

OMB APPROVAL

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

File No. SR - 2008 - 021
Amendment No. 1

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		
Pilot ☐	Extension of Time Period for Commission Action ☐	Date Expires 	☐ 19b-4(f)(1) ☐ 19b-4(f)(2) ☐ 19b-4(f)(3)	☐ 19b-4(f)(4) ☐ 19b-4(f)(5) ☐ 19b-4(f)(6)	

Exhibit 2 Sent As Paper Document
☐

Exhibit 3 Sent As Paper Document
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Description

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

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)

(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.

Patrice Gliniecki,

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

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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

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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.

On May 23, 2008, FINRA filed with the Securities and Exchange Commission (“SEC” or “Commission”) SR-FINRA-2008-021, a proposed rule change to adopt the NASD Rule Series 4000 through 10000 and 12000 through 14000 as FINRA Rules in the new consolidated FINRA rulebook. FINRA is filing this Partial Amendment to clarify certain aspects of the proposed rule change and make certain other non-substantive technical changes. A discussion of the changes is set forth below. In addition, FINRA is including with this Partial Amendment an Exhibit 4 to show the changes from the original rule text set forth in Exhibit 5 to the proposed rule change.

1. On pages 12 and 28 of the filing, footnotes 9 and 10, respectively, should be replaced with the citation: “See Securities Exchange Act Release No. 54084 (June 30, 2006), 71 FR 38935 (July 10, 2006) (Order Approving File No. SR-NASD-2005-087).”
2. On pages 15 and 32 of the filing, the second sentence under the heading “Code of Arbitration Procedure” should be replaced with: “This Code continues to be relevant to those matters, until they are closed by award, settlement or otherwise.”
3. On page 15 of the filing in the “Purpose” section, the following language should be added as a new paragraph, just before the heading “Code of Arbitration Procedure”:

FINRA is amending Rules 8313(b)(1) and (c)(1), 9556(a), 9558(a), 9810(a) and 9860, respectively, to change references from “NASD Chairman and CEO” or “President of NASD Regulatory Policy and Oversight” to “FINRA’s Chief Executive Officer” to reflect FINRA’s new organizational structure. Mary L. Schapiro now serves as FINRA’s Chief Executive Officer. The proposed rule change also would permit FINRA’s Chief Executive Officer to delegate his or her authority to such other senior officers as he or she may designate. Certain rules previously granted alternative authority to NASD’s Senior Executive Vice President for Regulatory Policy and Programs. In light of FINRA’s new organizational structure, FINRA believes it appropriate to permit the CEO to delegate his or her authority to other senior officers of FINRA.

4. On page 18 of the filing, the last sentence in the “Statutory Basis” section should be replaced with the following: “The proposed rule change makes non-material changes to rules that have proven effective in meeting the statutory mandates.”
5. On page 481 of the filing, FINRA is amending Rule 9556(a) to retain existing language that was inadvertently deleted, regarding FINRA staff’s ability after receiving written authorization from the FINRA CEO or such other senior officer

as she may designate, to issue a notice informing a member or person that failure to comply with a temporary or permanent cease and desist order within seven days of service will result in a suspension or cancellation of membership or a suspension or bar from associating with any member.

6. On page 447 of the filing, the changes marked to NASD Rule 9500 indicate that Rule 9610 would be deleted; in fact, it should be Rule 9510 that would be deleted.
7. On pages 506, 527 and 547, rule text in NASD IM-10100(d), IM-12000(d) and IM-13000(d) are being amended to remove references to the names of dispute resolution forums other than FINRA. The names of some of the other forums have changed, and rather than periodically update the rules as future changes occur, the amendment would refer more generically to awards or settlement agreements obtained pursuant to the rules of arbitration of disputes “before FINRA or other dispute resolution forum selected by the parties.”
8. For consistency purposes, FINRA is amending certain rule text on pages 96, 97, 100, 119, 120, 122, 123, 128, 129, 237, 238 and 420 of the filing to indicate the applicable regulation associated with certain references to the federal securities laws. FINRA further is amending all such references, including those in the current rule text that already reference the applicable regulation, to the convention of “Rule X of SEC Regulation X.” The additional references are found on the following pages: 67, 68, 69, 74, 75, 86, 91, 93, 94, 99, 104, 105, 113, 145, 146, 148, 153, 154, 167, 168, 169, 174, 175, 188, 189, 197, 199, 212, 214, 236, 280, 281, 286, 300, 316, 329 and 342.
9. On page 172 of the filing, the title of paragraph (a)(2) to proposed FINRA Rule 6380C, “Transaction Reporting to the FINRA/NYSE Trade Reporting Facility Outside Normal Market Hours” should be in regular, rather than boldface, type.
10. On page 195 of the filing, a parenthetical refers to Rule 6210 instead of Rule 6220. However, since the parenthetical is superfluous, the amendment would simply delete it.
11. Throughout proposed FINRA Rules 7200 and 7300 Series references to “correspondent broker” should be changed to the defined term “Correspondent Executing Broker” as set forth in proposed FINRA Rules 7210 and 7310.
12. Exhibit 5 to the proposed rule change contains certain typographical errors, several of which exist in the current rulebook. This Partial Amendment corrects those errors, as well as some rule text that was incorrectly marked to show additions or deletions from the current rule text. Those corrections are noted in Exhibit 4 below.
13. Since the time FINRA submitted the proposed rule change, certain amendments to existing rules that are proposed to be transferred as part of this filing have been

approved by the Commission. Specifically, see Securities Exchange Act Release No. 58004 (June 23, 2008), 73 FR 36579 (June 27, 2008) (Order Approving File No. SR-FINRA-2008-009 (amended Rules 12400(c) and 13400(c) to become effective on September 22, 2008)) and Securities Exchange Act Release No. 57935 (June 6, 2008), 73 FR 34061 (June 16, 2008) (Order Approving File No. SR-FINRA-2008-023 (amended NASD IM-9216 now Rule 9217 effective June 6, 2008)). Therefore, the amendment updates those rules to reflect the current rule text.

14. In Exhibit 2 of the filing, FINRA is amending the “Table of Contents” to reflect the current title of Rule 13513, which should read “Authority of Panel to Direct Appearances of Associated Person Witnesses and Production of Documents Without Subpoenas.” FINRA further is amending Exhibit 2 to add the following title to the “Table of Contents”: “IM-10308 Arbitrators Who Also Serve as Mediators”.

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EXHIBIT 4

Below is the text of the proposed rule change with the changes proposed in the initial filing shown as though approved. New language proposed in this amendment is underlined; proposed deletions are in brackets.

* * * * *

6000. QUOTATION AND TRANSACTION REPORTING FACILITIES

6100. QUOTING AND TRADING IN NMS STOCKS

6110. Trading Otherwise than on an Exchange

Members are required to report transactions in NMS stocks, as defined in [SEA] Rule 600(b)(47) of SEC Regulation NMS, effected otherwise than on or through a national securities exchange to FINRA. For purposes of the Rule 6100 Series, "otherwise than on an exchange" means a trade effected by a FINRA member otherwise than on or through a national securities exchange. The determination of what constitutes a trade "on or through" a particular national securities exchange shall be determined by that exchange in accordance with all applicable statutes, rules and regulations, and with any necessary SEC approval.

