

OMB APPROVAL

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

File No. SR - 2007 - 042

Amendment No.

Proposed Rule Change 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) ☐

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)

Pilot ☐ Extension of Time Period
for Commission Action ☐ Date Expires

Exhibit 2 Sent As Paper Document
☐

Exhibit 3 Sent As Paper Document
☐

Description

Provide a brief description of the proposed rule change (limit 250 characters).

The proposal is amending Rule 12302 of the Customer Code and Rule 13302 of the Industry Code to remove the page limit on Statements of Claim filed through the Online Arbitration Claim Filing System.

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 proposed rule change.

First Name Last Name
Title
E-mail
Telephone Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date By
(Name)

Vice President and Chief Counsel, Dispute Resolution

(Title)

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information

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

Exhibit 1 - Notice of Proposed Rule Change

Add

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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

Add

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

Exhibit Sent As Paper Document

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Exhibit 3 - Form, Report, or Questionnaire

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

Exhibit Sent As Paper Document

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Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ Financial Industry Regulatory Authority, Inc. (“FINRA”) (f/k/a National Association of Securities Dealers, Inc. (“NASD”)) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend Rule 12302 of the Code of Arbitration Procedure for Customer Disputes (“Customer Code”) and Rule 13302 of the Code of Arbitration Procedure for Industry Disputes (“Industry Code”) to remove the 50-page limit on Statements of Claim filed through the Online Arbitration Claim Filing System (“the System”) and to allow parties to submit exhibits to Statements of Claim through the System.

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

* * * * *

12302. Filing an Initial Statement of Claim

(a) Filing Claim with the Director

(1) To initiate an arbitration, a claimant must file the following with the Director:

- Signed and dated Uniform Submission Agreement; and
- A statement of claim specifying the relevant facts and remedies requested.

The claimant may include any additional documents supporting the statement of claim.

¹ 15 U.S.C. 78s(b)(1).

(2) A claimant may use the online claim notification and filing procedure to complete part of the arbitration claim filing process through the Internet. To commence this process, a claimant may complete a Claim Information Form that can be accessed through ~~www.nasd.com~~ www.finra.org. In completing the Claim Information Form, the claimant may attach an electronic version of the statement of claim, and any additional documents supporting the statement of claim, to the form[, provided it does not exceed 50 pages]. Once this online form has been completed, ~~[an NASD]~~ a FINRA Dispute Resolution Tracking Form will be generated and displayed for the claimant to reproduce as necessary. The claimant shall then file with the Director the rest of the materials required in subparagraph (1) of the rule, along with a hard copy of the ~~[NASD]~~ FINRA Dispute Resolution Tracking Form.

(b) – (d) No change.

13302. Filing an Initial Statement of Claim

(a) Filing Claim with the Director

(1) To initiate an arbitration, a claimant must file the following with the Director:

- Signed and dated Uniform Submission Agreement; and
- A statement of claim specifying the relevant facts and remedies requested.

The claimant may include any additional documents supporting the statement of claim.

(2) A claimant may use the online claim notification and filing procedure to complete part of the arbitration claim filing process through the Internet. To

commence this process, a claimant may complete a Claim Information Form that can be accessed through [www.nasd.com] www.finra.org. In completing the Claim Information Form, the claimant may attach an electronic version of the statement of claim, and any additional documents supporting the statement of claim, to the form[, provided it does not exceed 50 pages]. Once this online form has been completed, [an NASD] a FINRA Dispute Resolution Tracking Form will be generated and displayed for the claimant to reproduce as necessary. The claimant shall then file with the Director the rest of the materials required in subparagraph (1) of the rule, along with a hard copy of the [NASD] FINRA Dispute Resolution Tracking Form.

(b) – (d) No change.

* * * * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

At its meeting on December 4, 2007, the FINRA Board of Governors authorized the filing of the rule change with the SEC.

FINRA has filed the proposed rule change for immediate effectiveness. The effective date and the implementation date will be the date of filing.

Questions regarding this rule filing may be directed to Margo Hassan, Counsel, FINRA Dispute Resolution, at (212) 858-4481.

