]

Paragraphs (o) through (q) redesignated as paragraphs (n) through (p)

[(r) "Independent Dealer/Insurance Affiliate Governor" means a member of the Board appointed as such who is a person associated with a member which is an independent contractor financial planning member firm or an insurance company, or an affiliate of such a member;]

[(s)](q) "Industry Director" means a Director of the [NASD]FINRA Regulation Board[or NASD Dispute Resolution Board] (excluding the President[s]) who[: (1)] is or has served in the prior year as an officer, director (other than as an independent director), employee or controlling person of a broker or dealer[, or (2) has a consulting or employment relationship with or provides professional services to a self regulatory organization registered under the Act, or has had any such relationship or provided any such services at any time within the prior year];

[(t)](r) "Industry Governor" or "Industry committee member" means a[the Floor Member Governor, the Independent Dealer/Insurance Affiliate Governor and the Investment Company Affiliate Governor and any other] Governor (excluding the Chief Executive Officer of the Corporation[and, during the Transitional Period, the Chief Executive Officer of NYSE Regulation, Inc.]) or committee member who[: (1)] is or has served in the prior year as an officer, director (other than as an independent director), employee or controlling person of a broker or dealer[, or (2) has a consulting or

employment relationship with or provides professional services to a self regulatory organization registered under the Act, or has had any such relationship or provided any such services at any time within the prior year];

Paragraph (u) redesignated as paragraph (s)

[(v) "Investment Company" means an "investment company" as such term is defined in The Investment Company Act of 1940, as amended;]

[(w) "Investment Company Affiliate Governor" means a member of the Board appointed as such who is a person associated with a member which is an Investment Company or an affiliate of such a member;]

[(x) "Joint Public Governor" means the one Public Governor to be appointed as such by the Board of Directors of NYSE Group, Inc. and the Board in office prior to the Closing jointly;]

Paragraphs (y) through (aa) redesignated as paragraphs (t) through (v)

[(bb)](w) "Lead Governor" means a member of the Board elected as such by the Board[, provided, however, that any member of the Board who is concurrently serving as a member of the Board of Directors of NYSE Group, Inc. shall not be eligible to serve as the Lead Governor];

Paragraphs (cc) through (hh) redesignated as paragraphs (x) through (cc)

[(ii) "NASD Dispute Resolution" means NASD Dispute Resolution, Inc. or any future name of this entity;]

[(jj) "NASD Group Committee" means a committee of the Board comprised of the five Public Governors and the Independent Dealer/Insurance Affiliate Governor appointed as such by the Board in office prior to Closing, and the Small Firm Governors

which were nominated for election as such by the Board in office prior to Closing, and in each case their successors;]

[(kk) "NASD Public Governors" means the five Public Governors to be appointed as such by the Board in office prior to the Closing effective as of Closing;]

[(ll)](dd) "[NASD]FINRA Regulation" means [NASD]FINRA Regulation, Inc. or any future name of this entity;

[(mm)](ee) "[NASD]FINRA Regulation Board" means the Board of Directors of [NASD]FINRA Regulation;

[(nn)](ff) "National Adjudicatory Council" means a body appointed pursuant to Article V of the [NASD]FINRA Regulation By-Laws;

Paragraph (oo) redesignated as paragraph (gg)

[(pp) "NYSE Group Committee" means a committee of the Board comprised of the five Public Governors and the Floor Member Governor appointed as such by the Board of Directors of NYSE Group, Inc., and the Large Firm Governors which were nominated for election as such by the Board of Directors of NYSE Group, Inc., and in each case their successors;]

[(qq) "NYSE Public Governors" shall mean the five Public Governors to be appointed as such by the Board of Directors of NYSE Group, Inc. effective as of Closing;]

Paragraph (rr) redesignated as paragraph (hh)

[(ss)](ii) "Public Director" means a Director of the [NASD]FINRA Regulation Board[or NASD Dispute Resolution Board] who:

(1) is not an Industry Director;

(2) does not have an employment relationship with a self regulatory organization registered under the Act (other than serving as a public director of such a self regulatory organization), and has not had any such relationship at any time within the prior year; and [who]

(3) otherwise has no material business relationship with a broker or dealer or a self regulatory organization registered under the Act (other than serving as a public director of such a self regulatory organization);

[(tt)](jj) "Public Governor" or "Public committee member" means any Governor or committee member who:

(1) is not the Chief Executive Officer of the Corporation[or, during the Transitional Period, the Chief Executive Officer of NYSE Regulation, Inc., who];

(2) is not an Industry Governor;

(3) does not have an employment relationship with a self regulatory organization registered under the Act (other than serving as a public director of such a self regulatory organization), and has not had any such relationship at any time within the prior year; and [who]

(4) otherwise has no material business relationship with a broker or dealer or a self regulatory organization registered under the Act (other than serving as a public director of such a self regulatory organization);

Paragraph (uu) redesignated as paragraph (kk)

(ll) "Restated Certificate of Incorporation" means the certificate of incorporation of the Corporation as the same may be amended and/or restated from time to time;

[(vv)](mm) "Rules of the Corporation" or "Rules" means the numbered rules set forth in the manual of the Corporation[beginning with the Rule 0100 Series], as adopted by the Board pursuant to these By-Laws, as hereafter amended or supplemented;

Paragraph (ww) redesignated as paragraph (nn)

[(xx)](oo) "Small Firm Governor" means a member of the Board to be elected by Small Firm members, provided, however, that in order to be eligible to serve, a Small Firm Governor must be registered with a member which is a Small Firm member and must be an Industry Governor; and

[(yy)](pp) "Small Firm Governor Committee" means a committee of the Board comprised of all the Small Firm Governors.[; and]

[(zz) "Transitional Period" means the period commencing on the date of the Closing and ending on the third anniversary of the date of the Closing.]

ARTICLE II OFFICES

Location

Sec. 1. The address of the registered office of the Corporation in the State of Delaware and the name of the registered agent at such address shall be as set forth in the Restated Certificate of Incorporation[: The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801]. The Corporation also may have offices at such other places both within and without the State of Delaware as the Board may from time to time designate or the business of the Corporation may require.

Change of Location

Sec. 2. No Change.

ARTICLE III – No Change.

ARTICLE IV MEMBERSHIP

Application for Membership

Sec. 1. (a) Application for membership in the Corporation, properly signed by the applicant, shall be made to the Corporation via electronic process or such other process as the Corporation may prescribe, on the form to be prescribed by the Corporation, and shall contain:

(1) an agreement to comply with the federal securities laws, the rules and regulations thereunder, the rules of the Municipal Securities Rulemaking Board and the Treasury Department, the By-Laws of the Corporation[,] or [NASD]FINRA Regulation, [or NASD Dispute Resolution,]the Rules of the Corporation, and all rulings, orders, directions, and decisions issued and sanctions imposed under the Rules of the Corporation;

(2) through (3) No Change.

(b) through (c) No Change.

Similarity of Membership Names

Sec. 2. No Change.

Executive Representative

Sec. 3. Each member shall appoint and certify to the Secretary of the Corporation one "executive representative" who shall represent, vote, and act for the member in all the affairs of the Corporation, except that other executives of a member may also hold office in the Corporation, serve on the Board or committees appointed under Article IX, Section 1 or otherwise take part in the affairs of the Corporation. A member may change its executive representative upon giving notice thereof via electronic process or such other process as the Corporation may prescribe to the Secretary, or may, when necessary,

appoint, by notice via electronic process to the Secretary, a substitute for its executive representative. An executive representative of a member or a substitute shall be a member of senior management and registered principal of the member. [Not later than January 1, 1999, e]Each executive representative shall maintain an Internet electronic mail account for communication with the Corporation and shall update firm contact information via the FINRA Web Site or such other means as prescribed by the Corporation.

Membership Roll

Sec. 4. No Change.

Resignation of Members

Sec. 5. No Change.

Retention of Jurisdiction

Sec. 6. No Change.

Transfer and Termination of Membership

Sec. 7. No Change.

Registration of Branch Offices

Sec. 8. No Change.

ARTICLE V REGISTERED REPRESENTATIVES AND ASSOCIATED PERSONS

Qualification Requirements

Sec. 1. No Change.

Application for Registration

Sec. 2. (a) Application by any person for registration with the Corporation, properly signed by the applicant, shall be made to the Corporation via electronic process

or such other process as the Corporation may prescribe, on the form to be prescribed by the Corporation and shall contain:

(1) an agreement to comply with the federal securities laws, the rules and regulations thereunder, the rules of the Municipal Securities Rulemaking Board and the Treasury Department, the By-Laws of the Corporation[, NASD] and FINRA Regulation[, and NASD Dispute Resolution], the Rules of the Corporation, and all rulings, orders, directions, and decisions issued and sanctions imposed under the Rules of the Corporation; and

(2) No Change.

(b) through (c) No Change.

Notification by Member to the Corporation and Associated Person of Termination; Amendments to Notification

Sec. 3. No Change.

Retention of Jurisdiction

Sec 4. No Change.

ARTICLE VI DUES, ASSESSMENTS, AND OTHER CHARGES

Power of the Corporation to Fix and Levy Assessments

Sec. 1. The Corporation shall prepare an estimate of the funds necessary to defray reasonable expenses of administration in carrying on the work of the Corporation each fiscal year, and on the basis of such estimate, shall fix and levy the amount of admission fees, dues, assessments, and other charges to be paid by the members and issuers and any other persons using any facility or system which the Corporation[, NASD] or FINRA Regulation[, or NASD Dispute Resolution] operates or controls. Fees, dues, assessments, and other charges shall be called and payable as determined by the Corporation from time

to time; provided, however, that such admission fees, dues, assessments, and other charges shall be equitably allocated among members and issuers and any other persons using any facility or system which the Corporation operates or controls. The Corporation may from time to time make such changes or adjustments in such fees, dues, assessments, and other charges as it deems necessary or appropriate to assure equitable allocation of dues among members. In the event of termination of membership or the extension of any membership to a successor organization during any fiscal year for which an assessment has been levied and become payable, the Corporation may make such adjustment in the fees, dues, assessments, or other charges payable by any such member or successor organization or organizations during such fiscal years as it deems fair and appropriate in the circumstances.

Reports of Members

Sec. 2. No Change.

Suspension or Cancellation

Sec. 3. No Change.

Reinstatement of Membership or Registration

Sec. 4. No Change.

Delegation

Sec. 5. No Change.

ARTICLE VII BOARD OF GOVERNORS

Powers and Authority of Board

Sec. 1. (a) No Change.

(b) In the event of the refusal, failure, neglect, or inability of any Governor to discharge such Governor's duties, or for any cause affecting the best interests of the

Corporation the sufficiency of which the Board shall be the sole judge, the Board shall have the power, by the affirmative vote of two-thirds of the Governors then in office, to remove such Governor and declare such Governor's position vacant and that, subject to the Restated Certificate of Incorporation, such position shall be filled in accordance with these By-Laws[; provided, that during the Transitional Period, (i) a Governor that is a member of the NYSE Group Committee may only be removed by the affirmative vote of a majority of the Governors who are members of the NYSE Group Committee and (ii) a Governor that is a member of the NASD Group Committee may only be removed by the affirmative vote of a majority of the Governors who are members of the NASD Group Committee].

(c) To the fullest extent permitted by applicable law, the Restated Certificate of Incorporation, and these By-Laws, the Corporation may delegate any power of the Corporation or the Board to a committee appointed pursuant to Article IX, Section 1, the [NASD]FINRA Regulation Board,[the NASD Dispute Resolution Board,] or the Corporation's staff in a manner not inconsistent with the Delegation Plan[; provided, that during the Transitional Period, no such delegation shall occur without the prior affirmative vote of two-thirds of the Governors then in office].

Authority to Cancel or Suspend for Failure to Submit Required Information

Sec. 2. No Change.

Authority to Take Action Under Emergency or Extraordinary Market Conditions

Sec. 3. The Board, or such person or persons as may be designated by the Board, in the event of an emergency or extraordinary market conditions, shall have the authority to take any action regarding:

(a) the trading in or operation of the over-the-counter securities market, the operation of any automated system owned or operated by the Corporation or [NASD]FINRA Regulation, and the participation in any such system of any or all persons or the trading therein of any or all securities; and

(b) No Change.

Composition and Qualifications of the Board

Sec. 4. (a) The Board shall consist of no fewer than 13[6] nor more than 20[5] Governors. The number of [Public]Industry Governors shall exceed the number of [Industry]Public Governors.

[From and after the Transitional Period, t]The Board of Governors shall consist of (i) the Chief Executive Officer of the Corporation, (ii) a number of Public Governors that is one or two less than the number of Industry Governors, as determined by the Board, (iii) [a Floor Member Governor, an Independent Dealer/Insurance Affiliate Governor and an Investment Company Affiliate Governor]a number of At Large Industry Governors, not to exceed three, as determined by the Board, and (iv) three Small Firm Governors, one Mid-Size Firm Governor and three Large Firm Governors.