6120. Trading Halts

(a) Authority to Initiate Halts In Trading Otherwise Than on an Exchange in NMS Stocks

FINRA, pursuant to the procedures set forth in paragraph (b):

(1) shall halt trading otherwise than on an exchange in any NMS stock, as defined in [SEA] Rule 600(b)(47) of SEC Regulation NMS, whenever any market that has the authority to call a regulatory halt in the security imposes a trading halt, or suspends the listing, to:

(A) through (D) No Change.

(2) through (3) No Change.

(b) No Change.

6140. Other Trading Practices

(a) No member shall execute or cause to be executed or participate in an account for which there are executed purchases of any NMS stock as defined in [SEA] Rule 600(b)(47) of SEC Regulation NMS ("designated security") at successively higher prices, or sales of any such security at successively lower prices, for the purpose of creating or inducing a false, misleading or artificial appearance of activity in such security or for the purpose of unduly or improperly influencing the market price for such security or for the purpose of establishing a price which does not reflect the true state of the market in such security.

(b) through (i) No Change.

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6170. Primary and Additional MPIDs for Alternative Display Facility Participants

(a) No Change.

(b) The first Market Participant Identifier ("MPID") issued to a FINRA Market Participant shall be referred to as the FINRA Market Participant's "Primary MPID." For a pilot period ending January 30, 2009, a Registered Reporting ADF ECN may request the use of Additional MPIDs for displaying quotes/orders and reporting trades through TRACS for any ADF-Eligible Security[(as defined in Rule 6210)]. A Registered Reporting ADF ECN that ceases to meet the obligations appurtenant to its Primary MPID

in any security shall not be permitted to use Additional MPIDs for any purpose in that security.

(c) No Change.

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

.01 through .05 No Change.

6180. Transaction Reporting

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6182. Trade Reporting of Short Sales

Pursuant to applicable trade reporting rules, members must indicate on trade reports submitted to FINRA whether a transaction is a short sale transaction (“short sale reporting requirements”). The short sale reporting requirements apply to transactions in all NMS stocks, as defined in [SEA] Rule 600(b)(47) of SEC Regulation NMS. Thus, all short sale transactions in these securities reported to FINRA must carry a “short sale” indicator.

6183. Exemption From SEC Regulation NMS-Related Trade Reporting Requirements

Pursuant to the Rule 9600 Series, the staff for good cause shown after taking into consideration all relevant factors, may exempt, subject to specified terms and conditions, a member from the requirements under FINRA rules to report the applicable trade report modifiers related to [SEA] Rule 611 of SEC Regulation NMS, if such exemption is consistent with the protection of investors and the public interest. The duration of any exemption granted pursuant to this Rule shall be determined by FINRA and shall not exceed a period of six months. FINRA intends to exercise the exemptive authority herein

on a temporary basis and as such, this Rule will automatically sunset one year after the Pilot Stocks Phase Date, currently scheduled to occur on July 9, 2007.

6200. ALTERNATIVE DISPLAY FACILITY

* * * * *

6220. Definitions

(a) Unless the context requires otherwise, the terms used in the Rule 6200 and Rule 7100 Series shall have the meanings below. Terms not specifically defined below shall have the meaning in the FINRA By-Laws and rules and [SEA] Rule 600 of SEC Regulation NMS.

(1) No Change.

(2) "ADF-eligible security" means an NMS stock as defined in [SEA] Rule 600(b)(47) of SEC Regulation NMS.

(3) No Change.

(4) "ADF Trading Center" means a Registered Reporting ADF Market Maker, or a Registered Reporting ADF ECN that is a "Trading Center," as defined in [SEA] Rule 600(b)(78) of SEC Regulation NMS, and that is certified, pursuant to Rule 6250, to display its quotations or orders through the ADF.

(5) through (15) No Change.

(16) "[SEA]Rule 100," "[SEA]Rule 101," "[SEA]Rule 103," and "[SEA]Rule 104" mean the rules adopted by the SEC under Regulation M.

(17) "Stabilizing bid" means the terms "stabilizing" or to "stabilize" as defined in [SEA] Rule 100 of SEC Regulation M.

(18) through (19) No Change.

(20) "Underwriting Activity Report" is a report provided by the Market Regulation Department of FINRA in connection with a distribution of securities subject to [SEA] Rule 101 of SEC Regulation M pursuant to NASD Rule 2710(b)(11).

(b) For purposes of Rules 6275 and 6279, the following terms shall have the meanings as defined in [SEA] Rule 100 of SEC Regulation M: "affiliated purchaser," "distribution," "distribution participant," "independent bid," "net purchases," "passive market maker," "penalty bid," "reference security," "restricted period," "subject security," and "syndicate covering transaction."

* * * * *

6240. Prohibition from Locking or Crossing Quotations in NMS Stocks

(a) Definitions. For purposes of these Rules, the following definitions shall apply:

(1) The terms "automated quotation," "National Market System Plan" (NMS Plan), "intermarket sweep order," "manual quotation," "NMS stock," "protected quotation," and "trading center" shall have the meanings set forth in [SEA] Rule 600(b) of SEC Regulation NMS.

(2) through (3) No Change.

(b) through (d) No Change.

6250. Quote and Order Access Requirements

(a) For each security in which an ADF Trading Center displays a bid and offer (for Registered Reporting ADF Market Makers), or a bid and/or offer (for Registered Reporting ADF ECNs), in the ADF, it must:

(1) through (5) No Change.

(6) Provide at least 14 calendar days advance written notice, via facsimile, personal delivery, courier or overnight mail, to ADF Operations before denying any registered broker-dealer direct electronic access as defined below. The notice provided hereunder must be based on the good faith belief of an ADF Trading Center that such denial of access is appropriate and does not violate any of the ADF Trading Center's obligations under FINRA rules or the federal securities laws. Further, any notification or publication of an ADF Trading Center's intent to deny access will have no bearing on the merits of any claim between the ADF Trading Center and any affected registered broker-dealer, nor will it insulate the ADF Trading Center from liability for violations of FINRA rules or the federal securities laws, such as [SEA] Rule 602 of SEC Regulation NMS. The 14-day period begins on the first business day that ADF Operations has receipt of the notice; and

(7) No Change.

(b) Subject to the terms and conditions contained herein, all ADF Trading Centers that display quotations in the ADF must record each item of information described in paragraphs (b)(1) and (2) of this Rule for all orders they receive from another broker-dealer via direct or indirect electronic access, and report this information to FINRA as specified below.

(1) No Change.

(2) In addition to the information previously provided pursuant to paragraph (b)(1), ADF Trading Centers must record the following information, as

applicable, for every order received via direct or indirect access from another broker-dealer that has been acted upon or responded to:

(A) No Change.

(B) Order Response (e.g., E=Execute, D=Decline due to potential [SEA] Rule 611 of SEC Regulation NMS violation, O=Decline Other, X=Cancel, T=Timed out, P=Partial, I=Price improvement)

(C) through (E) No Change.