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

(a) Purpose

FINRA is amending its Customer Code and Industry Code to remove the 50-page limit on Statements of Claim filed through the System and to allow parties to submit exhibits to Statements of Claim through the System. The proposed rule change is intended to encourage more claimants to use online filing. The System will not have any limitation on the number of pages submitted so long as they are submitted as a single document.

To begin an arbitration, a claimant submits a signed and dated Uniform Submission Agreement, a Statement of Claim specifying the relevant facts and remedies requested, any exhibits supporting the Statement of Claim, and the required fees. When a claim is filed in hard copy, the claimant is required to submit sufficient copies of the Statement of Claim for the forum, each arbitrator and each other party.

Since August 2004, FINRA has allowed claimants to file an electronic version of the Statement of Claim so long as the submission does not exceed 50 pages. The Statement of Claim may include exhibits if they are part of the same document and the total number of pages is no more than 50. Claimants who file online also complete an online Claim Information Form containing details about the names and addresses of the parties and their counsel, the issues in controversy, and so forth. Once the Claim Information Form is completed, a Dispute Resolution Tracking Form is generated by the System. Claimants then mail in a signed and dated Uniform Submission Agreement, a copy of the Dispute Resolution Tracking Form, the required fees, and any exhibits. The case is deemed to be filed when all such materials are received.

With electronically filed claims, FINRA staff prints the required copies for the arbitrators and the other parties. The 50-page limit was originally imposed to ensure that FINRA had sufficient resources to process electronic claims efficiently. Having gained experience with electronic filing, FINRA is prepared to process efficiently the additional volume associated with longer Statements of Claim and exhibits.²

As noted in Item 2 of this filing, FINRA has filed the proposed rule change for immediate effectiveness. The effective date and the implementation date will be the date of filing.

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,³ which requires, among other things, that FINRA rules must 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. By removing the page limitation on submissions through the System, the proposed rule change will provide investors, and other claimants, with expanded access to the System and will make claim processing more efficient.

² FINRA also has updated its Internet address and the title of the Tracking Form generated by the System.

³ 15 U.S.C. 78o-3(b)(6).

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.

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

Not applicable.

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

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) (iii) of the Act⁴ and paragraph (f)(3) of Rule 19b-4 thereunder,⁵ in that the proposed rule change is concerned solely with the administration of the self-regulatory organization.

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

Not applicable.

9. Exhibits

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

⁴ 15 U.S.C. 78s(b)(3).

⁵ 17 CFR 240.19b-4(f)(X).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-FINRA-2007-042)

Self-Regulatory Organizations: Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Amendments to the Codes of Arbitration Procedure to Remove the Page Limit on Statements of Claim Filed Through the Online Arbitration Claim Filing System

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 December 27, 2007, Financial Industry Regulatory Authority, Inc. (“FINRA”) (f/k/a National Association of Securities Dealers, Inc. (“NASD”)) 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. FINRA has designated the proposed rule change as concerned solely with the administration of the self-regulatory organization under Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(3) thereunder,⁴ which renders the proposal effective upon receipt of this filing by the Commission. 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 amend Rule 12302 of the Code of Arbitration Procedure for Customer Disputes (“Customer Code”) and Rule 13302 of the Code of Arbitration

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(3).

Procedure for Industry Disputes (“Industry Code”) to remove the 50-page limit on Statements of Claim filed through the Online Arbitration Claim Filing System (“the System”) and to allow parties to submit exhibits to Statements of Claim through the System. Below is the text of the proposed rule change. Proposed new language is in italics; proposed deletions are in brackets.

* * * * *

12302. Filing an Initial Statement of Claim

(a) Filing Claim with the Director

(1) To initiate an arbitration, a claimant must file the following with the Director:

- Signed and dated Uniform Submission Agreement; and
- A statement of claim specifying the relevant facts and remedies requested.

The claimant may include any additional documents supporting the statement of claim.