(b) As soon as practicable following the annual election of Governors, the Board shall elect from among its members a Chair and such other persons having such titles as it shall deem necessary or advisable, to serve until the next annual election or until their successors are chosen and qualify. The Chair of the Board shall preside over all meetings of the Board, and shall not have any other power or authority except as otherwise expressly provided for herein. The Lead Governor shall preside at all meetings of the Board at which the Chair is not present, and shall have the authority to call, and will lead

if the Chair of the Board is recused, executive sessions of the Board. Any other persons elected under this subsection shall have such powers and duties as may be determined from time to time by the Board. Except as otherwise provided herein, the Board, by resolution adopted by a majority of the Governors then in office,[(i) after the completion of the Transitional Period,] may remove the Chair and any person elected under this subsection from such position at any time[and (ii) during the Transitional Period, may remove any person, other than the Chair, elected under this subsection from such position at any time].

Term of Office of Governors

Sec. 5. [From and after the Transitional Period:] The Chief Executive Officer shall serve as a Governor until a successor is elected, or until death, resignation, or removal.

Public Governors and the [Floor Member Governor, the Independent Dealer/Insurance Affiliate Governor and the Investment Company Affiliate Governor]At Large Industry Governors (the "Appointed Governors") shall be appointed by the Board from candidates recommended to the Board by the Nominating Committee.

[As of the first annual meeting of members following the Transitional Period, t]The Appointed Governors shall be divided by the Board into three classes, as equal in number as possible, with each Appointed Governor [the first class holding office until the first succeeding annual meeting of members, the second class holding office until the second succeeding annual meeting of members and the third class] holding office until the third succeeding annual meeting of members following the Appointed Governor's initial appointment by the Board at an annual meeting of members, or until a successor is

duly appointed and qualified, or until death, resignation, disqualification, or removal. Each class shall[initially] contain as equivalent a number as possible of Appointed Governors[who were members of the NYSE Group Committee during the Transitional Period or are successors to such Governor positions, on the one hand, and Appointed Governors who were members of the NASD Group Committee during the Transitional Period or are successors to such Governor positions, on the other hand, to the extent the Board determines such persons are to remain Governors after the Transitional Period]. No Appointed Governor may serve more than [two]three consecutive terms. If a Governor is appointed to fill a vacancy of such a Governor position or a new Governor position in a class where the remaining[for a] term [of] is for less than one year, the Governor may serve up to [two]three consecutive terms following the expiration of the Governor's initial term. At each[annual election following the first] annual meeting of members[following the Transitional Period], Appointed Governors shall be appointed by the Board for a term of three years to replace those whose terms expire. Any Appointed Governor who is appointed to fill a vacancy of a Governor position or a new Governor position shall serve for the remaining term of the class to which such Governor has been appointed or until a successor is duly appointed and qualified, or until death, resignation, disqualification, or removal.

[As of the first annual meeting of members following the Transitional Period, t]The Large Firm Governors, the Mid-Size Firm Governor and the Small Firm Governors (the "Elected Governors") shall be divided into three classes, as equal in number as possible, with [the first]one class[,] being comprised of one Large Firm Governor and one Small Firm Governor, [holding office until the first succeeding annual meeting of members, the

second]one class[,] being comprised of one Large Firm Governor, one Mid-Size Firm Governor and one Small Firm Governor, [holding office until the second succeeding annual meeting of members] and [the third]one class[,] being comprised of one Large Firm Governor and one Small Firm Governor.[,] Each Elected Governor shall hold[ing] office until the third succeeding annual meeting of members following the Elected Governor's initial election at an annual meeting of members, or until a successor is duly elected and qualified, or until death, resignation, disqualification, or removal. A Governor elected by the members may not serve more than [two]three consecutive terms. If a Governor is elected to fill a vacancy of such a Governor position in a class where the remaining term is for[a term of] less than one year, the Governor may serve up to [two]three consecutive terms following the expiration of the Governor's initial term. At each[annual election following the first] annual meeting of members[following the Transitional Period], Large Firm Governors, Small Firm Governors and the Mid-Size Firm Governor shall be elected for a term of three years to replace those whose terms expire.

In the event of any vacancy among the Large Firm Governors, the Mid-Size Firm Governor or the Small Firm Governors, such vacancy shall only be filled by the Large Firm Governor Committee in the case of a Large Firm Governor vacancy, the Board in the case of a Mid-Size Firm Governor vacancy or the Small Firm Governor Committee in the case of a Small Firm Governor vacancy; provided, however, that in the event the remaining term of office of any Large Firm, Mid-Size Firm or Small Firm Governor position that becomes vacant is for more than 12 months, such vacancy shall be filled by the members entitled to vote thereon at a meeting thereof convened to vote thereon. Any

Elected Governor who fills a vacancy of such a Governor position shall serve for the remaining term of the class in which such vacancy is filled or until a successor is duly appointed and qualified, or until death, resignation, disqualification, or removal.

Disqualification

Sec. 6. Notwithstanding Section 5[or Article XXII], the term of office of a Governor shall terminate immediately upon a determination by the Board, by a majority vote of the remaining Governors, that: (a) the Governor no longer satisfies the classification for which the Governor was elected or appointed; and (b) the Governor's continued service as such would violate the compositional requirements of the Board set forth in Section 4[(or, in the case of the Transitional Period, Article XXII)]. If the term of office of a Governor terminates under this Section, and the remaining term of office of such Governor at the time of termination is not more than six months, during the period of vacancy the Board shall not be deemed to be in violation of Section 4[(or, in the case of the Transitional Period, Article XXII)] by virtue of such vacancy.

Filling of Vacancies

Sec. 7. No Change.

Meetings of Board; Quorum; Required Vote

Sec. 8. Meetings of the Board shall be held at such times and places, upon such notice, and in accordance with such procedure as the Board in its discretion may determine. Special meetings of the Board of the Corporation may be called by the Board, the Chief Executive Officer of the Corporation, the Chair or the Lead Governor. Each of the Chief Executive Officer of the Corporation and the Chair, and with respect to matters from which the Chief Executive Officer of the Corporation and the Chair recuse

themselves, the Lead Governor, shall have the authority to include matters on the agenda of a meeting of the Board. At all meetings of the Board, unless otherwise set forth in these By-Laws or required by law, a quorum for the transaction of business shall consist of a majority of the Board, including not less than 50 percent of the Public Governors and not less than 50 percent of the Industry Governors. Any action taken by a majority vote at any meeting at which a quorum is present, except as otherwise provided in the Restated Certificate of Incorporation or these By-Laws, shall constitute the action of the Board. Governors or members of any committee appointed by the Board under Article IX, Section 1 may participate in a meeting of the Board or a committee by means of communications facilities that ensure all persons participating in the meeting can hear and speak to one another, and participation in a meeting pursuant to this By-Law shall constitute presence in person at such meeting. No Governor shall vote by proxy at any meeting of the Board.

The Nominating Committee

Sec. 9. (a) Except as otherwise provided in these By-Laws, the Nominating Committee shall nominate and, in the event of a contested election, may, as described in Section 11(b), support: Large Firm, Mid-Size Firm, Small Firm, Public[,] and At Large Industry [Floor Member, Independent Dealer/Insurance Affiliate and Investment Company Affiliate] Governors for each such vacant or new Governor position on the Board; Industry and Public Directors for each vacant or new position on the [NASD]FINRA Regulation Board[and the NASD Dispute Resolution Board] for election by the stockholder; and Industry and Public members for each vacant or new position on

the National Adjudicatory Council for appointment by the [NASD]FINRA Regulation Board.

(b) Except as otherwise provided in these By-laws,[after the completion of the Transitional Period] the Nominating Committee shall consist of such number of members of the Board as the Board shall determine from time to time; provided, however, that the Nominating Committee shall at all times be comprised of a number of members which is a minority of the entire Board and the Chief Executive Officer shall not be a member of the Nominating Committee. The[number of Public Governors on the] Nominating Committee shall [equal or exceed the number of Industry Governors on the Nominating Committee] include at least two Public Governors and at least two Industry Governors. If the number of members of the Nominating Committee is seven or fewer, the Nominating Committee shall have a minimum number of Public Governors that is one less than the number of Industry Governors. If the number of members of the Nominating Committee is eight or greater, the Nominating Committee shall have a minimum number of Public Governors that is two less than the number of Industry Governors.

(c) [After the completion of the Transitional Period, and e]Except as otherwise provided in these By-Laws, members of the Nominating Committee[shall be appointed annually by the Board and] may be removed for cause during the term for which they have been appointed by the Board only by majority vote of the whole Board, after appropriate notice, for refusal, failure, neglect, or inability to discharge such member's duties.

(d) The Secretary of the Corporation shall collect from each nominee for Governor such information as is reasonably necessary to serve as the basis for a determination of the nominee's classification as a Large Firm, Mid-Size Firm, Small Firm, Public,[Floor Member, Independent Dealer/Insurance Affiliate and/or Investment Company Affiliate Governor] or At Large Industry Governor, and the Secretary shall certify to the Nominating Committee [(or, in the case of Article XXII, the relevant body with the authority to nominate as specified therein)] each nominee's classification.

[(e) At all meetings of the Nominating Committee, a quorum for the transaction of business shall consist of a majority of the Nominating Committee. In the absence of a quorum, a majority of the committee members present may adjourn the meeting until a quorum is present.]

Procedure for Nomination of Governors

Sec. 10. Prior to a meeting of members pursuant to Article XXI for the election of Governors, the Corporation shall notify the members of the names of each nominee selected by the Nominating Committee[(or, in the case of Article XXII, the relevant body with the authority to nominate as specified therein)] for each governorship up for election by the members, the classification of governorship (Large Firm, Mid-Size Firm or Small Firm) for which the nominee is nominated, the qualifications of each nominee, and such other information regarding each nominee as the Board or the Nominating Committee[(or, in the case of Article XXII, the relevant body with the authority to nominate as specified therein)] deems pertinent. A person who has not been so nominated may be included on the ballot for the election of Governors if: (a) within 45 days after the date of such notice, such person presents to the Secretary of the

Corporation (i) in the case of petitions solely in support of such person, petitions in support of his or her nomination duly executed by three percent of the members entitled to vote for such nominees' election, and no such member shall endorse more than one such nominee, or (ii) in the case of petitions in support of more than one person, petitions in support of the nominations of such persons duly executed by ten percent of the members entitled to vote for such nominees' election; and (b) the Secretary certifies that (i) the petitions are duly executed by the Executive Representatives of the requisite number of members entitled to vote for such nominee's/nominees' election, and (ii) the person(s) satisfies/satisfy the classification (Large Firm, Mid-Size Firm or Small Firm) of the governorship(s) to be filled, based on such information provided by the person(s) as is reasonably necessary to make the certification. The Secretary shall not unreasonably withhold or delay the certification. Upon certification, the election shall be deemed a contested election with respect to the category of Governor to which the nomination relates. After the certification of a contested election or the expiration of time for contesting an election under this Section, the Secretary shall deliver notice of a meeting of members pursuant to Article XXI, Section 3(a).

Communication of Views

Sec. 11. (a) The Corporation, the Board, a committee appointed pursuant to Article IX, Section 1, and the Corporation's staff shall not take any position publicly or with a member or person associated with or employed by a member with respect to any candidate in a contested election or nomination held pursuant to these By-Laws or the [NASD]FINRA Regulation By-Laws. A Governor or a member of any committee (other than the Nominating Committee[(or, in the case of Article XXII, the relevant body with

the authority to nominate as specified therein)]) may communicate his or her views with respect to any candidate if such Governor or committee member acts solely in his or her individual capacity and disclaims any intention to communicate in any official capacity on behalf of the Corporation, the Board, or any committee (other than the Nominating Committee[(or, in the case of Article XXII, the relevant body with the authority to nominate as specified therein)]). Except as provided herein, any candidate and his or her representatives may communicate support for the candidate to a member or person associated with or employed by a member.

(b) In a contested election, the Nominating Committee[(or, in the case of Article XXII, the relevant body with the authority to nominate as specified therein)] may support its nominees under this Article by sending to members eligible to vote up to two mailings of materials in support of its nominees in lieu of mailings sent by its candidates under Article VII, Section 12. In addition to such mailings, in the event of mailings and or other communications to members by or on behalf of a candidate by petition in a contested election, the Nominating Committee[(or, in the case of Article XXII, the relevant body with the authority to nominate as specified therein)] may respond in-kind, but shall not take a position unresponsive, to the contesting candidate's communications.

Administrative Support

Sec. 12. The Secretary of the Corporation shall provide administrative support to the candidates in a contested election under this Article by sending to members eligible to vote for such category of Governors up to two mailings of materials prepared by the candidates. The Corporation shall pay the postage for the mailings. If a candidate wants such mailings sent, the candidate shall prepare such material on the candidate's personal

stationery. The material shall state that it represents the opinions of the candidate. The candidate shall provide a copy of such material for each member eligible to vote for such category of Governors. A candidate nominated by the Nominating Committee[(or, in the case of Article XXII, the relevant body with the authority to nominate as specified therein)] may identify himself or herself as such in his or her materials. Any candidate may send additional materials to members at the candidate's own expense. Except as provided in this Article, the Corporation, the Board, any committee, and the Corporation's staff shall not provide any other administrative support to a candidate in a contested election conducted under this Article or a contested election or nomination conducted under the [NASD]FINRA Regulation By-Laws.