(3) through (7) No Change.

(c) through (d) No Change.

(e) Minimum Performance Standards

(1) ADF Trading Centers must submit "Automated Quotations", as defined in [SEA] Rule 600(b)(3) of SEC Regulation NMS to the ADF for posting. "Manual Quotations," as defined in [SEA] Rule 600(b)(37) of SEC Regulation NMS, shall not be submitted to the ADF. As a precondition to becoming an ADF Trading Center, an ADF Trading Center must, among other things, certify to FINRA their compliance with this paragraph based on reasonable forecasts of peak volume activity and the establishment of policies and procedures to ensure only "Automated Quotations," as defined in [SEA] Rule 600(b)(3) of SEC Regulation NMS, are submitted to the ADF.

(2) In the event that an ADF Trading Center experiences three (3) unexcused system outages during a period of five (5) business days, the ADF Trading Center may be suspended from quoting in the ADF in all or certain issues for a period of twenty (20) business days. With respect to an ADF Trading Center,

a "system outage" shall mean an inability to post "Automated Quotations," as defined by [SEA] Rule 600(b)(3) of SEC Regulation NMS, in the ADF or an inability to immediately and automatically respond to orders.

(3) through (4) No Change.

(f) Procedures for Reviewing System Outages

(1) through (4) No Change.

(5) An ADF Trading Center may appeal a determination made under paragraph (e)(3) to a three-member subcommittee comprised of current or former industry members of FINRA's Market Regulation Committee in writing, via facsimile or otherwise, by the close of business on the day a determination is rendered pursuant to paragraph (e)(3). An appeal to the subcommittee shall operate as a stay of the determination made pursuant to paragraph (e)(3). Once a written appeal has been received, the ADF Trading Center may submit any additional supporting written documentation, via facsimile or otherwise, up until the time the appeal is considered by the subcommittee. The subcommittee shall render a determination by the close of business following the day a notice of appeal is received. The subcommittee's determination shall be final and binding.

(g) No Change.

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6270. Quoting and Trading in ADF-Eligible Securities

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6272. Character of Quotations

(a) Two-Sided Quotations

(1) For each ADF-eligible security for which a member is a Registered Reporting ADF Market Maker, the member shall be willing to buy and sell such security for its own account on a continuous basis and shall enter and maintain two-sided quotations through the ADF, subject to the procedures for excused withdrawal set forth in Rule 6275.

(A) A Registered Reporting ADF Market Maker in an ADF-eligible security must display a quotation size for at least one normal unit of trading (or a larger multiple thereof) when it is not displaying a limit order in compliance with [SEA] Rule 604 of SEC Regulation NMS.

(B) No change.

(b) Firm Quotations

(1) Consistent with [SEA] Rule 602(b)(2) of SEC Regulation NMS, an ADF Trading Center that receives an offer to buy or sell from another broker-dealer shall execute a transaction for at least a normal unit of trading at its displayed quotations as disseminated through the ADF at the time of receipt of any such offer. If an ADF Trading Center displays a quotation for a size greater than a normal unit of trading, it shall, upon receipt of an offer to buy or sell from another broker-dealer, execute a transaction at least at the size displayed.

(2) No Change.

(c) No Change.

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6275. Withdrawal of Quotations

(a) through (e) No Change.

(f) Excused withdrawal status may be granted by ADF Operations to a Registered Reporting ADF Market Maker that is a distribution participant or an affiliated purchaser in order to comply with [SEA] Rule 101 of SEC Regulation M on the following conditions:

(1) A member acting as a manager (or in a similar capacity) of a distribution of a security that is a subject security or reference security under [SEA] Rule 101 of SEC Regulation M and any member that is a distribution participant or an affiliated purchaser in such a distribution that does not have a manager shall provide written notice to ADF Operations and the Market Regulation Department of FINRA no later than the business day prior to the first entire trading session of the one-day or five-day restricted period under [SEA] Rule 101 of SEC Regulation M, unless later notification is necessary under the specific circumstances.

(A) through (B) No Change.

(2) through (3) No Change.

(g) No Change.

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6279. Alternative Trading Systems

(a) FINRA may provide a means to permit alternative trading systems ("ATs"), as such term is defined in Regulation ATS, and electronic communications networks ("ECNs"), as such term is defined in [SEA] Rule 600(b)(23) of SEC Regulation NMS, to

comply with the display requirements of [SEA] Rule 301(b)(3) of SEC Regulation ATS and the terms of the ECN display alternative provided for in [SEA] Rule 602(b)(5)(ii)(A) and (B) of SEC Regulation NMS ("ECN display alternatives"). FINRA will not facilitate compliance with access requirements, which are the responsibility of ADF Trading Centers under Rule 6250.

(b) An ATS or ECN that seeks to use FINRA-provided means to comply with [SEA] Rule 301(b)(3) of SEC Regulation ATS and/or the ECN display alternatives, or to provide orders to the ADF voluntarily shall:

(1) demonstrate to FINRA that it is in compliance with Regulation ATS or that it qualifies as an ECN meeting the definition in the [SEA Rule] SEC Regulation NMS;

(2) No Change.

(3) agree to provide for FINRA's dissemination in the quotation data made available to quotation vendors the prices and sizes of FINRA Registered Market Maker orders (and orders from other subscribers of the ATS or ECN, if the ATS or ECN so chooses or is required by [SEA] Rule 301(b)(3) of SEC Regulation ATS to display a subscriber's order in the ADF), at the highest buy price and the lowest sell price for each ADF-eligible security entered in and disseminated by the ATS or ECN; and prior to entering such prices and sizes, register with ADF Operations as a Registered Reporting ADF ECN; and

(4) No Change.

(c) No Change.

6280. Transaction Reporting

6281. Reporting Transactions in ADF-Eligible Securities

This Rule 6280 Series governs the reporting by members of transactions in [of] ADF-eligible securities through FINRA's Trade Reporting and Comparison Service ("TRACS"). Transactions executed otherwise than on an exchange must be reported to ADF TRACS, in accordance with Rule 6282 or other pertinent FINRA rules, unless they are reported to another reporting facility designated by the SEC as being authorized to accept trade reports for trades executed otherwise than on an exchange. Participation in the trade reporting function of TRACS is conditioned upon (a) execution of, and continuing compliance with, a TRACS trade reporting Participant Application Agreement and (b) maintenance of the physical security of the equipment on the premises of the member to prevent unauthorized entry of information into the trade reporting function of TRACS.

6282. Transactions Reported by Members to TRACS

(a) When and How Transactions are Reported to TRACS

(1) through (3) No Change.

(4) Other Modifiers Required to be Reported to TRACS

Reporting Members also shall append the applicable trade report modifiers as specified by FINRA to all last sale reports, including reports of "as/of" trades:

(A) through (H) No Change.