(2) A claimant may use the online claim notification and filing procedure to complete part of the arbitration claim filing process through the Internet. To commence this process, a claimant may complete a Claim Information Form that can be accessed through [www.nasd.com] www.finra.org. In completing the Claim Information Form, the claimant may attach an electronic version of the statement of claim, and any additional documents supporting the statement of claim, to the form[, provided it does not exceed 50 pages]. Once this online form has been completed, [an NASD] a FINRA Dispute Resolution Tracking Form will be generated and displayed for the claimant to reproduce as necessary. The

claimant shall then file with the Director the rest of the materials required in subparagraph (1) of the rule, along with a hard copy of the [NASD] FINRA Dispute Resolution Tracking Form.

(b) – (d) No change.

13302. Filing an Initial Statement of Claim

(a) Filing Claim with the Director

(1) To initiate an arbitration, a claimant must file the following with the Director:

- Signed and dated Uniform Submission Agreement; and
- A statement of claim specifying the relevant facts and remedies requested.

The claimant may include any additional documents supporting the statement of claim.

(2) A claimant may use the online claim notification and filing procedure to complete part of the arbitration claim filing process through the Internet. To commence this process, a claimant may complete a Claim Information Form that can be accessed through [www.nasd.com] www.finra.org. In completing the Claim Information Form, the claimant may attach an electronic version of the statement of claim, and any additional documents supporting the statement of claim, to the form[, provided it does not exceed 50 pages]. Once this online form has been completed, [an NASD] a FINRA Dispute Resolution Tracking Form will be generated and displayed for the claimant to reproduce as necessary. The claimant shall then file with the Director the rest of the materials required in

subparagraph (1) of the rule, along with a hard copy of the [NASD] FINRA Dispute Resolution Tracking Form.

(b) – (d) No change.

* * * * *

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

FINRA is amending its Customer Code and Industry Code to remove the 50-page limit on Statements of Claim filed through the System and to allow parties to submit exhibits to Statements of Claim through the System. The proposed rule change is intended to encourage more claimants to use online filing. The System will not have any limitation on the number of pages submitted so long as they are submitted as a single document.

To begin an arbitration, a claimant submits a signed and dated Uniform Submission Agreement, a Statement of Claim specifying the relevant facts and remedies requested, any exhibits supporting the Statement of Claim, and the required fees. When a claim is filed in hard copy, the claimant is required to submit sufficient copies of the Statement of Claim for the forum, each arbitrator and each other party.

Since August 2004, FINRA has allowed claimants to file an electronic version of the Statement of Claim so long as the submission does not exceed 50 pages. The Statement of Claim may include exhibits if they are part of the same document and the total number of pages is no more than 50. Claimants who file online also complete an online Claim Information Form containing details about the names and addresses of the parties and their counsel, the issues in controversy, and so forth. Once the Claim Information Form is completed, a Dispute Resolution Tracking Form is generated by the System. Claimants then mail in a signed and dated Uniform Submission Agreement, a copy of the Dispute Resolution Tracking Form, the required fees, and any exhibits. The case is deemed to be filed when all such materials are received.

With electronically filed claims, FINRA staff prints the required copies for the arbitrators and the other parties. The 50-page limit was originally imposed to ensure that FINRA had sufficient resources to process electronic claims efficiently. Having gained experience with electronic filing, FINRA is prepared to process efficiently the additional volume associated with longer Statements of Claim and exhibits.⁵

⁵ FINRA also has updated its Internet address and the title of the Tracking Form generated by the System.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁶ which requires, among other things, that FINRA rules must 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. By removing the page limitation on submissions through the System, the proposed rule change will provide investors, and other claimants, with expanded access to the System and will make claim processing more efficient.

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.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act⁷ and paragraph (f) of Rule 19b-4 thereunder.⁸ At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such

⁶ 15 U.S.C. 78o-3(b)(6).

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f)(6).

rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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-2007-042 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-FINRA-2007-042. 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 Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule

change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of FINRA.

All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FINRA-2007-042 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Nancy M. Morris

Secretary

⁹ 17 CFR 200.30-3(a)(12).