Election of Governors

Sec. 13. No Change.

Maintenance of Compositional Requirements of the Board

Sec. 14. Each elected or appointed Governor shall update the information submitted under Section 9(d) regarding his or her classification as a Large Firm, Mid-Size Firm, Small Firm, Public, [Floor Member, Independent Dealer/Insurance Affiliate and/]or At Large Industry [Investment Company Affiliate] Governor at least annually and upon request of the Secretary of the Corporation, and shall report immediately to the Secretary any change in such classification.

Resignation

Sec. 15. No Change.

Other Nominating Committee Functions

Sec. 16. The Nominating Committee shall exercise any such other powers and duties, and perform such other functions, as authorized from time to time by the Board.

ARTICLE VIII OFFICERS, AGENTS, AND EMPLOYEES

Officers

Sec. 1. No Change.

Absence of Chief Executive Officer

Sec. 2. No Change.

Agents and Employees

Sec. 3. No Change.

Employment of Counsel

Sec. 4. No Change.

Delegation of Duties of Officers

Sec. 5. No Change.

Resignation and Removal of Officers

Sec. 6. (a) No Change.

(b) Any officer of the Corporation may be removed, with or without cause, by a duly authorized officer, by an officer who appointed the officer to be removed, or by a resolution adopted by a majority of the Governors then in office at any regular or special meeting of the Board or by a consent adopted by all of the Governors then in office in accordance with applicable law. Such removal shall be without prejudice to the contractual rights of the affected officer, if any, with the Corporation.

Bond

Sec. 7. No Change.

ARTICLE IX COMMITTEES

Appointment

Sec. 1. (a) The Corporation shall have the following committees of the Board: [the NASD Group Committee (during the Transitional Period); the NYSE Group Committee (during the Transitional Period);] the Small Firm Governor Committee; and the Large Firm Governor Committee, which in each case shall be comprised of the Governors specified herein and in the Restated Certificate of Incorporation to be the members thereof and shall have the authority provided for herein and in the Restated Certificate of Incorporation. The Corporation shall also have the following committees: the Audit Committee, the Executive Committee, the Finance Committee, and[,] the Nominating Committee[during the first year of the Transitional Period or as extended thereafter by resolution of the Board, the Integration Committee, which in each case shall have the authority provided for herein].

(b) Subject to Article VII, Section 1(c), the Board may appoint such other committees or subcommittees as it deems necessary or desirable, and it shall fix their powers, duties, and terms of office in a manner not inconsistent with these By-Laws or the Restated Certificate of Incorporation. Any such other committee or subcommittee consisting solely of one or more Governors, to the extent provided by these By-Laws or by resolution of the Board and to the extent not inconsistent with these By-Laws or the Restated Certificate of Incorporation, shall have and may exercise all powers and authority of the Board in the management of the business and affairs of the Corporation. Any such other committee having the authority to exercise the powers and authority of the Board shall[have a number of Public Governors as members thereof in excess of the

number of Industry Governors which are members thereof] include at least two Public Governors and at least two Industry Governors. If the number of members of the committee is seven or fewer, the committee shall have a minimum number of Public Governors that is one less than the number of Industry Governors. If the number of members of the committee is eight or greater, the committee shall have a minimum number of Public Governors that is two less than the number of Industry Governors. [During the Transitional Period, all committees of the Board having the authority to exercise the powers and authority of the Board (with the exception of the Large Firm Governor Committee, the Small Firm Governor Committee, the NASD Group Committee and the NYSE Group Committee), shall also have (i) a percentage of members (to the nearest whole number of committee members) that are members of the NASD Group Committee at least as great as the percentage of Governors on the Board that are members of the NASD Group Committee; and (ii) a percentage of members (to the nearest whole number of committee members) that are members of the NYSE Group Committee at least as great as the percentage of Governors on the Board that are members of the NYSE Group Committee.]

Maintenance of Compositional Requirements of Committees

Sec. 2. No Change.

Removal of Committee Member

Sec. 3. (a) A member of the Audit Committee, the Executive Committee, the Finance Committee[(other than the Chair thereof)] or a committee or subcommittee appointed pursuant to Section 1(b) of this Article may be removed for cause from such committee or subcommittee during the term for which such member has been appointed

by the Board only by a majority vote of the whole Board, after appropriate notice, for refusal, failure, neglect, or inability to discharge such member's duties.

(b) Notwithstanding any other provision of these By-Laws, the Board may appoint the members of the Audit Committee, the Executive Committee, the Finance Committee, and the Nominating Committee, or any committee or subcommittee appointed pursuant to Section 1(b) of this Article for such terms as the Board deems advisable, may review the composition of such committees and subcommittees from time to time, and shall have the power to change the membership of these committees and subcommittees from time to time, as determined to be advisable by the Board. For the avoidance of doubt, any action that may be taken by the Board pursuant to this Section 3(b) may be taken by any duly authorized committee thereof.

Executive Committee

Sec. 4. (a) The Board [may]shall appoint an Executive Committee, which shall, to the fullest extent permitted by the General Corporation Law of the State of Delaware and other applicable law, and subject to the Restated Certificate of Incorporation and these By-Laws, have and be permitted to exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation between meetings of the Board, and which may authorize the seal of the Corporation to be affixed to all papers that may require it.

(b) The Executive Committee shall[consist of no fewer than five and no more than eight Governors] include at least two Public Governors and at least two Industry Governors. If the number of members of the Executive Committee is seven or fewer, the Executive Committee shall have a minimum number of Public Governors that is one less

than the number of Industry Governors. If the number of members of the Executive Committee is eight or greater, the Executive Committee shall have a minimum number of Public Governors that is two less than the number of Industry Governors. The Executive Committee shall include the Chief Executive Officer of the Corporation and the Chair of the Board.

[(c) An Executive Committee member shall hold office for a term of one year.]

[(d) At all meetings of the Executive Committee, a quorum for the transaction of business shall consist of a majority of the Executive Committee, including not less than 50 percent of the Public committee members. In the absence of a quorum, a majority of the committee members present may adjourn the meeting until a quorum is present.]

Audit Committee

Sec. 5. (a) The Board shall appoint an Audit Committee. No members of [T]the Audit Committee shall[consist of four or five Governors, none of whom shall] be officers or employees of the Corporation. The Audit Committee shall include[at least two Public Governors] a number of Public Governors as members thereof in excess of the number of Industry Governors which are members thereof. A Public Governor shall serve as Chair of the Committee. [An Audit Committee member shall hold office for a term of one year.]

(b) The Audit Committee shall perform the following functions: (i) ensure the existence of adequate controls and the integrity of the financial reporting process of the Corporation; (ii) recommend to the Board, and monitor the independence and performance of, the certified public accountants retained as outside auditors by the Corporation; and (iii) direct and oversee all the activities of the Corporation's internal

review function, including but not limited to management's responses to the internal review function. The Audit Committee shall exercise any such other powers and duties, and perform such other functions, as authorized from time to time by the Board.

(c) No Change.

(d) The Audit Committee shall have exclusive authority to: (i) hire or terminate the [Director of Internal Review]Chief Audit Executive; (ii) determine the compensation of the [Director of Internal Review]Chief Audit Executive; and (iii) determine the budget for the [Office of Internal Review]Internal Audit Department. The [Office of Internal Review]Internal Audit Department and the [Director of Internal Review]Chief Audit Executive shall report directly to the Audit Committee. The Audit Committee may, in its discretion, direct that the [Office of Internal Review]Internal Audit Department also report to senior management of the Corporation on matters the Audit Committee deems appropriate and may request that senior management perform such operational oversight as necessary and proper, consistent with preservation of the independence of the internal review function.

[(e) At all meetings of the Audit Committee, a quorum for the transaction of business shall consist of a majority of the Audit Committee, including not less than 50 percent of the Public committee members. In the absence of a quorum, a majority of the committee members present may adjourn the meeting until a quorum is present.]

Finance Committee

Sec. 6. (a) The Board shall appoint a Finance Committee. The Finance Committee shall advise the Board with respect to the oversight of the financial operations and conditions of the Corporation, including recommendations for the Corporation's

annual operating and capital budgets and proposed changes to the rates and fees charged by the Corporation and exercise such other powers and duties, and perform such other functions, as authorized from time to time by the Board.

(b) The Finance Committee shall[consist of four or more Governors] include at least two Public Governors and at least two Industry Governors. If the number of members of the Finance Committee is seven or fewer, the Finance Committee shall have a minimum number of Public Governors that is one less than the number of Industry Governors. If the number of members of the Finance Committee is eight or greater, the Finance Committee shall have a minimum number of Public Governors that is two less than the number of Industry Governors. The Chief Executive Officer of the Corporation shall be a member of the Finance Committee. [A Finance Committee member shall hold office for a term of one year.]

[(c) At all meetings of the Finance Committee, a quorum for the transaction of business shall consist of a majority of the Finance Committee, including not less than 50 percent of the Public committee members. In the absence of a quorum, a majority of the committee members present may adjourn the meeting until a quorum is present.]

[(d)](c) The Corporation shall also have an Investment Committee which shall not be a committee of the Board. [The majority of the Investment Committee during the Transitional Period will be comprised of members of the Investment Committee immediately prior to the Closing, unless otherwise determined by the NASD Group Committee, and a minority of the Investment Committee during the Transitional Period will be comprised of members of the NYSE Group Committee.]

[Integration Committee]

[Sec. 7. (a) The Board shall appoint an Integration Committee. The Integration Committee shall have a term not to exceed one year from the Closing unless continued for a longer period by resolution of the Board.]

[(b) The Chair of the Board shall be the Chair of the Integration Committee unless, in the case of the Integration Committee continuing beyond one year after Closing pursuant to Section 7(a), otherwise determined by the Board.]

[(c) At all meetings of the Integration Committee, a quorum for the transaction of business shall consist of a majority of the Integration Committee, including not less than 50 percent of the Public committee members. In the absence of a quorum, a majority of the committee members present may adjourn the meeting until a quorum is present.]

Quorum for Committee Meetings

Sec. 7. At all meetings of the Audit Committee, the Executive Committee, the Finance Committee, the Nominating Committee, or any committee or subcommittee appointed pursuant to Section 1(b) of this Article, a quorum for the transaction of business shall consist of a majority of the committee or subcommittee, including not less than 50 percent of the Public committee or subcommittee members and not less than 50 percent of the Industry committee or subcommittee members. In the absence of a quorum, a majority of the committee or subcommittee members present may adjourn the meeting until a quorum is present.

Terms of Committee Members

Sec. 8. Members of the Audit Committee, the Executive Committee, the Finance Committee, and the Nominating Committee, or any committee or subcommittee appointed pursuant to Section 1(b) of this Article, shall hold office for such term as may

be determined by the Board (or any duly authorized committee thereof) and until a successor is duly appointed and qualified, or until such committee or subcommittee member's earlier death, resignation, disqualification, or removal.

ARTICLE X – No Change.

ARTICLE XI – No Change.

ARTICLE XII – No Change.

ARTICLE XIII POWERS OF BOARD TO IMPOSE SANCTIONS

Sec. 1. The Board is hereby authorized to impose appropriate sanctions applicable to members, including censure, fine, suspension, or expulsion from membership, suspension or bar from being associated with all members, limitation of activities, functions, and operations of a member, or any other fitting sanction, and to impose appropriate sanctions applicable to persons associated with members, including censure, fine, suspension or barring a person associated with a member from being associated with all members, limitation of activities, functions, and operations of a person associated with a member, or any other fitting sanction, for:

(a) No Change.

(b) violation by a member or a person associated with a member of any of the terms, conditions, covenants, and provisions of the By-Laws of the Corporation[, NASD] or FINRA Regulation, [or NASD Dispute Resolution,] the Rules of the Corporation, or the federal securities laws, including the rules and regulations adopted thereunder, the rules of the Municipal Securities Rulemaking Board, and the rules of the Treasury Department;

(c) through (e) No Change.

Sec. 2. No Change.

ARTICLE XIV UNIFORM PRACTICE CODE

Authority to Adopt Code

Sec. 1. No Change.

Administration of Code

Sec. 2. The administration of any Uniform Practice Code, or any amendment thereto, adopted by the Board pursuant to Section 1, shall be vested in the Board, and the Board is hereby granted such powers as are reasonably necessary to achieve its effective operation. In the exercise of such powers, the Board may issue explanations and interpretations and make binding rulings with respect to the applicability of the provisions of the Uniform Practice Code to situations in which there is no substantial disagreement as to the facts involved. In accordance with the Delegation Plan, the Board may delegate to the [NASD]FINRA Regulation Board such of the Board's powers hereunder as it deems necessary and appropriate to achieve effective administration and operation of the Uniform Practice Code.