(I) if the trade would be a trade-through of a protected quotation, but for the trade being qualified for an exception or exemption from [SEA] Rule 611 of SEC Regulation NMS (Note: to ensure consistency in the

usage of [SEA] Rule 611 of SEC Regulation NMS related modifiers by registered broker-dealers, this modifier will be used in conformity with the specifications approved by the Operating Committee of the relevant National Market System Plans to identify trades executed pursuant to an exception or exemption from [SEA] Rule 611 of SEC Regulation NMS);

(J) if the trade would be a trade-through of a protected quotation, but for the trade being qualified for an exception or exemption from [SEA] Rule 611 of SEC Regulation NMS, members must, in addition to the modifier required in subparagraph (I) above, append an appropriate unique modifier, specified by FINRA, that identifies the specific applicable exception or exemption from [SEA] Rule 611 of SEC Regulation NMS that a member is relying upon (Note: to ensure consistency in the usage of [SEA] Rule 611 of SEC Regulation NMS related modifiers by registered broker-dealers, these modifiers will be used in conformity with the specifications approved by the Operating Committee of the relevant National Market System Plans to identify trades executed pursuant to an exception or exemption from [SEA] Rule 611 of SEC Regulation NMS); and

(K) No Change.

(5) No Change.

(b) through (j) No Change.

6300. TRADE REPORTING FACILITIES

6300A. FINRA/NASDAQ TRADE REPORTING FACILITY

6310A. General

Members may use the FINRA/Nasdaq Trade Reporting Facility to report transactions executed otherwise than on an exchange in all NMS stocks as defined in [SEA] Rule 600(b)(47) of SEC Regulation NMS ("designated securities"). Members that use the FINRA/Nasdaq Trade Reporting Facility must comply with the Rule 6300A and 7200A Series, as well as all other applicable rules. The Rule 6300A and 7200A Series shall apply only to members using the FINRA/Nasdaq Trade Reporting Facility.

6320A. Definitions

(a) For purposes of the Rule 6300A Series, unless the context requires otherwise:

(1) No Change.

(2) "Designated securities" means all NMS stocks as defined in [SEA] Rule 600(b)(47) of SEC Regulation NMS.

(3) "No Change

(4) "Market Maker" means an "exchange market maker" or "OTC market maker," as those terms are defined in [SEA] Rule 600(b) of SEC Regulation NMS, that is registered in a particular designated security as such with an exchange or a registered securities association or a facility thereof. A member is considered a Market Maker only in those designated securities for which it is registered as such.

(5) "through (12) No Change.

(13) Terms used in this Rule 6300A Series shall have the meaning as defined in FINRA By-Laws and rules, and [SEA] Rule 600 of SEC Regulation NMS and the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation, and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis, unless otherwise defined herein.

* * * * *

6380A. Transaction Reporting

(a) When and How Transactions are Reported

(1) through (4) No Change.

(5) Members also shall append the applicable trade report modifiers as specified by FINRA to all last sale reports, including reports of "as/of" trades:

(A) through (K) No Change.

(I) if the trade would be a trade-through of a protected quotation, but for the trade being qualified for an exception or exemption from [SEA] Rule 611 of SEC Regulation NMS (Note: to ensure consistency in the usage of [SEA] Rule 611 of SEC Regulation NMS related modifiers by registered broker-dealers, this modifier will be used in conformity with the specifications approved by the Operating Committee of the relevant National Market System Plans to identify trades executed pursuant to an exception or exemption from [SEA] Rule 611 of SEC Regulation NMS);

(J) if the trade would be a trade-through of a protected quotation, but for the trade being qualified for an exception or exemption from [SEA]

Rule 611 of SEC Regulation NMS, members must, in addition to the modifier required in subparagraph (I) above, append an appropriate unique modifier, specified by FINRA, that identifies the specific applicable exception or exemption from [SEA] Rule 611 of SEC Regulation NMS that a member is relying upon (Note: to ensure consistency in the usage of [SEA] Rule 611 of SEC Regulation NMS related modifiers by registered broker-dealers, these modifiers will be used in conformity with the specifications approved by the Operating Committee of the relevant National Market System Plans to identify trades executed pursuant to an exception or exemption from [SEA] Rule 611 of SEC Regulation NMS); and

(K) No Change.

(6) through (8) No Change

(b) through (h) No Change.

6300B. FINRA/NSX TRADE REPORTING FACILITY

6310B. General

Members may use the FINRA/NSX Trade Reporting Facility to report transactions executed otherwise than on an exchange in all NMS stocks as defined in [SEA] Rule 600(b)(47) of SEC Regulation NMS ("designated securities"). Members that use the FINRA/NSX Trade Reporting Facility must comply with the Rule 6300B and 7200B Series, as well as all other applicable rules. The Rule 6300B and 7200B Series shall apply only to members using the FINRA/NSX Trade Reporting Facility.

6320B. Definitions

(a) For purposes of the Rule 6300B Series, unless the context requires otherwise:

(1) No Change.

(2) "Designated securities" means all NMS stocks as defined in [SEA] Rule 600(b)(47) of SEC Regulation NMS.

(3) No Change.

(4) "Market Maker" means an "exchange market maker" or "OTC market maker," as those terms are defined in [SEA] Rule 600(b) of SEC Regulation NMS, that is registered in a particular designated security as such with an exchange or a registered securities association or a facility thereof. A member is considered a Market Maker only in those designated securities for which it is registered as such.

(5) through (7) No Change.

(8) "Otherwise than on an exchange" means a trade effected by a[n] FINRA member otherwise than on or through a national securities exchange. The determination of what constitutes a trade "on or through" a particular national securities exchange shall be determined by that exchange in accordance with all applicable statutes, rules and regulations, and with any necessary SEC approval.

(9) through (12) No Change.

(13) Terms used in this Rule 6300B Series shall have the meaning as defined in the FINRA By-Laws and rules, [SEA] Rule 600(b) of SEC Regulation NMS, and the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation, and Dissemination of Quotation and Transaction Information for

Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis, unless otherwise defined herein.

* * * * *

6380B. Transaction Reporting

(a) When and How Transactions are Reported

(1) through (4) No Change.

(5) Members also shall append the applicable trade report modifiers as specified by FINRA to all last sale reports, including reports of "as/of" trades:

(A) through (H) No Change.

(I) if the trade would be a trade-through of a protected quotation, but for the trade being qualified for an exception or exemption from [SEA] Rule 611 of SEC Regulation NMS (Note: to ensure consistency in the usage of [SEA] Rule 611 of SEC Regulation NMS related modifiers by registered broker-dealers, this modifier will be used in conformity with the specifications approved by the Operating Committee of the relevant National Market System Plans to identify trades executed pursuant to an exception or exemption from [SEA] Rule 611 of SEC Regulation NMS);

(J) if the trade would be a trade-through of a protected quotation, but for the trade being qualified for an exception or exemption from [SEA] Rule 611 of SEC Regulation NMS, members must, in addition to the modifier required in subparagraph (I) above, append an appropriate unique modifier, specified by FINRA, that identifies the specific applicable exception or exemption from [SEA] Rule 611 of SEC Regulation NMS

that a member is relying upon (Note: to ensure consistency in the usage of [SEA] Rule 611 of SEC Regulation NMS related modifiers by registered broker-dealers, these modifiers will be used in conformity with the specifications approved by the Operating Committee of the relevant National Market System Plans to identify trades executed pursuant to an exception or exemption from [SEA] Rule 611 of SEC Regulation NMS); and

(K) No Change.

