

FINRA Web Site References

Amendments to NASD IM-2210-4: Web Site References to FINRA Membership and Limitations on the Use of FINRA's Name and Other Corporate Names Owned by FINRA

Effective Date: November 17, 2007

Executive Summary

Effective November 17, 2007, member firms and persons associated with a member firm that refer to their FINRA membership on a Web site are required to provide a hyperlink to www.finra.org. Certain limits to the use of FINRA's name and any other corporate name owned by FINRA (including NASD) also become effective on this date.

IM-2210-4, as amended, is set forth in Attachment A. The amendments become effective on November 17, 2007.

Questions concerning this *Notice* should be directed to Gary L. Goldsholle, Vice President and Associate General Counsel, Office of General Counsel, at (202) 728-8104; or Rachael Grad, Counsel, Office of General Counsel, at (202) 728-8290.

Background & Discussion

“Hyperlink Requirement”

Previously, FINRA amended IM-2210-4 to establish a requirement for member firms and persons associated with a member that refer to their membership in NASD on a Web site to hyperlink to NASD's home page, www.nasd.com (“the hyperlink requirement”).¹ The rule change was scheduled to take effect on July 7, 2007.² In view of the fact that NASD was changing its corporate name, NASD delayed the implementation of the hyperlink requirement until its new corporate name and Internet domain could be established.³

October 2007

Notice Type

- Rule Amendment

Suggested Routing

- Advertising
- Compliance
- Legal
- Operations
- Senior Management

Key Topics

- Hyperlink Requirement
- Use of FINRA name and FINRA-owned corporate names
- Web site reference to FINRA membership

Referenced Rules & Notices

- NTM 07-02
- NASD IM-2210-4
- NASD Rule 2210

On July 30, 2007, NASD changed its name to FINRA and changed its Internet domain from *www.nasd.com* to *www.finra.org*. On September 17, 2007, FINRA submitted proposed rule change SR-FINRA-2007-14 to amend IM-2210-4 to reflect the new corporate identity.

The amendments to IM-2210-4 replace references to NASD with FINRA. Thus, member firms, or persons associated with a member firm, that refer to their FINRA membership on a Web site must provide a hyperlink to *www.finra.org*, instead of *www.nasd.com*.⁴ As discussed in NASD *Notice to Members 07-02*, firms are not required to refer to their FINRA membership on their Web sites. The hyperlink requirement applies only to the extent that a member firm or a person associated with a member firm chooses to represent on a Web site that the firm is a member of FINRA.

A hyperlink to *www.finra.org* must be located in close proximity to any reference reasonably designed to draw the public's attention to FINRA membership. Since only one hyperlink to *www.finra.org* is required, member firms have the flexibility to place the hyperlink in close proximity to any FINRA reference, as long as it is reasonably designed to draw the public's attention to FINRA membership. Firms should note that IM-2210-4 also applies to a Web site relating to a firm's investment banking or securities business that is maintained by or on behalf of any person associated with the firm.⁵

Use of FINRA-Owned Corporate Names

The amendments to IM-2210-4 also limit the use of any other corporate name owned by FINRA, including NASD, the Trade Reporting and Compliance Engine (TRACE) and the Alternative Display Facility (ADF). Members can neither state nor imply in any communications with the public that FINRA (or any other corporate name or facility owned by FINRA) endorses, indemnifies or guarantees the member's business practices, selling methods, the class or type of securities offered, or any specific security.

Finally, firms should note that the reference to the NASD By-Laws in IM-2210-4 has been updated to refer to the FINRA By-Laws, which were adopted on July 30, 2007.⁶

Endnotes

- 1 See Securities Exchange Act Release No. 54740 (November 9, 2006); 71 FR 67184 (November 20, 2006); File No. SR-NASD-2006-073.
- 2 See NASD *Notice to Members 07-02* (January 2007).
- 3 FINRA previously announced that it would file a separate rule change to amend IM-2210-4 to reflect its new corporate name. See Securities Exchange Act Release No. 56124 (July 24, 2007); 72 FR 42165 (August 1, 2007); File No. SR-NASD-2007-042 (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Delay the Implementation of NASD Interpretative Material 2210-4, which Requires Certain Member Firms to Provide a Hyperlink to <http://www.nasd.com>) (File No. SR-NASD-042).
- 4 See File No. SR-NASD-2007-042.
- 5 See NASD *Notice to Members 07-02* (January 2007).
- 6 Specifically, Article XV, Section 2 of the FINRA By-Laws now states: "No member shall use the name of the Corporation except to the extent that may be permitted by the Rules of the Corporation." The name of the Corporation is Financial Industry Regulatory Authority, Inc. See Securities Exchange Act Release No. 56146 (July 26, 2007); 72 FR 42190 (August 1, 2007); File No. SR-NASD-2007-053 (Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change Relating to the Restated Certificate of Incorporation of National Association of Securities Dealers, Inc.).

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ATTACHMENT A

Below is the text of the rule change. New language is underlined; deletions are in brackets.

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2210. COMMUNICATIONS WITH THE PUBLIC

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IM-2210-4. Limitations on Use of FINRA's [NASD's] Name and Any Other Corporate Name Owned by FINRA

Members may indicate [NASD] FINRA membership in conformity with Article XV, Section 2 of the [NASD] FINRA By-Laws in one or more of the following ways:

(1) in any communication with the public, provided that the communication complies with the applicable standards of Rule 2210 and neither states nor implies that FINRA, or any other corporate name or facility owned by FINRA, [NASD] or any other regulatory organization endorses, indemnifies, or guarantees the member's business practices, selling methods, the class or type of securities offered, or any specific security;

(2) No Change.

(3) on a member's internet Web site provided that the member provides a hyperlink to [NASD's] FINRA's internet home page, [www.nasd.com] www.finra.org, in close proximity to the member's indication of [NASD] FINRA membership. A member is not required to provide more than one such hyperlink on its Web site. If the member's Web site contains more than one indication of [NASD] FINRA membership, the member may elect to provide any one hyperlink in close proximity to any reference reasonably designed to draw the public's attention to [NASD] FINRA membership. This provision also shall apply to an internet Web site relating to the member's investment banking or securities business maintained by or on behalf of any person associated with a member.

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