Transactions Subject to Code

Sec. 3. No Change.

ARTICLE XV LIMITATION OF POWERS

Prohibitions

Sec. 1. No Change.

Use of Name of the Corporation by Members

Sec. 2. No Change.

Unauthorized Expenditures

Sec. 3. No Change.

Conflicts of Interest

Sec. 4. (a) No Change.

(b) An act or transaction involving or between the Corporation, or one or more of the Corporation's subsidiaries, on the one hand, and one or more of the Corporation's Governors or officers, on the other hand, or involving or between a Corporation or one or more of the Corporation's subsidiaries, on the one hand, and any other corporation, partnership (general or limited), limited liability company, statutory trust, association, or any other entity or organization in which one or more of its Governors or officers are directors, stockholders, partners, managers, members, or officers, or have a financial interest, on the other hand, may not be the subject of equitable relief, or give rise to an award of damages, against a Governor or officer of the Corporation because of the foregoing circumstances or the receipt of any benefit by any such Governor, officer, entity, or organization or because the Governor or officer is present at or participates in the meeting of the Board or committee which authorizes the act or transaction or was involved in the initiation, negotiation, or approval of the act or transaction (including by virtue of a Governor's vote being counted for such purpose), if the material facts as to the Governor's or officer's relationship or interest and as to the act or transaction, including any involvement in the initiation, negotiation, or approval of the act or transaction, are disclosed or are known to all members of the Board or a committee of the Board, and the Board or committee in good faith and without gross negligence authorizes the act or transaction by the affirmative votes of a majority of the disinterested Governors then serving on the Board or such committee (as applicable), even though the disinterested

Governors be less than a quorum; provided that if a majority of the Governors are not disinterested Governors with respect to the act or transaction, such act or transaction shall be approved (or recommended for approval) by a committee of the Board that consists of two or more Governors, each of whom the Board has determined to be a disinterested Governor with respect to the act or transaction. [No contract or transaction between the Corporation and one or more of its Governors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its Governors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason if: (i) the material facts pertaining to such Governor's or officer's relationship or interest and the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Governors, even though the disinterested governors be less than a quorum; or (ii) the material facts are disclosed or become known to the Board or committee after the contract or transaction is entered into, and the Board or committee in good faith ratifies the contract or transaction by the affirmative vote of a majority of the disinterested Governors even though the disinterested governors be less than a quorum. Only disinterested Governors may be counted in determining the presence of a quorum at the portion of a meeting of the Board or of a committee that authorizes the contract or transaction.]This subsection shall not apply to any contract or transaction between the Corporation and [NASD]FINRA Regulation[, or NASD Dispute Resolution].

Municipal Securities

Sec. 5. No Change.

ARTICLE XVI – No Change.

ARTICLE XVII – No Change.

ARTICLE XVIII – No Change.

ARTICLE XIX – No Change.

ARTICLE XX – No Change.

ARTICLE XXI MEETINGS OF MEMBERS

Annual Meeting

Sec. 1. The annual meeting shall be on such date and at such place as the Board shall designate[; provided, however, that, except for the first annual meeting following the Closing at which Large Firm Governors, the Mid-Size Governor and Small Firm Governors shall be elected, there shall be no annual meetings of members during the Transitional Period]. The business of the meeting shall include: (a) election of the members of the Board pursuant to Article VII, Section 13; and (b) the proposal of business (i) by or at the direction of the Chief Executive Officer of the Corporation or the Board, or (ii) by any member entitled to vote at the meeting who complied with the notice procedures set forth in Section 3 and was a member at the time such notice was delivered to the Secretary of the Corporation.

Special Meetings

Sec. 2. No Change.

Notice of Meeting; Member Business

Sec. 3. (a) Notice of each meeting shall be <u>given to each member entitled thereto and</u>[written or printed;] shall state the date, time, and place of the meeting; shall state the purpose or purposes for which the meeting is called; and unless it is the annual meeting,

indicate that the notice is being issued at the direction of the person or persons calling the meeting. The Secretary of the Corporation shall [deliver]give the notice to the Executive Representative of each member entitled to vote not less than 30 days nor more than 60 days before the date of an annual meeting and not less than ten days nor more than 60 days before the date of a special meeting. If mailed, the notice shall be deemed to be delivered when deposited with postage in the United States mail and addressed to the Executive Representative of the member as it appears on the records of the Corporation. If given in any other manner permitted by the General Corporation Law of the State of Delaware (including by electronic transmission to a member's electronic mail address), such notice shall be deemed to be given as of the time specified in the General Corporation Law of the State of Delaware. Such further notice shall be given as may be required by law. Meetings may be held without notice if all members entitled to vote are present (except as otherwise provided by law), or if notice is waived by those not present. Any previously scheduled meeting of the members may be postponed and any special meeting of the members may be canceled by resolution of the Board upon notice given to the members prior to the time previously scheduled for the meeting.

(b) through (c) No Change.

Inspector

Sec. 4. No Change.

Conduct of Meetings

Sec. 5. The chairman of the meeting shall be the Chief Executive Officer of the Corporation or his or her designee. The date and time of the opening and closing of the polls for each matter upon which the members will vote at a meeting shall be announced

at the meeting by the chairman of the meeting. The Board may adopt by resolution such rules and regulations for the conduct of the meeting of members as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the chairman of the meeting shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations, and procedures and to do all such acts as, in the judgment of the chairman of the meeting, are appropriate for the proper conduct of the meeting. Such rules, regulations, or procedures, whether adopted by the Board or prescribed by the chairman of the meeting, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present; (c) limitations on attendance at or participation in the meeting to members, their duly authorized and constituted proxies, or such other persons as the chairman of the meeting shall determine; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (e) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board or the chairman of the meeting, meetings of members shall not be required to be held in accordance with the rules of parliamentary procedure.

[ARTICLE XXII TRANSITIONAL PERIOD]

[Notwithstanding anything herein to the contrary, to the extent there is any inconsistency between the other provisions of these By-Laws, including, without limitation, Sections 1, 4, 5 and 9 of Article VII hereof, and this Article XXII, the provisions of this Article XXII shall govern as of Closing and for the Transitional Period to the fullest extent permitted by applicable law:]

[Powers and Authority of Board]

[**Sec. 1.** The Board shall be the governing body of the Corporation and, except as otherwise provided by applicable law, the Restated Certificate of Incorporation, or these By-Laws, shall be vested with all powers necessary for the management and administration of the affairs of the Corporation and the promotion of the Corporation's welfare, objects, and purposes; provided, however, that (i) during the Transitional Period, the Board, after consultation with the Chief Executive Officer of the Corporation, shall have the exclusive authority to appoint any Lead Governor of the Corporation, (ii) during the Transitional Period, the Board, after receiving the recommendation of the Chief Executive Officer, shall have the exclusive authority to appoint the Chair of the Finance Committee and (iii) during the Transitional Period, the Nominating Committee will be jointly populated by the Chief Executive Officer and the Chief Executive Officer of NYSE Regulation, Inc. as of Closing (or his duly appointed or elected successor as Chair of the Board), subject to ratification of the appointees by the Board.]

[**Composition and Qualifications of the Board**]

[**Sec. 2.** (a) As of Closing, and for the Transitional Period, the Board shall consist of 23 authorized members, consisting of (i) the Chief Executive Officer of the Corporation, (ii) the Chief Executive Officer of NYSE Regulation, Inc., (iii) eleven Public Governors, (iv) a Floor Member Governor, an Independent Dealer/Insurance Affiliate Governor and an Investment Company Affiliate Governor and (v) three Small Firm Governors, one Mid-Size Firm Governor and three Large Firm Governors; provided, however that the Board shall not include such Small Firm Governors, Mid-Size Firm Governor or Large Firm Governors, but rather shall include three persons, who

immediately prior to the Closing are Industry Governors, selected by the Board in office prior to the Closing, three persons, who immediately prior to the Closing qualified as Industry Governors pursuant to the By-Laws in existence prior to the Closing, selected by the Board of Directors of NYSE Group, Inc. and one person, who immediately prior to the Closing qualified as an Industry Governor pursuant to the By-Laws in existence prior to the Closing, selected by the Board of Directors of NYSE Group, Inc. and the Board of Governors in office prior to the Closing jointly, until the election of such Small Firm Governors, Mid-Size Firm Governor and Large Firm Governors at the first annual meeting of members following the Closing (which shall be held as soon as practicable after the Closing).]

[(b) During the Transitional Period, the Chair shall be the Chief Executive Officer of NYSE Regulation, Inc. as of Closing so long as he remains a Governor. In the event the Chief Executive Officer of NYSE Regulation, Inc. as of the Closing ceases to be Chair during the Transitional Period, subject to the Restated Certificate of Incorporation and these By-Laws, the Chair shall be selected by the NYSE Group Committee from among its members; provided that the Chair so selected shall not be a member of the Board of Directors of NYSE Group, Inc.]

[**Term of Office of Governors**]

[**Sec. 3.** Upon the Closing, the term of office of each Governor in office immediately prior to the Closing who is not to be a Governor as of Closing pursuant to this Article XXII shall automatically, and without any further action, terminate, and such persons shall no longer be members of the Board of Governors.]

[The Chief Executive Officer shall serve as a Governor until a successor is elected, or until death, resignation, or removal.]

[The Chief Executive Officer of NYSE Regulation, Inc. as of Closing shall serve as a Governor during the Transitional Period, until death, resignation, or removal; provided, however, in the event of a vacancy during the Transitional Period with respect to this Governor position by virtue of death, resignation or removal, the then Chief Executive Officer of NYSE Regulation, Inc. shall serve as a Governor for the remainder of the Transitional Period, until death, resignation or removal; provided, further however, a person who becomes a Governor pursuant to the immediately preceding proviso shall not be qualified to serve as Chair.]

[Effective as of Closing, the Board of Directors of NYSE Group, Inc. shall appoint the NYSE Public Governors, the Board in office prior to the Closing shall appoint the NASD Public Governors and the Board of Directors of NYSE Group, Inc. and the Board in office prior to the Closing jointly shall appoint the Joint Public Governor.]

[The Public Governors appointed in accordance with the preceding paragraph shall hold office for the Transitional Period, or until death, resignation, disqualification, or removal. In the event of any vacancy among the NYSE Public Governors, the Joint Public Governor or NASD Public Governors during the Transitional Period, such vacancy shall only be filled by, and nominations for persons to fill such vacancy shall be made by, the NYSE Group Committee in the case of a vacant NYSE Public Governor position, such vacancy shall only be filled by the Board, and nominations for persons to fill such vacancy shall be made by the Nominating Committee, in the case of a vacant

Joint Public Governor position or such vacancy shall only be filled by, and nominations for persons to fill such vacancy shall be made by, the NASD Group Committee in the case of a vacant NASD Public Governor position.]

[Effective as of Closing, the Board of Directors of NYSE Group, Inc. shall appoint the Floor Member Governor, the Board of Governors in office prior to the Closing shall appoint the Independent Dealer/Insurance Affiliate Governor and the Board of Directors of NYSE Group, Inc. and the Board of Governors in office prior to the Closing jointly shall appoint the Investment Company Affiliate Governor.]

[The Floor Member Governor, the Investment Company Affiliate Governor and the Independent Dealer/Insurance Affiliate Governor appointed in accordance with the preceding paragraph shall hold office for the Transitional Period, or until death, resignation, disqualification, or removal. In the event of any vacancy among the Floor Member Governor, the Investment Company Affiliate Governor or the Independent Dealer/Insurance Affiliate Governor during the Transitional Period, such vacancy shall only be filled by, and nominations for persons to fill such vacancy shall be made by, the NYSE Group Committee in the case of a Floor Member Governor vacancy, such vacancy shall only be filled by the Board, and nominations for persons to fill such vacancy shall be made by the Nominating Committee, in the case of an Investment Company Affiliate Governor vacancy or such vacancy shall only be filled by, and nominations for persons to fill such vacancy shall be made by, the NASD Group Committee in the case of an Independent Dealer/Insurance Affiliate Governor vacancy.]

[Three Large Firm Governors, three Small Firm Governors and one Mid-Size Governor shall be elected as Governors at the first annual meeting of members following

the Closing (the "Initial Member Elected Governors"). The Initial Member Elected Governors shall hold office until the first annual meeting of members following the Transitional Period, or until a successor is duly elected and qualified, or until death, resignation, disqualification, or removal.]

[In the event of any vacancy among the Large Firm Governors, the Mid-Size Firm Governor or the Small Firm Governors during the Transitional Period, such vacancy shall only be filled by, and nominations for persons to fill such vacancy shall be made by, the NYSE Group Committee in the case of a Large Firm Governor vacancy, such vacancy shall only be filled by the Board, and nominations for persons to fill such vacancy shall be made by the Nominating Committee, in the case of a Mid-Size Firm Governor vacancy or such vacancy shall only be filled by, and nominations for persons to fill such vacancy shall be made by, the NASD Group Committee in the case of a Small Firm Governor vacancy; provided, however, that in the event the remaining term of office of any Large Firm, Mid-Size Firm or Small Firm Governor position that becomes vacant is for more than 12 months, nominations shall be made as set forth above in this paragraph, but such vacancy shall be filled by the members entitled to vote thereon at a meeting thereof convened to vote thereon.]