(6) through (8) No Change.

(b) through (h) No Change.

6300C. FINRA/NYSE TRADE REPORTING FACILITY

6310C. General

Members may use the FINRA/NYSE Trade Reporting Facility to report transactions executed otherwise than on an exchange in all NMS stocks as defined in [SEA] Rule 600(b)(47) of SEC Regulation NMS ("designated securities"). Members that use the FINRA/NYSE Trade Reporting Facility must comply with the Rule 6300C and 7200C Series, as well as all other applicable rules. The Rule 6300C and 7200C Series shall apply only to members using the FINRA/NYSE Trade Reporting Facility.

6320C. Definitions

(a) For purposes of the Rule 6300C Series, unless the context requires otherwise:

(1) No Change.

(2) "Designated securities" means all NMS stocks as defined in [SEA]

Rule 600(b)(47) of SEC Regulation NMS.

(3) No Change.

(4) "Market Maker" means an "exchange market maker" or "OTC market maker," as those terms are defined in [SEA] Rule 600(b) of SEC Regulation NMS, that is registered in a particular designated security as such with an exchange or a registered securities association or a facility thereof. A member is considered a Market Maker only in those designated securities for which it is registered as such.

(5) through (7) No Change.

(8) "Otherwise than on an exchange" means a trade effected by a[n] FINRA member otherwise than on or through a national securities exchange. The determination of what constitutes a trade "on or through" a particular national securities exchange shall be determined by that exchange in accordance with all applicable statutes, rules and regulations, and with any necessary SEC approval.

(9) through (12) No Change.

(13) Terms used in this Rule 6300C Series shall have the meaning as defined in the FINRA By-Laws and rules, [SEA] Rule 600(b) of SEC Regulation NMS and the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation, and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis, unless otherwise defined herein.

* * * * *

6380C. Transaction Reporting

(a) When and How Transactions are Reported

(1) No Change.

(2) Transaction Reporting to the FINRA/NYSE Trade Reporting Facility

Outside Normal Market Hours

(A) through (D) No Change.

(3) through (4) No Change.

(5) Members also shall append the applicable trade report modifiers as specified by FINRA to all last sale reports, including reports of "as/of" trades:

(A) through (H) No Change.

(I) if the trade would be a trade-through of a protected quotation, but for the trade being qualified for an exception or exemption from [SEA] Rule 611 of SEC Regulation NMS (Note: to ensure consistency in the usage of [SEA] Rule 611 of SEC Regulation NMS related modifiers by registered broker-dealers, this modifier will be used in conformity with the specifications approved by the Operating Committee of the relevant National Market System Plans to identify trades executed pursuant to an exception or exemption from [SEA] Rule 611 of SEC Regulation NMS);

(J) if the trade would be a trade-through of a protected quotation, but for the trade being qualified for an exception or exemption from [SEA] Rule 611 of SEC Regulation NMS, members must, in addition to the modifier required in subparagraph (I) above, append an appropriate unique

modifier, specified by FINRA, that identifies the specific applicable exception or exemption from [SEA] Rule 611 of SEC Regulation NMS that a member is relying upon (Note: to ensure consistency in the usage of [SEA] Rule 611 of SEC Regulation NMS related modifiers by registered broker-dealers, these modifiers will be used in conformity with the specifications approved by the Operating Committee of the relevant National Market System Plans to identify trades executed pursuant to an exception or exemption from [SEA] Rule 611 of SEC Regulation NMS); and

(K) No Change.

(6) through (8) No Change.

(b) through (h) No Change.

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6500. OTC BULLETIN BOARD® SERVICE

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6530. OTCBB-Eligible Securities

(a) through (d) No Change.

(e) (1) No Change.

(2) If an issuer's security becomes ineligible for quotation on the OTCBB pursuant to paragraph (e)(1)(A) above, the security will be removed from quotation on the OTCBB without the benefit of any grace period for the third delinquency, except that FINRA will provide seven calendar days from the date notification is mailed to the issuer pursuant to paragraph (f)(1) to permit an

aggrieved party to request a review of the determination by a Hearing Officer (as defined in Rule 9120[(s)](r)) pursuant to paragraph (f) below. Following the removal of an issuer's security pursuant to this paragraph (e), such security shall not be eligible for quotation until the issuer has timely filed in a complete form all required annual and quarterly reports due in a one-year period. For purposes of this paragraph, a report filed within any applicable extensions permitted by SEA Rule 12b-25 will be considered timely filed.

(f) No Change.

6540. Requirements Applicable to Market Makers

(a) No Change.

(b) An alternative trading system (ATS), as defined in [SEA] Rule 300(a) of SEC Regulation ATS, or electronic communications network (ECN), as defined in [SEA] Rule 600(b)(23) of SEC Regulation NMS, shall be eligible to participate in the Service, provided however, that such ATS or ECN is a FINRA member and otherwise meets the requirements for participation set forth in the OTC Bulletin Board Rules. Where used in the OTC Bulletin Board Rules, the term "market maker" shall be construed to include a participating ATS or ECN.

(c) No Change.

(d) OTCBB-eligible securities that meet the frequency-of-quotation requirement for the so called "piggyback" exception in SEA Rule 15c2-11(f)(3)(i) are identified in the Service as "active" securities. A member can commence market making in any active security by registering as a market maker through the service designated by FINRA that permits OTCBB quotations. In all other instances, a member must follow the procedure

contained in this Rule to become qualified as a market maker in a particular OTCBB-eligible security.¹

(1) Permissible Quotation Entries

(A) through (C) No Change.

(D) Any member that intends to be a distribution participant in a distribution of securities subject to [SEA] Rule 101 of SEC Regulation M, or is an affiliated purchaser in such distribution, and is entering quotations in an OTCBB-eligible security that is the subject security or reference security of such distribution shall, unless another member has assumed responsibility for compliance with this paragraph:

(i) No Change.

(ii) withdraw all quotations in the OTCBB-eligible security to comply with the applicable restricted period under [SEA] Rule 101 of SEC Regulation M and not enter a stabilizing bid pursuant to [SEA] Rule 104 of SEC Regulation M in the OTCBB;

(iii) provide written notice to the Corporate Financing Department of FINRA of its intention to impose a penalty bid or to conduct syndicate covering transactions pursuant to [SEA] Rule 104 of SEC Regulation M prior to imposing the penalty bid or engaging in the first syndicate covering transaction. Such notice shall include information as to the date the penalty bid or first syndicate covering transaction will occur; and

(iv) No Change.

(E) No Change.

(F) For purposes of paragraph (d)(1)(D), [SEA] Rules 100, 101, 103 and 104 are rules of the SEC adopted under Regulation M and the following terms shall have the meanings as defined in [SEA] Rule 100 of SEC Regulation M: "affiliated purchaser," "distribution," "distribution participant," "penalty bid," "reference security," "restricted period," "stabilizing," "subject security," and "syndicate covering transaction."

(2) through (5) No Change.

(e) No Change.

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6600. OTC REPORTING FACILITY

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6630. Reporting Transactions in PORTAL® Securities

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6635. FINRA Rules

(a) The following are specifically applicable to transactions and business activities relating to PORTAL securities:

(1) NASD Rules 0113, 0114, 0115, 2110, 2120, 2230, 2240, 2250, 2260, 2270, 2310, 2440, 3370, and FINRA Rule 8210;

(2) No Change.

(3) NASD IM-2310-2, IM-2420-1, IM-2440-1, IM-2440-2, IM-3310, and IM-3320.

(b) through (d) No Change.

* * * * *

6700. TRADE REPORTING AND COMPLIANCE ENGINE (TRACE)

6710. Definitions

The terms used in this Rule 6700 Series shall have the same meaning as those defined in the FINRA By-Laws and rules unless otherwise specified.

(a) No Change.

(b) The term "Trade Reporting and Compliance Engine" or "TRACE" shall mean the automated system developed by [the] FINRA that, among other things, accommodates reporting and dissemination of transaction reports where applicable in TRACE-eligible securities.

(c) through (j) No Change.

* * * * *

**7000. CLEARING, TRANSACTION AND ORDER DATA REQUIREMENTS,
AND FACILITY CHARGES**

7100. ALTERNATIVE DISPLAY FACILITY/TRACS

7110. Definitions

(a) The term "ADF-eligible security" means an NMS stock as defined in [SEA] Rule 600(b)(47) of SEC Regulation NMS.

(b) through (m) No Change.

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7200. TRADE REPORTING FACILITIES

7200A. FINRA/NASDAQ TRADE REPORTING FACILITY

7210A. Definitions

(a) through (h) No Change.

(i) The term "Reporting ECN" shall mean a member of FINRA that is an electronic communications network or alternative trading system, as those terms are defined in [SEA] Rule 600 of SEC Regulation NMS, that is a participant of a registered clearing agency for clearing or comparison purposes or has a clearing arrangement with such a participant, to the extent that transactions executed through it are reported to the System.

(j) through (n) No Change.

7220A. Trade Reporting Participation Requirements

(a) Mandatory Participation for Clearing Agency Members

(1) through (3) No Change.

(4) (A) No Change.

(B) Non-Member Clearing Organization access to and participation in the System shall be conditioned upon the Organization's initial and continuing compliance with the following requirements:

(i) No Change.

(ii) a Non-Member Clearing Organization shall only have access to the System to operate as a service bureau for its members functioning as Reporting Order Entry Firms, Correspondent Executing Broker-Dealers, Correspondent Executing [b]Brokers, Clearing Broker-Dealers, or Clearing Brokers, as those terms are defined in Rule 7210A;

(iii) through (vi) No Change.

(C) through (D) No Change.

(5) No Change. .

(b) No Change.

7230A. Trade Report Input

(a) through (g) No Change.

**(h) Inclusion of Transaction Fees in Clearing Reports Submitted to the
FINRA/Nasdaq Trade Reporting Facility**

FINRA members may agree in advance to transfer a transaction fee charged by one member to another member on a transaction in NMS stocks, as defined in [SEA] Rule 600(b)(47) of SEC Regulation NMS, effected otherwise than on an exchange through the submission of a clearing report to the FINRA/Nasdaq Trade Reporting Facility. Such report, inclusive of the transaction fee, will be submitted to the National Securities Clearing Corporation for processing. To facilitate the transfer of the transaction fee, the report submitted to the FINRA/Nasdaq Trade Reporting Facility shall provide, in addition to all other information required to be submitted by any other rule, a total per share or contract price amount, inclusive of the transaction fee. Prior to submitting any such report, both members and their respective clearing firms, as applicable, must have executed an agreement, as specified by FINRA, permitting the facilitation of the transfer of the transaction fee through the FINRA/Nasdaq Trade Reporting Facility, as well as any other applicable agreement, such as a give up agreement pursuant to Rule 6380A(h), and submitted the executed agreement(s) to the FINRA/Nasdaq Trade Reporting Facility. Such agreement(s) are considered member records for purposes of NASD Rule 3110(a) and must be made and preserved by both members in conformity with applicable FINRA

rules. Nothing in this paragraph shall relieve a member from its obligations under FINRA rules and the federal securities laws, including but not limited to, NASD Rule 2230 and SEA Rule 10b-10.

Example:

SELL 100 shares to another member at 10 plus a transaction fee of .01 per share;
REPORT 100 shares at 10 (the per share price exclusive of the transaction fee) to the FINRA/Nasdaq Trade Reporting Facility for publication and also report 10.01 (the per share price inclusive of the transaction fee) for purposes of clearance and settlement through the National Securities Clearing Corporation.

(i) No Change.

* * * * *

7200B. FINRA/NSX TRADE REPORTING FACILITY

7210B. Definitions

(a) through (f) No change.

(g) The term "Reporting ECN" shall mean a member of FINRA that is an electronic communications network or alternative trading system, as those terms are defined in [SEA] Rule 600 of SEC Regulation NMS, that is a participant of a registered clearing agency for clearing or comparison purposes or has a clearing arrangement with such a participant, to the extent that transactions executed through it are reported to the System.

(h) through (l) No Change.

* * * * *

7200C. FINRA/NYSE TRADE REPORTING FACILITY

7210C. Definitions

(a) through (f) No Change.

(g) The term "Reporting ECN" shall mean a member of FINRA that is an electronic communications network or alternative trading system, as those terms are defined in [SEA] Rule 600 of SEC Regulation NMS, that is a participant of a registered clearing agency for clearing or comparison purposes or has a clearing arrangement with such a participant, to the extent that transactions executed through it are reported to the System.

(h) through (l) No Change.

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7300. OTC REPORTING FACILITY

7310. Definitions

(a) through (h) No Change.

(i) The term "Reporting ECN" shall mean a member of FINRA that is an electronic communications network or alternative trading system, as those terms are defined in [SEA] Rule 600 of SEC Regulation NMS, that is a participant of a registered clearing agency for clearing or comparison purposes or has a clearing arrangement with such a participant, to the extent that transactions executed through it are reported to the System.

(j) through (n) No Change.

7320. Trade Reporting Participation Requirements

(a) Mandatory Participation for Clearing Agency Members

(1) through (3) No Change.

(4) (A) No Change.

(B) Non-Member Clearing Organization access to and participation in the System shall be conditioned upon the Organization's initial and continuing compliance with the following requirements:

(i) No Change.

(ii) a Non-Member Clearing Organization shall only have access to the System to operate as a service bureau for its members functioning as Reporting Order Entry Firms, Correspondent Executing Broker-Dealers, Correspondent Executing [b]Brokers, Clearing Broker-Dealers, or Clearing Brokers, as those terms are defined in Rule 7310;

(iii) through (vi) No Change.

(C) through (D) No Change.

(5) No Change.

(b) No Change.

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7400. ORDER AUDIT TRAIL SYSTEM

7410. Definitions

For purposes of the Rule 7400 Series:

(a) through (d) No Change.

(e) "Electronic Communication Network" shall mean any electronic system that widely disseminates to third parties orders entered therein by an exchange market maker or over-the-counter market maker, and permits such orders to be executed in whole or in part, and as further defined in [SEA] Rule 600(b)(23) of SEC Regulation NMS.