[Upon the expiration of the Transitional Period, the term of office of the Chief Executive Officer of NYSE Regulation, Inc. as a member of the Board shall automatically, and without any further action, terminate, such person shall no longer be a member of the Board and the authorized number of members of the Board shall automatically be reduced by one.]

[**Nominations at the First Annual Meeting Following Closing**]

[**Sec. 4.** In the case of the first annual meeting of members following the Closing, nominations shall be by the Board of Directors of NYSE Group, Inc. with respect to Large Firm Governors, jointly by the Board of Directors of NYSE Group, Inc. and the Board in office prior to the Closing with respect to the Mid-Size Firm Governor and by the Board in office prior to the Closing with respect to Small Firm Governors, instead of the Nominating Committee.]

* * * * *

By-Laws of FINRA Regulation, Inc.

ARTICLE I DEFINITIONS

When used in these By-Laws, unless the context otherwise requires, the term:

(a) through (d) No Change.

(e) "Corporation" means the Financial Industry Regulatory Authority, Inc., [the National Association of Securities Dealers, Inc.,]or any future name of the entity;

(f) through (u) No Change.

(v) "Industry Director" means a Director of the Board (other than the Chairman of the FINRA Board and the Chief Executive Officer of FINRA) who[(1)] is or has served in the prior year as an officer, director (other than as an independent director), employee, or controlling person of a broker or dealer[, or (2) has a consulting or employment relationship with or provides professional services to a self-regulatory organization registered under the Act, or has had any such relationship or provided any such services at any time within the prior year];

(w) through (ee) No Change.

(ff) "Public Director" means a Director of the Board who:

(1) is not an Industry Director;

(2) does not have an employment relationship with a self-regulatory organization registered under the Act (other than serving as a public director of such a self-regulatory organization), and has not had any such relationship at any time within the prior year; and

(3) [who] otherwise has no material business relationship with a broker or dealer or a self-regulatory organization registered under the Act (other than serving as a public director of such a self-regulatory organization);

(gg) through (hh) No Change.

(ii) "Restated Certificate of Incorporation" means the certificate of incorporation of FINRA Regulation, as the same may be amended and/or restated from time to time;

([ii]jj) "Rules of the Corporation" or "Rules" means the numbered rules set forth in the Manual of the Corporation[beginning with the Rule 0100 Series], as adopted by the FINRA Board pursuant to the FINRA By-Laws, as hereafter amended or supplemented;

Paragraph (jj) through (kk) redesignated as paragraphs (kk) through (ll)

ARTICLE II OFFICES

Location

Sec. 2.1 The address of the registered office of FINRA Regulation in the State of Delaware and the name of the registered agent at such address shall be[: Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808] as set forth in the Restated Certificate of Incorporation. FINRA Regulation also may have offices at such other places both within and without the State

of Delaware as the Board may from time to time designate or the business of FINRA Regulation may require.

Change of Location

Sec. 2.2 No Change.

ARTICLE III MEETINGS OF THE STOCKHOLDER

Action by Consent of Stockholder

Sec. 3.1 Any action required or permitted by law to be taken at any meeting of the stockholder of FINRA Regulation may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by the holder of the outstanding stock and delivered to FINRA Regulation in accordance with Delaware law.

ARTICLE IV BOARD OF DIRECTORS

General Powers

Sec. 4.1 The property, business, and affairs of FINRA Regulation shall be managed by or under the direction of the Board. The Board may exercise all such powers of FINRA Regulation and have the authority to perform all such lawful acts as are permitted by law, the Restated Certificate of Incorporation, these By-Laws, or the Delegation Plan to assist FINRA in fulfilling its self-regulatory responsibilities as set forth in Section 15A of the Act, and to support such other initiatives as the Board may deem appropriate. To the fullest extent permitted by applicable law, the Restated Certificate of Incorporation, and these By-Laws, the Board may delegate any of its powers to a committee appointed pursuant to Section 4.12[3] or to FINRA Regulation staff in a manner not inconsistent with the Delegation Plan.

Number of Directors

Sec. 4.2 The [Board shall consist of no fewer than five and no more than seventeen Directors, the exact] number of Board members will be determined by resolution adopted by the stockholder of FINRA Regulation from time to time. Any new Director position created as a result of an increase in the size of the Board shall be filled pursuant to Section 4.7[4].

Qualifications

Sec. 4.3 (a) The Board shall consist exclusively of members of the FINRA Board. [The number of Public Directors shall exceed the number of Industry Directors.] The Board shall include at least two Public Directors and at least two Industry Directors. If the number of members of the Board is seven or fewer, the Board shall have a minimum number of Public Directors that is one less than the number of Industry Directors. If the number of members of the Board is eight or greater, the Board shall have a minimum number of Public Directors that is two less than the number of Industry Directors. The Chairman of the FINRA Board and the Chief Executive Officer of FINRA shall be ex-officio non-voting members of the Board. At least two, and not less than 20%, of the Directors shall be Small Firm, Mid-Size Firm, or Large Firm Governors. The terms "Small Firm Governor," "Mid-Size Firm Governor," and "Large Firm Governor" are defined as specified in the FINRA By-Laws. Ex-officio non-voting members of the Board shall not be counted as Board members for purposes of this section.

(b) No Change.

Election

Sec. 4.4 No Change.

Resignation

Sec. 4.5 No Change.

Removal or Resignation

Sec. 4.6 Any or all of the Directors may be removed from office at any time, with or without cause by the stockholder of FINRA Regulation.

[Disqualification]

[Sec. 4.7 The term of office of a Director shall terminate immediately upon a determination by the Board, by a majority vote of the remaining Directors, that: (a) the Director no longer satisfies the classification for which the Director was elected; and (b) the Director's continued service as such would violate the compositional requirements of the Board set forth in Section 4.3.]If the term of office of a Director terminates under this Section or the Director resigns, and the remainder[ing] of the Director's term[of office of such Director] on the FINRA Board at the time of termination is not more than six months, during the period of vacancy the Board shall not be deemed to be in violation of the provisions of Section 4.3 [requiring that]relating to the minimum number of Public Directors [exceed the number of]and Industry Directors by virtue of such vacancy and no violation of the provisions of Section 4.3 regarding the number of Small Firm, Mid-Size Firm, and Large Firm Governors shall be deemed to have occurred.

Filling of Vacancies

Sec. 4.7[8] If a Director position becomes vacant, whether because of death, disability, disqualification, removal,[or] resignation, or the creation of a new Director position, the Nominating Committee shall nominate, and the FINRA Board shall, by resolution adopted by a majority [vote]of the Governors then in office, cause the election

of a person satisfying the qualifications for the directorship as provided in Section 4.3 to fill such vacancy, except that if the Director's remaining term of office on the FINRA Board [for the vacant Director position] is not more than six months, no replacement shall be required.

Quorum and Voting

Sec. 4.8[9] (a) At all meetings of the Board, unless otherwise set forth in these By-Laws or required by law, a quorum for the transaction of business shall consist of a majority of the Board, including not less than 50 percent of the Public Directors and not less than 50 percent of the Industry Directors. In the absence of a quorum, a majority of the Directors present may adjourn the meeting until a quorum is present. The ex-officio non-voting members of the Board do not count for purposes of determining quorum.

(b) The vote of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board. The ex-officio non-voting members of the Board do not count as Directors present for purposes of determining whether such majority vote has been obtained.

Regulation

Sec. 4.10 redesignated as **Sec. 4.9**

Meetings

Sec. 4.10[1] (a) An annual meeting of the Board shall be held for the purpose of organization, election of officers, and transaction of any other business. If such meeting is held promptly after and at the place specified for the annual meeting of the stockholder, no notice of the annual meeting of the Board need be given. Otherwise, such annual

meeting shall be held at such time and place as may be specified in a notice given in accordance with Section 4.11[2].

(b) Regular meetings of the Board may be held at such time and place, within or without the State of Delaware, as determined from time to time by the Board. After such determination has been made, notice shall be given in accordance with Section 4.11[2].

(c) Special meetings of the Board may be called by the Chair of the Board or by at least one-third of the Directors then in office. Notice of any special meeting of the Board shall be given to each Director in accordance with Section 4.11[2].

(d) No Change.

Notice of Meetings; Waiver of Notice

Sec. 4.12 redesignated as **Sec. 4.11**

Committees

Sec. 4.12[3] (a) FINRA Regulation hereby elects to be governed by Section 141(c)(2) of Delaware law. The Board may, by resolution or resolutions[adopted by a majority of the whole Board], appoint one or more committees. Except as herein provided, vacancies in membership of any committee shall be filled by the[vote of a majority of the whole] Board. The Board may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another Director to act at the meeting in the place of any such absent or disqualified member. Members of a committee shall hold office for such period

as may be fixed by [a resolution adopted by a majority of the whole] the Board. Any member of a committee may be removed from such committee [only after a majority vote of the whole]with or without cause by the Board from time to time in its discretion[, after appropriate notice, for refusal, failure, neglect, or inability to discharge such member's duties].

(b) The Board may[, by resolution or resolutions adopted by a majority of the whole Board,] delegate to one or more committees the power and authority to act on behalf of the Board in carrying out the functions and authority delegated to FINRA Regulation by FINRA under the Delegation Plan. Such delegations shall be in conformance with applicable law, the Restated Certificate of Incorporation, these By-Laws, and the Delegation Plan. Action taken by a committee pursuant to such delegated authority shall be subject to review, ratification, or rejection by the Board. In all other matters, the Board may, by resolution or resolutions[adopted by a majority of the whole Board], delegate to one or more committees that consist solely of one or more Directors the full power and authority[to act on behalf] of the Board in the management of the business and affairs of FINRA Regulation to the fullest extent permitted by law and not inconsistent with the Delegation Plan, provided that no such committee shall have the power or authority in reference to (i) approving or adopting, or recommending to the stockholder, any action or matter (other than the election or removal of Directors) expressly required by Delaware law to be submitted to the stockholder for approval or (ii) adopting, amending or repealing these By-Laws. [A committee, to the extent permitted by law and provided in the resolution or resolutions creating such committee, may authorize the seal of FINRA Regulation to be affixed to all papers that may require it.]

[(c) Except as otherwise permitted by applicable law, no committee shall have the power or authority of the Board with regard to: amending the Restated Certificate of Incorporation or the By-Laws of FINRA Regulation; adopting an agreement of merger or consolidation; recommending to the stockholder the sale, lease, or exchange of all or substantially all FINRA Regulation's property and assets; or recommending to the stockholder a dissolution of FINRA Regulation or a revocation of a dissolution. Unless the resolution of the Board expressly so provides, no committee shall have the power or authority to authorize the issuance of stock.]

Paragraphs (d) through (e) redesignated as paragraphs (c) through (d)

[(f) The Board may appoint an Executive Committee, which shall, to the fullest extent permitted by Delaware law and other applicable law, have and be permitted to exercise all the powers and authority of the Board in the management of the business and affairs of FINRA Regulation between meetings of the Board, and which may authorize the seal of FINRA Regulation to be affixed to all papers that may require it. The Executive Committee shall consist of three or four Directors. The number of Public Directors shall exceed the number of Industry Directors. An Executive Committee member shall hold office for a term of one year. At all meetings of the Executive Committee, a quorum for the transaction of business shall consist of a majority of the Executive Committee, including not less than 50 percent of the Public Directors. In the absence of a quorum, a majority of the committee members present may adjourn the meeting until a quorum is present.]

[(g) The Board may appoint a Finance Committee. The Finance Committee shall advise the Board with respect to the oversight of the financial operations and conditions

of FINRA Regulation, including recommendations for FINRA Regulation's annual operating and capital budgets and proposed changes to the rates and fees charged by FINRA Regulation. The Finance Committee shall consist of three or four Directors. A Finance Committee member shall hold office for a term of one year.]

Paragraph (h) redesignated as paragraph (e)

Conflicts of Interest; Contracts and Transactions Involving Directors

Sec. 4.13[4] (a) No Change.

(b) The provisions of Section 144 of the Delaware law ("Section 144") shall apply to FINRA Regulation. Subject to and without limiting the foregoing, to the fullest extent permitted by Delaware law as it now exists or may thereafter be amended, any act or transaction of the type referenced in Section 144 may not be the subject of equitable relief, or give rise to an award of damages, against a Director, officer, controlling stockholder (as defined in Section 144), or member of a control group (as defined in Section 144) of FINRA Regulation because or by reason of any of the claims or grounds listed in Section 144 if the appropriate safe harbor procedures set forth in Section 144 are satisfied. [No contract or transaction between FINRA Regulation and one or more of its Directors or officers, or between FINRA Regulation and any other corporation, partnership, association, or other organization in which one or more of its Directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason if: (i) the material facts pertaining to such Director's or officer's relationship or interest and the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Directors; (ii) the

material facts are disclosed or become known to the Board or committee after the contract or transaction is entered into, and the Board or committee in good faith ratifies the contract or transaction by the affirmative vote of a majority of the disinterested Directors; or (iii) the material facts pertaining to the Director's or officer's relationship or interest and the contract or transaction are disclosed or are known to the stockholder entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholder. Only disinterested Directors may be counted in determining the presence of a quorum at the portion of a meeting of the Board or of a committee that authorizes the contract or transaction. This subsection shall not apply to a contract or transaction between FINRA Regulation and either FINRA or FINRA CAT, LLC.]