(f) through (g) No Change.

(h) "Intermarket sweep order" shall have the same meaning as contained in [SEA] Rule 600(b)(30) of SEC Regulation NMS.

(i) through (o) No Change. "

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7440. Recording of Order Information

(a) No Change.

(b) Order Origination and Receipt

Unless otherwise indicated, the following order information must be recorded under this Rule when an order is received or originated. For purposes of this Rule, the order origination or receipt time is the time the order is received from the customer.

(1) through (13) No Change.

(14) any request by a customer that an order not be displayed, or that a block size order be displayed, pursuant to [SEA] Rule 604(b) of SEC Regulation NMS;

(15) through (18) No Change.

(c) through (d) No Change.

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**7700. CHARGES FOR OTC REPORTING FACILITY, OTC BULLETIN BOARD
AND TRADE REPORTING AND COMPLIANCE ENGINE SERVICES**

* * * * *

7730. Trade Reporting and Compliance Engine (TRACE)

The following charges shall be paid by participants for the use of the Trade Reporting and Compliance Engine ("TRACE"):

System Fees	Transaction Reporting Fees	Market Data Fees
Level I Trade Report Only Web Browser Access — \$20/month per user ID	Trades up to and including \$200,000 par value — \$0.475/trade;	BTDS Professional Real- Time Data Display — \$60/month per terminal, or a flat fee of \$7,500/month entitling Professionals to
Level II Full Service Web Browser Access — \$80/month per user ID, except that the charge for the first such user ID shall be \$50/month	Trades between \$201,000 and \$999,999 par value — \$0.002375 times the number of bonds traded/trade; Trades of \$1,000,000 par value or more —	make unlimited internal use of Real-Time TRACE transaction data on any number of interrogation or display devices

	\$2.375/trade	
CTCI/Third Party — \$25/month/per firm	Cancel/Correct — \$1.50/trade	Vendor Real-Time Data Feed — \$1,500/month for receipt of continuous Real- Time TRACE transaction data, except for qualifying Tax-Exempt Organizations, or \$250/month for daily receipt of Snapshot Real- Time TRACE transaction data
	"As/of" Trade Late — \$3/trade	Vendor Real-Time Data Feed — \$400/month for Real-Time TRACE transaction data for qualifying Tax-Exempt Organizations
		BTDS Non-Professional Real-Time Data Display — No charge

(a) through (b) No Change.

(c) Market Data Fees

(1) Professional Fees

Professionals may subscribe for the following:

(A) No Change.

(B) Vendor Real-Time Data Feed Fee of \$1,500 per month for receipt of continuous Real-Time TRACE transaction data for any person or organization (other than a Tax-Exempt Organization) that receives a Real-Time TRACE transaction data feed, or \$250 per month for daily receipt of Snapshot Real-Time TRACE transaction data which shall consist of one TRACE price per security per day. These fees entitle[s] use in one or more of the following ways: internal operational and processing systems, internal monitoring and surveillance systems, internal price validation, internal portfolio valuation services, internal analytical programs leading to purchase/sale or other trading decisions, and other related activities, and the repackaging of market data for delivery and dissemination outside the organization, such as indices or other derivative products. (These fees do not include per terminal charges for each interrogation or display device receiving Real-Time TRACE transaction data.)

(C) through (D) No Change.

(2) through (4) No Change.

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9000. CODE OF PROCEDURE

9100. APPLICATION AND PURPOSE

* * * * *

9120. Definitions

(a) through (n) No Change.

[(o)](v) "Office of Disciplinary Affairs"

The term "Office of Disciplinary Affairs" means the Office of Disciplinary Affairs for FINRA.

[(p)](u) "General Counsel"

The term "General Counsel" means the General Counsel of FINRA, or his or her delegatee, who shall be a person who reports to the General Counsel of FINRA and is an Associate General Counsel, an Assistant General Counsel, or a person who has substantially the same or equivalent duties and responsibilities as an Associate General Counsel or an Assistant General Counsel.

[(q)](p) "Governor"

The term "Governor" means a member of the Board of Governors of FINRA.

[(r)](q) "Head of Enforcement"

The term "Head of Enforcement" means the individual designated by the Chief Executive Officer of FINRA to manage the Department of Enforcement, or his or her delegatee in the Department of Enforcement.

[(s)](r) "Hearing Officer"

The term "Hearing Officer" means an employee of FINRA who is an attorney and who is appointed by the Chief Hearing Officer to act in an adjudicative role and fulfill

various adjudicative responsibilities and duties described in the Rule 9200 Series regarding disciplinary proceedings, the Rule 9550 Series regarding expedited proceedings, the Rule 9700 Series relating to grievances concerning FINRA automated systems, and the Rule 9800 Series regarding temporary cease and desist proceedings brought against members and associated persons.

[(t)](s) "Hearing Panel"

The term "Hearing Panel" means an Adjudicator that is constituted under Rule 9231 to conduct a disciplinary proceeding governed by the Rule 9200 Series or that is constituted under the Rule 9520 Series or the Rule 9550 Series to conduct a proceeding.

[(u)](t) "Interested FINRA Staff"

The term "Interested FINRA Staff" means, in the context of:

(1) through (3) No Change.

[(v)](u) "Market Regulation Committee"

The term "Market Regulation Committee" means the committee of FINRA designated to consider the federal securities laws and the rules and regulations adopted thereunder and various FINRA rules and policies relating to:

(1) through (4) No Change.

(w) through (cc) No Change.

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9200. DISCIPLINARY PROCEEDINGS

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9212. Complaint Issuance — Requirements, Service, Amendment, Withdrawal, and Docketing

(a) Form, Content, Notice, Docketing, and Service

(1) No Change.

(2) At the time of issuance of a complaint, the Department of Enforcement or the Department of Market Regulation may propose:

(A) an appropriate location for the hearing; and

(B) if the complaint alleges at least one cause of action involving a violation of a statute or a rule described in Rule 9120 [(s)](u), that the Chief Hearing Officer select a Market Regulation Committee Panelist for the Hearing Panel, or, if applicable, the Extended Hearing Panel as described in Rule 9231.

(b) through (d) No Change.

* * * * *

9217. Violations Appropriate for Disposition Under Plan Pursuant to SEA Rule 19d-1(c)(2)

Any member of FINRA that is also a member of the New York Stock Exchange LLC ("NYSE") ("Dual Member") (including any persons affiliated with such member) may be subject to a fine under Rule 9216(b) with respect to any rule or By-Law provision listed in this Rule that applies to such member or person. However, any Dual Member that was not also a member of NASD as of July 30, 2007 and that does not engage in any activities that otherwise would require it to be a FINRA member (and its affiliated persons that are not otherwise subject to NASD rules) shall only be subject to a fine

under Rule 9216(b) with respect to the following rules or By-Law provisions listed in this Rule: any FINRA By-Law or Schedule to the By-Laws, FINRA rule, SEA rule, or NYSE rule.