Action Without Meeting

Sec. 4.14[5] Any action required or permitted to be taken at a meeting of the Board or of a committee may be taken without a meeting if all Directors or all members of such committee, as the case may be, consent thereto in accordance with applicable law. Consent by the ex-officio non-voting members of the Board shall not be required to approve actions of the Board or of a committee taken without a meeting.

Communication of Views Regarding Contested Election or Nomination

Sec. 4.16 redesignated as **Sec. 4.15**

ARTICLE V NATIONAL ADJUDICATORY COUNCIL – No Change.

ARTICLE VI SELECTION OF SMALL FIRM, MID-SIZE FIRM AND LARGE FIRM INDUSTRY MEMBERS OF THE NATIONAL ADJUDICATORY COUNCIL

Identification of Candidates

Sec. 6.1 No Change.

Designation of Additional Candidates

Sec. 6.2 No Change.

List of FINRA Members Eligible to Vote

Sec. 6.3 (a) The Secretary of the Corporation shall [mail]provide a list of all FINRA members eligible to vote based on the firm size classifications (Small Firm, Mid-Size Firm, or Large Firm) defined in these By-Laws and the names of their Executive Representatives to the additional candidate immediately following receipt of the additional candidate's notice by the Secretary of the Corporation.

(b) No Change.

Uncontested Nomination

Sec. 6.4 No Change.

Notice of Contested Nomination

Sec. 6.5 No Change.

Administrative Support

Sec. 6.6 No Change.

Ballots

Sec. 6.7 No Change.

Vote Qualification List

Sec. 6.8 No Change.

Ballots Returned As Undelivered

Sec. 6.9 No Change.

General Procedures for Qualification and Accounting of Ballots

Sec. 6.10 No Change.

Ballots Set Aside

Sec. 6.11 No Change.

Invalid Ballots

Sec. 6.12 No Change.

Certification of Nomination

Sec. 6.13 No Change.

Extension of Time and Additional Procedures

Sec. 6.14 The Secretary of the Corporation may extend a time period under this Article for good cause shown. In extraordinary circumstances, the Secretary of the Corporation, with the approval of the FINRA Executive Committee or the FINRA Board, may adopt additional procedures for nominations under this Article.

ARTICLE VII OFFICERS, AGENTS, AND EMPLOYEES

Officers

Sec. 7.1 The Board shall elect the officers of FINRA Regulation, which shall include a President, a Secretary, and such other executive or administrative officers as it shall deem necessary or advisable, including, but not limited to: Executive Vice President, Senior Vice President, Vice President, General Counsel, and Treasurer of FINRA Regulation. All such officers shall have such titles, powers, and duties, and shall be entitled to such compensation, as shall be determined from time to time by the Board. The terms of office of such officers shall be at the pleasure of the Board[, which by affirmative vote of a majority of the Board, may remove any such officer at any time].

One person may hold the offices and perform the duties of any two or more of said offices, except the offices and duties of President and Vice President or of President and Secretary. None of the officers, except the President, need be Directors of FINRA Regulation.

Absence of the President

Sec. 7.2 No Change.

Agents and Employees

Sec. 7.3 No Change.

Delegation of Duties of Officers

Sec. 7.4 No Change.

Resignation and Removal of Officers

Sec. 7.5 No Change.

Bond

Sec. 7.6 No Change. **ARTICLE VIII REGIONAL COMMITTEES**

Establishment of Districts and Regions

Sec. 8.1 No Change.

Composition of Regional Committees

Sec. 8.2 No Change.

Term of Office of Regional Committee Members

Sec. 8.3 No Change.

Filling of Vacancies on Regional Committees

Sec. 8.4 No Change.

Meetings of Regional Committees

Sec. 8.5 No Change.

Expenses of Regional Committees

Sec. 8.6 No Change.

Solicitation of Candidates and Secretary's Notice to FINRA Members

Sec. 8.7 No Change.

Self-Nomination of Candidates and Vacancy Appointments

Sec. 8.8 No Change.

FINRA Members Eligible to Vote

Sec. 8.9 No Change.

Administrative Support

Sec. 8.10 No Change.

Ballots

Sec. 8.11 No Change.

Vote Qualification List

Sec. 8.12 No Change.

Ballots Returned As Undelivered

Sec. 8.13 No Change.

General Procedures for Qualification and Accounting of Ballots

Sec. 8.14 No Change.

Ballots Set Aside

Sec. 8.15 No Change.

Invalid Ballots

Sec. 8.16 No Change.

Election Results

Sec. 8.17 No Change.

Extensions of Time and Additional Procedures

Sec. 8.18 The Secretary of FINRA Regulation may extend a time period under this Article for good cause shown. In extraordinary circumstances, the Secretary of FINRA Regulation, with the approval of the FINRA Executive Committee or the Board, may adopt additional procedures for elections under this Article.

Definitions

Sec. 8.19 No Change.

ARTICLE IX COMPENSATION – No Change.

ARTICLE X INDEMNIFICATION

Indemnification of Directors, Officers, Employees, Agents, National Adjudicatory Council[and Committee] Members

Sec. 10.1 (a) FINRA Regulation shall indemnify, and hold harmless, to the fullest extent permitted by Delaware law as it presently exists or may thereafter be amended, any person (and the heirs, executors, and administrators of such person) who, by reason of the fact that he or she is or was a Director, officer, or employee of FINRA Regulation or a National Adjudicatory Council[or committee] member, or is or was a Director, officer, or employee of FINRA Regulation who is or was serving at the request of FINRA Regulation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, enterprise, or non-profit entity, including service with respect to employee benefit plans, is or was a party, or is threatened to be made a party to:

(i) through (ii) No Change.

(b) FINRA Regulation shall, to the fullest extent permitted by Delaware law as it presently exists or may thereafter be amended, advance expenses (including attorneys' fees and disbursements) to persons described in subsection (a); provided, however, that the payment of expenses incurred by such person in advance of the final disposition of the matter shall be conditioned upon receipt of a written undertaking by that person to repay all amounts advanced if it should be ultimately determined that the person is not entitled to be indemnified under this Section or otherwise.

(c) No Change.

(d) FINRA Regulation may, in its discretion, pay the expenses (including attorneys' fees and disbursements) reasonably and actually incurred by an agent of FINRA Regulation in defending any action, suit, or proceeding in advance of its final disposition; provided, however, that the payment of expenses incurred by such person in advance of the final disposition of the matter shall be conditioned upon receipt of a written undertaking by that person to repay all amounts advanced if it should be ultimately determined that the person is not entitled to be indemnified under this Section or otherwise.

(e) through (f) No Change.

(g) Notwithstanding any other provision of these By-Laws[the foregoing], but subject to subsection (j), FINRA Regulation shall be required to indemnify or advance expenses to any person identified in subsection (a) in connection with a proceeding (or part thereof) initiated by such person only if the initiation of such proceeding (or part thereof) by such person was authorized by the Board.

(h) through (i) No Change.

(j) If a claim for indemnification (following the final disposition of the action, suit or proceeding) or advancement of expenses under this Article is not paid in full within 60 days after a written claim therefor by an indemnified person has been received by FINRA Regulation, the indemnified person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim to the extent of such success. In any such action, FINRA Regulation shall have the burden of proving that the indemnified person is not entitled to the requested indemnification or advancement of expenses under Delaware law.

[Indemnification] Insurance

Sec. 10.2 No Change.

ARTICLE XI CAPITAL STOCK

Sole Stockholder

Sec. 11.1 No Change.

Certificates

Sec. 11.2 The shares of FINRA Regulation shall be represented by certificates, provided that the Board may provide by resolution or resolutions that some or all of any or all classes or series of stock shall be uncertificated shares. The stockholder shall be entitled to a certificate or certificates in such form as shall be approved by the Board, certifying the number of shares of capital stock in FINRA Regulation owned by the stockholder.

Signatures

Sec. 11.3 (a) Certificates representing shares of capital stock of FINRA Regulation shall be signed in the name of FINRA Regulation by any two duly authorized officers (it being understood that any [with one being the President or a]Vice President, [and the other being the] Secretary or [the]Treasurer shall be duly authorized officers for such purpose). Such certificates may be sealed with the corporate seal of FINRA Regulation or a facsimile thereof.

(b) No Change.

Stock Ledger

Sec. 11.4 (a) A record of all shares of[certificates representing] capital stock issued by FINRA Regulation shall be kept by the Secretary or any other officer, employee, or agent designated by the Board. Such record shall show the names of all of FINRA Regulation's stockholders of record, [and]the address of each [the person, firm, or corporation in which certificates representing capital stock are registered]such stockholder, the number of shares registered in the name of each such stockholder, and all issuances and transfers of stock of FINRA Regulation[represented by each such certificate, the date of each such certificate, and in the case of certificates that have been canceled, the date of cancellation thereof].

(b) No Change.

Transfers of Stock

Sec. 11.5 (a) No Change.

(b) Transfers of capital stock shall be made on the books of FINRA Regulation only upon delivery to FINRA Regulation or its transfer agent of: (i) a written direction of the registered holder named in the certificate or such holder's attorney lawfully

constituted in writing; (ii) the certificate (if any) representing the shares of capital stock being transferred; and (iii) a written assignment of the shares of capital stock evidenced thereby.

Cancellation

Sec. 11.6 No Change.

Lost, Stolen, Destroyed, and Mutilated Certificates

Sec. 11.7 No Change.

Fixing of Record Date

Sec. 11.8 No Change.

ARTICLE XII MISCELLANEOUS PROVISIONS

Corporate Seal

Sec. 12.1 The Board or any duly authorized committee thereof may adopt a corporate seal. If a seal is so adopted, it[seal of FINRA Regulation] shall be circular in form and shall bear, in addition to any other emblem or device approved by the Board or duly authorized committee thereof, the name of FINRA Regulation, the year of its incorporation, and the words "Corporate Seal" and "Delaware." The seal may be used by causing it to be affixed or impressed, or a facsimile thereof may be reproduced or otherwise used in such manner as the Board or duly authorized committee thereof may determine.

Fiscal Year

Sec. 12.2 No Change.

Waiver of Notice

Sec. 12.3 (a) Whenever notice is required to be given by law, the Restated Certificate of Incorporation, or these By-Laws, a written waiver thereof, signed by the person or persons entitled to such notice, or a waiver by electronic transmission by the person entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholder, Directors, or members of a committee of Directors need be specified in any written waiver of notice or any waiver by electronic transmission.

(b) No Change.

Execution of Instruments, Contracts, Etc.

Sec. 12.4 No Change.

Form of Records

Sec. 12.5 Any records maintained by FINRA Regulation in the regular course of business, including its stock ledger, books of account, and minute books, may be kept on, or be in the form of, magnetic tape, computer disk, [or]any other information storage device, or any other method permitted by Delaware law, provided that the records so kept can be converted into clearly legible form within a reasonable time.

* * * * *

Plan of Allocation and Delegation of Functions by FINRA to Subsidiaries

I. FINRA, Inc.

FINRA, Inc. (referenced as "FINRA"), the Registered Section 15A Association, is the parent company of FINRA Regulation, Inc. (referenced individually as "FINRA Regulation") and FINRA CAT, LLC (referenced individually as "FINRA CAT")

(referenced collectively as the "Subsidiaries"). The term "Association" shall refer to FINRA and the Subsidiaries collectively.

A. through B. No Change.

[C. Management Compensation Committee]

[1. The Management Compensation Committee shall be a Committee of the FINRA Board and shall have the following functions: To consider and recommend compensation policies, programs, and practices for employees of the Association.]

[2. Composition: The Management Compensation Committee shall consist of no fewer than four and no more than seven Governors. The number of Non-Industry committee members shall equal or exceed the number of Industry committee members. The Chief Executive Officer shall be an ex-officio, non-voting member of the Management Compensation Committee. Each member shall serve a term of office of one year.]

[3. Quorum: At all meetings of the Management Compensation Committee, a quorum for the transaction of business shall consist of a majority of the Management Compensation Committee, including not less than 50 percent of the Non-Industry committee members. In the absence of a quorum, a majority of the committee members present may adjourn the meeting until a quorum is present.]

Paragraphs D. through E. redesignated as paragraphs C. through D.

II. FINRA Regulation, Inc.

No Change.

III. FINRA CAT, LLC

No Change.

* * * * *

Restated Certificate of Incorporation of

Financial Industry Regulatory Authority, Inc.

The present name of the corporation is Financial Industry Regulatory Authority, Inc. (the "Corporation"). The Corporation was originally incorporated as a nonstock corporation under the name of Investment Bankers Conference, Inc., and its original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on September 3, 1936. This Restated Certificate of Incorporation of the Corporation, which both restates and further amends the provisions of the Corporation's Certificate of Incorporation as heretofore amended, was duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware.

Name

First: No Change.

Delaware Office and Agent

Second: The registered office of the Corporation in the State of Delaware is located at [2711 Centerville Road, Suite 400]<u>251 Little Falls Drive</u>, <u>City of</u> Wilmington, <u>County of New Castle,</u> Delaware 19808. The registered agent at such address is Corporation Service Company[, 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808].

Objects or Purposes

Third: No Change.

Form of Organization

Fourth: The Corporation shall be a membership corporation and shall have no capital stock. The Corporation is not organized and shall not be conducted for profit, and no part of its net revenues or earnings shall inure to the benefit of any individual, subscriber, contributor, or member.

Except as may be otherwise provided by the General Corporation Law of the State of Delaware or this Restated Certificate of Incorporation, the members of the Corporation shall have no voting rights. Notwithstanding the foregoing, Small Firm Members shall be entitled to vote for the election of Small Firm Governors, Mid-Size Firm Members shall be entitled to vote for the election of Mid-Size Firm Governors, Large Firm Members shall be entitled to vote for the election of Large Firm Governors and the members shall be entitled to vote on any amendment to the By-Laws of the Corporation (as amended and/or restated from time to time, the "By-Laws"), in each case, in accordance with the procedures for such a vote as provided in the By-Laws.

Except as may be otherwise provided by the General Corporation Law of the State of Delaware, other applicable law or this Restated Certificate of Incorporation, the conditions, method of admission, qualifications and classifications of membership, the limitations, rights, powers and duties of members, the dues, assessments, and contributions of members, the method of expulsion from and termination of membership, and all other matters pertaining to the membership and the conduct, management, and control of the business, property, and affairs of the Corporation shall be provided from time to time in the By-Laws[of the Corporation] and the Rules of the Corporation.

Indemnification; Liability

Fifth:

(a) The Corporation shall indemnify, and hold harmless, to the fullest extent permitted by the General Corporation Law of the State of Delaware as it presently exists or may thereafter be amended, any person (and the heirs, executors, and administrators of such person) who, by reason of the fact that he or she is or was a Governor, officer, employee, or National Adjudicatory Council or Investment [c]Committee member of the Corporation, or is or was a Governor, officer, or employee of the Corporation who is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, enterprise, or non-profit entity, including service with respect to employee benefit plans, is or was a party, or is threatened to be made a party to:

(i) through (ii) No Change.

(b) The Corporation shall, to the fullest extent permitted by Delaware law as it presently exists or may thereafter be amended, advance expenses (including attorneys' fees and disbursements) to persons described in Article Fifth (a); provided, however, that the payment of expenses incurred by such person in advance of the final disposition of the matter shall be conditioned upon receipt of a written undertaking by that person to repay all amounts advanced if it should be ultimately determined that the person is not entitled to be indemnified under this Article Fifth or otherwise.

(c) through (f) No Change.

(g) Notwithstanding the foregoing, but subject to Article Fifth (j), the Corporation shall be required to indemnify or advance expenses to any person identified in Article Fifth (a) in connection with a proceeding (or part thereof) initiated by such person only if

the initiation of such proceeding (or part thereof) by such person was authorized by the Board.

(h) through (i) No Change.

(j) If a claim for indemnification (following the final disposition of the action, suit or proceeding) or advancement of expenses under this Article Fifth is not paid in full within 60 days after a written claim therefor by an indemnified person has been received by the Corporation, the indemnified person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim to the extent of such success. In any such action, the Corporation shall have the burden of proving that the indemnified person is not entitled to the requested indemnification or advancement of expenses under the General Corporation Law of the State of Delaware.

(k) The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a Governor, officer, employee, agent, or National Adjudicatory Council or Investment [c]Committee member of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, enterprise, or non-profit entity against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability hereunder.

(l) A Governor or officer shall not be liable to the Corporation or its members for monetary damages for breach of fiduciary duty as a Governor or officer, as applicable, except to the extent such exemption from liability or limitation thereof is not permitted

under the General Corporation Law of the State of Delaware as it presently exists or may hereafter be amended.

Perpetual Existence

Sixth: No Change.

Members' Liability

Seventh: No Change.

Governors

Eighth:

(a) To the fullest extent permitted by Sections 141(a), 141(j), and 215 of the General Corporation Law of the State of Delaware and other applicable law, the business and affairs of the Corporation shall be managed and the election of Governors shall be conducted in the manner provided in this Restated Certificate of Incorporation and the By-Laws[of the Corporation]. To the extent there is any inconsistency between the provisions of this Restated Certificate of Incorporation and the By-Laws relating to such matters and the General Corporation Law, the provisions of this Restated Certificate of Incorporation and the By-Laws shall govern to the fullest extent permitted by the General Corporation Law and other applicable law. To the fullest extent permitted by the General Corporation Law of the State of Delaware and other applicable law, the Board of Governors <u>of the Corporation (the “Board” or the “Board of Governors”)</u> may delegate such powers, authority, and functions as it shall determine from time to time, in a manner not inconsistent with the "Plan of Allocation and Delegation of Functions by [NASD]<u>FINRA</u> to Subsidiaries," approved by the Securities and Exchange Commission, as amended from time to time.

(b) The Corporation shall be managed under the direction of a Board of Governors having such powers and duties as shall be provided from time to time in this Restated Certificate of Incorporation or the By-Laws[of the Corporation]. The Board of Governors shall be the governing body of the Corporation. Each member of the Board of Governors who is to be elected by members of the Corporation shall be elected by a plurality of the votes of the members of the Corporation present in person or represented by proxy at the annual meeting of the members of the Corporation and entitled to vote for such category of Governors. Elections shall be by written ballot. Any Governor so elected by members of the Corporation must be nominated by the Nominating Committee or certified by the Secretary of the Corporation (as provided in the By-Laws[of the Corporation]) and must satisfy the other qualifications for Governors set forth in this Restated Certificate of Incorporation or the By-Laws or established by resolution of the Board of Governors from time to time, which qualifications shall be consistent with the "Plan of Allocation and Delegation of Functions by [NASD]FINRA to Subsidiaries". The By-Laws may also provide for such assistants to the Board of Governors, and such officers, agents, and employees, as may be deemed necessary to administer affairs of the Corporation.

[From and after the Transitional Period, t]The Board of Governors shall consist of (i) the Chief Executive Officer of the Corporation, (ii) a number of Public Governors that is one or two less than the number of Industry Governors, as determined by the Board of Governors, (iii)[a Floor Member Governor, an Independent Dealer/Insurance Affiliate Governor and an Investment Company Affiliate Governor] a number of At Large Industry Governors, not to exceed three, as determined by the Board, and (iv) three Small Firm

Governors, one Mid-Size Firm Governor and three Large Firm Governors. The number of [Public]Industry Governors shall exceed the number of [Industry]Public Governors.

The Chief Executive Officer shall serve as a Governor until a successor is elected, or until death, resignation, or removal.

Public Governors and the [Floor Member Governor, the Independent Dealer/Insurance Affiliate Governor and the Investment Company Affiliate Governor]At Large Industry Governors (the "Appointed Governors") shall be appointed by the Board of Governors from candidates recommended to the Board by the Nominating Committee of the Board of Governors.

[As of the first annual meeting of members following the Transitional Period, t]The Appointed Governors shall be divided by the Board of Governors into three classes, as equal in number as possible, with [the first class holding office until the first succeeding annual meeting of members, the second class holding office until the second succeeding annual meeting of members and the third class]each Appointed Governor holding office until the third succeeding annual meeting of members following the Appointed Governor's initial appointment by the Board at an annual meeting of members, or until a successor is duly appointed and qualified, or until death, resignation, disqualification, or removal. Each class shall[initially] contain as equivalent a number as possible of Appointed Governors[who were members of the NYSE Group Committee during the Transitional Period or are successors to such Governor positions, on the one hand, and Appointed Governors who were members of the NASD Group Committee during the Transitional Period or are successors to such Governor positions, on the other hand, to the extent the Board of Governors determines that such persons are to remain

Governors after the Transitional Period]. No Appointed Governor may serve more than [two]three consecutive terms. If an Appointed Governor is appointed to fill a vacancy of such a Governor position or a new Governor position in a class where the remaining[for a] term [of] is for less than one year, the Governor may serve up to [two]three consecutive terms following the expiration of the Governor's initial term. At each [annual election following the first]annual meeting of members[following the Transitional Period], Appointed Governors shall be appointed by the Board of Governors for a term of three years to replace those whose terms expire. Any Appointed Governor who is appointed to fill a vacancy of a Governor position or a new Governor position shall serve for the remaining term of the class to which such Governor has been appointed or until a successor is duly appointed and qualified, or until death, resignation, disqualification, or removal.

[As of the first annual meeting of members following the Transitional Period, t]The Large Firm Governors, the Mid-Size Firm Governor and the Small Firm Governors (the "Elected Governors") shall be divided into three classes, as equal in number as possible, with [the first]one class[,] being comprised of one Large Firm Governor and one Small Firm Governor,[holding office until the first succeeding annual meeting of members, the second] one class[,] being comprised of one Large Firm Governor, one Mid-Size Firm Governor and one Small Firm Governor,[holding office until the second succeeding annual meeting of members] and [the third]one class[,] being comprised of one Large Firm Governor and one Small Firm Governor[,]. Each Elected Governor shall hold[ing] office until the third succeeding annual meeting of members following the Elected Governor's initial election at an annual meeting of members, or until a successor

is duly elected and qualified, or until death, resignation, disqualification, or removal. A Governor elected by members of the Corporation may not serve more than [two]three consecutive terms.

If a Governor is elected to fill a vacancy of such a Governor position in a class where the remaining term is for[a term of] less than one year, the Governor may serve up to [two]three consecutive terms following the expiration of the Governor's initial term. At each[annual election following the first] annual meeting of members[following the Transitional Period], Large Firm Governors, Small Firm Governors and the Mid-Size Firm Governor shall be elected for a term of three years to replace those whose terms expire.

In the event of any vacancy among the Large Firm Governors, the Mid-Size Firm Governor or the Small Firm Governors, such vacancy shall only be filled by the Large Firm Governor Committee in the case of a Large Firm Governor vacancy, the Board of Governors in the case of a Mid-Size Firm Governor vacancy or the Small Firm Governor Committee in the case of a Small Firm Governor vacancy; provided, however, that in the event the remaining term of office of any Large Firm, Mid-Size Firm or Small Firm Governor position that becomes vacant is for more than 12 months, such vacancy shall be filled by the members of the Corporation entitled to vote thereon at a meeting thereof convened to vote thereon. Any Elected Governor who fills a vacancy of such a Governor position shall serve for the remaining term of the class in which such vacancy is filled or until a successor is duly appointed and qualified, or until death, resignation, disqualification, or removal.

(c) In furtherance and not in limitation of the powers granted by the General Corporation Law of the State of Delaware, the Board of Governors is expressly authorized unless the By-Laws otherwise provide, to make, alter, or repeal the By-Laws[of the Corporation].

In the event of the refusal, failure, neglect, or inability of any member of the Board of Governors to discharge such member's duties, or for any cause affecting the best interest of the Corporation the sufficiency of which the Board of Governors shall be the sole judge, the Board shall have the power, by the affirmative vote of two-thirds of the Governors then in office, to remove such member and declare such member's position vacant and that, subject to this Restated Certificate of Incorporation, it shall be filled in accordance with the provisions of the By-Laws[; provided, that during the Transitional Period, (i) a Governor that is a member of the NYSE Group Committee may only be removed by the affirmative vote of a majority of the Governors who are members of the NYSE Group Committee and (ii) a Governor that is a member of the NASD Group Committee may only be removed by the affirmative vote of a majority of the Governors who are members of the NASD Group Committee].

The Corporation may, in its By-Laws, confer powers upon its Board of Governors in addition to the foregoing and in addition to the powers and authorities expressly conferred upon them by the General Corporation Law of the State of Delaware.

Meetings and Offices

Ninth: No Change.

Right to Amend Certificate of Incorporation

Tenth: No Change.

[**Transitional Governance**]

[**Eleventh**: Notwithstanding anything herein to the contrary, to the extent there is any inconsistency between the other provisions of this Restated Certificate of Incorporation, including, without limitation, Paragraph (b) of Article Eighth, and this Article Eleventh, the provisions of this Article Eleventh shall govern as of Closing and for the Transitional Period to the fullest extent permitted by applicable law:]

[(a) The Corporation shall be managed under the direction of a Board of Governors having such powers and duties as shall be provided from time to time in this Restated Certificate of Incorporation or the By-Laws of the Corporation; provided, however, that (i) during the Transitional Period, the Board of Governors, after consultation with the Chief Executive Officer of the Corporation, shall have the exclusive authority to appoint any Lead Governor of the Corporation, (ii) during the Transitional Period, the Board of Governors, after receiving the recommendation of the Chief Executive Officer, shall have the exclusive authority to appoint the Chair of the Finance Committee and (iii) during the Transitional Period, the Nominating Committee of the Board of Governors will be jointly populated by the Chief Executive Officer and the Chief Executive Officer of NYSE Regulation, Inc. as of Closing (or his duly appointed or elected successor as Chair of the Board of Governors), subject to ratification of the appointees by the Board of Governors. Any Governor elected by members of the Corporation must be nominated by the Nominating Committee or certified by the Secretary of the Corporation (as provided in the By-Laws of the Corporation) and must satisfy the other qualifications for Governors set forth in this Restated Certificate of Incorporation or the By-Laws or established by resolution of the Board of Governors

from time to time, which qualifications shall be consistent with the "Plan of Allocation and Delegation of Functions by NASD to Subsidiaries"; provided, however, that, in the case of the first annual meeting of members following the Closing, nominations shall be by the Board of Directors of NYSE Group, Inc. with respect to Large Firm Governors, jointly by the Board of Directors of NYSE Group, Inc. and the Board of Governors in office prior to the Closing with respect to the Mid-Size Firm Governor and by the Board of Governors in office prior to the Closing with respect to Small Firm Governors, instead of the Nominating Committee.]

[(b) Upon the Closing, the term of office of each Governor in office immediately prior to the Closing who is not to be a Governor as of Closing pursuant to the immediately succeeding paragraph shall automatically, and without any further action, terminate, and such persons shall no longer be members of the Board of Governors.]

[(c) As of Closing, and for the Transitional Period, the Board of Governors shall consist of 23 authorized members, consisting of (i) the Chief Executive Officer of the Corporation, (ii) the Chief Executive Officer of NYSE Regulation, Inc., (iii) eleven Public Governors, (iv) a Floor Member Governor, an Independent Dealer/Insurance Affiliate Governor and an Investment Company Affiliate Governor and (v) three Small Firm Governors, one Mid-Size Firm Governor and three Large Firm Governors; provided, however that the Board of Governors shall not include such Small Firm Governors, Mid-Size Firm Governor or Large Firm Governors, but rather shall include three persons, who immediately prior to the Closing are Industry Governors, selected by the Board of Governors in office prior to the Closing, three persons, who immediately prior to the Closing qualified as Industry Governors pursuant to the By-Laws in existence

prior to the Closing, selected by the Board of Directors of NYSE Group, Inc. and one person, who immediately prior to the Closing qualified as an Industry Governor pursuant to the By-Laws in existence prior to the Closing, selected by the Board of Directors of NYSE Group, Inc. and the Board of Governors in office prior to the Closing jointly, until the election of such Small Firm Governors, Mid-Size Firm Governor or Large Firm Governors at the first annual meeting of members following the Closing (which shall be held as soon as practicable after the Closing).]

[The Chief Executive Officer shall serve as a Governor until a successor is elected, or until death, resignation, or removal.]

[The Chief Executive Officer of NYSE Regulation, Inc. as of Closing shall serve as a Governor during the Transitional Period, until death, resignation, or removal; provided, however, in the event of a vacancy during the Transitional Period with respect to this Governor position by virtue of death, resignation or removal, the then Chief Executive Officer of NYSE Regulation, Inc. shall serve as a Governor for the remainder of the Transitional Period, until death, resignation or removal; provided, further however, a person who becomes a Governor pursuant to the immediately preceding proviso shall not be qualified to serve as Chair of the Board of Governors.]

[Effective as of Closing, the Board of Directors of NYSE Group, Inc. shall appoint the NYSE Public Governors, the Board of Governors in office prior to the Closing shall appoint the NASD Public Governors and the Board of Directors of NYSE Group, Inc. and the Board of Governors in office prior to the Closing jointly shall appoint the Joint Public Governor.]

[The Public Governors appointed in accordance with the preceding paragraph shall hold office for the Transitional Period, or until death, resignation, disqualification, or removal. In the event of any vacancy among the NYSE Public Governors, the Joint Public Governor or the NASD Public Governors during the Transitional Period, such vacancy shall only be filled by, and nominations for persons to fill such vacancy shall be made by, the NYSE Group Committee in the case of a vacant NYSE Public Governor position, such vacancy shall only be filled by the Board of Governors, and nominations for persons to fill such vacancy shall be made by the Nominating Committee, in the case of a vacant Joint Public Governor position or such vacancy shall only be filled by, and nominations for persons to fill such vacancy shall be made by, the NASD Group Committee in the case of a vacant NASD Public Governor position.]

[Effective as of Closing, the Board of Directors of NYSE Group, Inc. shall appoint the Floor Member Governor, the Board of Governors in office prior to the Closing shall appoint the Independent Dealer/Insurance Affiliate Governor and the Board of Directors of NYSE Group, Inc. and the Board of Governors in office prior to the Closing jointly shall appoint the Investment Company Affiliate Governor.]

[The Floor Member Governor, the Investment Company Affiliate Governor and the Independent Dealer/Insurance Affiliate Governor appointed in accordance with the preceding paragraph shall hold office for the Transitional Period, or until death, resignation, disqualification, or removal. In the event of any vacancy among the Floor Member Governor, the Investment Company Affiliate Governor or the Independent Dealer/Insurance Affiliate Governor during the Transitional Period, such vacancy shall only be filled by, and nominations for persons to fill such vacancy shall be made by, the

NYSE Group Committee in the case of a Floor Member Governor vacancy, such vacancy shall only be filled by the Board of Governors, and nominations for persons to fill such vacancy shall be made by the Nominating Committee, in the case of an Investment Company Affiliate Governor vacancy or such vacancy shall only be filled by, and nominations for persons to fill such vacancy shall be made by, the NASD Group Committee in the case of an Independent Dealer/Insurance Affiliate Governor vacancy.]

[Three Large Firm Governors, three Small Firm Governors and one Mid-Size Firm Governor shall be elected as Governors at the first annual meeting of members following the Closing (the "Initial Member Elected Governors"). The Initial Member Elected Governors shall hold office until the first annual meeting of members following the Transitional Period, or until a successor is duly elected and qualified, or until death, resignation, disqualification, or removal.]

[In the event of any vacancy among the Large Firm Governors, the Mid-Size Firm Governor or the Small Firm Governors during the Transitional Period, such vacancy shall only be filled by, and nominations for persons to fill such vacancy shall be made by, the NYSE Group Committee in the case of a Large Firm Governor vacancy, such vacancy shall only be filled by the Board of Governors, and nominations for persons to fill such vacancy shall be made by the Nominating Committee, in the case of a Mid-Size Firm Governor vacancy or such vacancy shall only be filled by, and nominations for persons to fill such vacancy shall be made by, the NASD Group Committee in the case of a Small Firm Governor vacancy; provided, however, that in the event the remaining term of office of any Large Firm, Mid-Size Firm or Small Firm Governor position that becomes vacant

is for more than 12 months, such vacancy shall be filled by the members of the Corporation entitled to vote thereon at a meeting thereof convened to vote thereon.]

[(d) The annual meeting of members shall be on such date and at such place as the Board of Governors shall designate; provided, however, that, except for the first annual meeting following the Closing at which Large Firm Governors, the Mid-Size Firm Governor and Small Firm Governors shall be elected, there shall be no annual meetings of members during the Transitional Period.]

[(e) Upon the expiration of the Transitional Period, the term of office of the Chief Executive Officer of NYSE Regulation, Inc. as a member of the Board shall automatically, and without any further action, terminate, such person shall no longer be a member of the Board of Governors and the authorized number of members of the Board of Governors shall automatically be reduced by one.]

Definitions

[Twelfth]<u>Eleventh</u>: For purposes hereof:

<u>A) "At Large Industry Governor" means a member of the Board to be appointed by the Board; provided however, to be eligible to serve, an At Large Industry Governor must qualify as an Industry Governor;</u>

Paragraphs A) through B) redesignated as paragraphs B) through C)

[C) "Closing" shall mean the closing of the consolidation of certain member firm regulatory functions of NYSE Regulation, Inc. and the Corporation;]

Paragraphs D) through E) No Change.

[F) "Floor Member Governor" shall mean a member of the Board of Governors appointed as such who is a person associated with a member (or a firm in the process of

becoming a member) which is a specialist or floor broker on the New York Stock Exchange trading floor;]

[G) "Independent Dealer/Insurance Affiliate Governor" shall mean a member of the Board of Governors appointed as such who is a person associated with a member which is an independent contractor financial planning member firm or an insurance company, or an affiliate of such a member;]

[H]F) "Industry Governor" shall mean [the Floor Member Governor, the Independent Dealer/Insurance Affiliate Governor and the Investment Company Affiliate Governor and any other] a Governor (excluding the Chief Executive Officer of the Corporation[and, during the Transitional Period, the Chief Executive Officer of NYSE Regulation, Inc.]) who[:]

[(1)] is or has served in the prior year as an officer, director (other than as an independent director), employee or controlling person of a broker or dealer[; or]

[(2) has a consulting or employment relationship with or provides professional services to a self regulatory organization registered under the Act or has had any such relationship or provided any such services at any time within the prior year];

[I) "Investment Company Affiliate Governor" shall mean a member of the Board of Governors of the Corporation appointed as such who is a person associated with a member which is an "investment company" as such term is defined in The Investment Company Act of 1940, as amended, or an affiliate of such a member;]

[J) "Joint Public Governor" shall mean the one Public Governor to be appointed as such by the Board of Directors of NYSE Group, Inc. and the Board of Governors in office prior to the Closing jointly;]

Paragraphs K) through O) redesignated as paragraphs G) through K)

[P) "NASD Group Committee" shall mean a committee of the Board of Governors comprised of the five Public Governors and the Independent Dealer/Insurance Affiliate Governor appointed as such by the Board of Governors in office prior to Closing, and the Small Firm Governors which were nominated for election as such by the Board of Governors in office prior to Closing, and in each case their successors;]

[Q) "NASD Public Governors" shall mean the five Public Governors to be appointed as such by the Board of Governors in office prior to the Closing effective as of Closing;]

[R) "NYSE Group Committee" shall mean a committee of the Board of Governors comprised of the five Public Governors and the Floor Member Governor appointed as such by the Board of Directors of NYSE Group, Inc., and the Large Firm Governors which were nominated for election as such by the Board of Directors of NYSE Group, Inc., and in each case their successors;]

[S) "NYSE Public Governors" shall mean the five Public Governors to be appointed as such by the Board of Directors of NYSE Group, Inc. effective as of Closing;]

[T]L) "person associated with a member" shall mean:

(1) No Change.

(2) a sole proprietor, partner, officer, director, or branch manager of a member, or other natural person occupying a similar status or performing similar functions, or a natural person engaged in the investment banking or securities business who is directly or indirectly controlling or controlled by a member, whether or not any such person is registered or exempt from registration with the Corporation under the By-Laws[of the Corporation] or the Rules of the Corporation; and

(3) No Change.

[U]M) "Public Governor" shall mean any Governor who:

(1) is not the Chief Executive Officer of the Corporation[or, during the Transitional Period, the Chief Executive Officer of NYSE Regulation, Inc., who];

(2) is not an Industry Governor;

(3) does not have an employment relationship with a self regulatory organization registered under the Act (other than serving as a public director of such a self regulatory organization), and has not had any such relationship at any time within the prior year; and [who]

(4) otherwise has no material business relationship with a broker or dealer or a self regulatory organization registered under the Act (other than serving as a public director of such a self regulatory organization);

[V]N) "Rules of the Corporation" or "Rules" shall mean the numbered rules set forth in the manual of the Corporation[beginning with the Rule 0100 Series], as adopted by the Board of Governors of the Corporation pursuant to the By-Laws[of the Corporation], as hereafter amended or supplemented;

Paragraphs W) through Y) redesignated as paragraphs O) through Q)

[Z) "Transitional Period" shall mean the period commencing on the date of the Closing and ending on the third anniversary of the date of the Closing.]

IN WITNESS WHEREOF, this Restated Certificate of Incorporation has been signed under the seal of the Corporation the [15th] _____ day of [July]_____, 20[10].

FINANCIAL INDUSTRY REGULATORY AUTHORITY, INC.

By:_____

[T. Grant Callery]Name:

[EVP & General Counsel]Title:

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FINRA Rules

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5000. SECURITIES OFFERING AND TRADING STANDARDS AND PRACTICES

5100. SECURITIES OFFERINGS, UNDERWRITING AND COMPENSATION

5110. Corporate Financing Rule — Underwriting Terms and Arrangements

(a) through (i) No Change.

(j) Definitions

The definitions in Rule 5121 are incorporated herein by reference. For purposes of this Rule, the following terms have the meanings stated below:

(1) Associated Person

The term "associated person" has the meaning defined in Article I[, Section (rr)] of the FINRA By-Laws.

(2) through (22) No Change.

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

.01 through **.07** No Change.

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