Any member of FINRA that is not also a member of the NYSE (and its associated persons that are not otherwise subject to NYSE rules) may be subject to a fine under Rule 9216(b) with respect to any rule or By-Laws provision listed in this Rule, with the exception of the NYSE rules.

- Article IV of the FINRA By-Laws — Failure to timely submit amendments to Form BD.
- Article V of the FINRA By-Laws — Failure to timely submit amendments to Form U4.
- Article V of the FINRA By-Laws — Failure to timely submit amendments to Form U5.
- Rules 6282, 6380A, 6550, 6622, 6730, 7130, 7160, 7230A, and 7260A — Transaction reporting in equity and debt securities.
- Rules 7440 and 7450 — Failure to submit data in accordance with the Order Audit Trail System ("OATS").
- Rules 8211 and 8213 — Failure to submit trading data as requested.
- NASD Rule 1120 — Failure to comply with the Firm Element of the continuing education requirements.
- NASD Rules 2210, 2211, and 2220, and IM-2210-1, -2210-2, -2210-3, -2210-4, -2210-5, -2210-7, and -2210-8 — Communications with the public.

- NASD Rule 2860(b)(3) and (b)(4) – Failure to comply with options position and exercise limits.

- NASD Rule 2860(b)(23) – Failure to comply with contrary exercise advice procedures.

- NASD Rule 3010(b) — Failure to timely file reports pursuant to the Taping Rule.

- NASD Rule 3070 — Failure to timely file reports.

- NASD Rule 3110 — Failure to keep and preserve books, accounts, records, memoranda, and correspondence in conformance with all applicable laws, rules, regulations and statements of policy promulgated thereunder, and with NASD rules.

- NASD Rule 3360 — Failure to timely file reports of short positions on Form NS-1

- NASD Rule 11870 — Failure to abide by Customer Account Transfer Contracts.

- Failure to provide or update contact information as required by FINRA or NASD rules.

- SEA Rule 17a-5 — Failure to timely file FOCUS reports and annual audit reports.

- SEA Rule 17a-10 — Failure to timely file Schedule I.

- [SEA] Rule 602(b)(5) of SEC Regulation NMS — Failure to properly update published quotations in certain Electronic Communication Networks ("ECNs").

- [SEA] Rule 604 of SEC Regulation NMS — Failure to properly display limit orders.

- MSRB Rule A-14 — Failure to timely pay annual fee.

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9220. Request for Hearing; Extensions of Time, Postponements, Adjournments

9221. Request for Hearing

(a) Respondent Request for Hearing.

With the filing of any Respondent's answer, such Respondent may:

(1) through (2) No Change.

(3) propose, if the complaint alleges at least one cause of action involving a violation of a statute or rule described in Rule 9120[(v)](u), that the Chief Hearing Officer select a Market Regulation Committee Panelist for a Hearing Panel or, if applicable, an Extended Hearing Panel as described in Rule 9231.

If a Respondent requests a hearing, a hearing shall be granted. A Respondent who fails to request a hearing with the filing of his or her answer waives the right to a hearing unless a Hearing Officer, Hearing Panel, or, if applicable, an Extended Hearing Panel, grants, for good cause shown, a later filed motion by such Respondent requesting a hearing.

(b) through (d) No Change.

* * * * *

9230. Appointment of Hearing Panel, Extended Hearing Panel

9231. Appointment by the Chief Hearing Officer of Hearing Panel or Extended Hearing Panel or Replacement Hearing Officer

(a) No Change.

(b) Hearing Panel

The Hearing Panel shall be composed of a Hearing Officer and two Panelists, except as provided in paragraph (e) and in Rule 9234 (a), (c), (d), or (e). The Hearing Officer shall serve as the chair of the Hearing Panel. Each Panelist shall be associated with a member of FINRA or retired therefrom.

(1) No Change.

(2) If the complaint alleges at least one cause of action involving a violation of a statute or a rule described in Rule 9120[(v)](u), the Chief Hearing Officer may select as a Panelist a person who currently serves on the Market Regulation Committee or who previously served on the Market Regulation Committee not earlier than four years before the date the complaint was served upon the Respondent who was the first served Respondent in the disciplinary proceeding for which the Hearing Panel or the Extended Hearing Panel is being appointed.

(c) Extended Hearing Panel

Upon consideration of the complexity of the issues involved, the probable length of the hearing, or other factors that the Chief Hearing Officer deems material, the Chief Hearing Officer may determine that a matter shall be designated an Extended Hearing, and that such matter shall be considered by an Extended Hearing Panel. The Extended Hearing Panel shall be composed of a Hearing Officer and two Panelists, except as provided in Rule 9234(a), (c), (d), or (e). The Hearing Officer will serve as the chair of the Extended Hearing Panel. The Panelists shall be associated with a FINRA member, or retired therefrom. The Chief Hearing Officer shall have discretion to compensate any or

all Panelists of an Extended Hearing Panel at the rate then in effect for arbitrators appointed under the Rule 12000 Series.

(1) No Change.

(2) If the complaint alleges at least one cause of action involving a violation of a statute or a rule described in Rule 9120[(v)](u), the Chief Hearing Officer may select as a Panelist a person who currently serves on the Market Regulation Committee or who previously served on the Market Regulation Committee not earlier than four years before the date the complaint was served upon the Respondent who was the first served Respondent in the disciplinary proceeding for which the Hearing Panel or the Extended Hearing Panel is being appointed.

(d) through (e) No Change.

9232. Criteria for Selection of Panelists and Replacement Panelists

(a) No Change.

(b) Criteria for Selection of Panelist from Market Regulation Committee

The Chief Hearing Officer may select one but not more than one Panelist from the Market Regulation Committee, as provided in Rule 9231, to serve in a disciplinary proceeding if the complaint alleges at least one cause of action involving a violation of a statute or a rule described in Rule 9120[(v)](u).

(c) through (e) No Change.

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**9300. REVIEW OF DISCIPLINARY PROCEEDING BY NATIONAL
ADJUDICATORY COUNCIL AND FINRA BOARD; APPLICATION FOR SEC
REVIEW**

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**9330. Appointment of Subcommittee or Extended Proceeding Committee;
Disqualification and Recusal**

9331. Appointment of Subcommittee or Extended Proceeding Committee

(a) Appointment by National Adjudicatory Council

Following the filing of a notice of appeal pursuant to Rule 9311 or a notice of review pursuant to Rule 9312, the National Adjudicatory Council or the Review Subcommittee shall appoint a Subcommittee or an Extended Proceeding Committee to participate, subject to Rule 9345, in a disciplinary proceeding appealed or called for review.

(1) No Change.

(2) Extended Proceeding Committee

Upon consideration of the volume and complexity of the certified record, or other factors the National Adjudicatory Council or the Review Subcommittee deems material, the National Adjudicatory Council or the Review Subcommittee may determine that a disciplinary proceeding appealed or called for review shall be designated an Extended Proceeding and shall appoint an Extended Proceeding Committee to participate, subject to Rule 9345, in the appeal or review. The Extended Proceeding Committee shall be composed of two or more persons who shall be current or former members of the National Adjudicatory Council or

former Directors or former Governors. The Review Subcommittee shall have discretion to compensate any or all Panelists of an Extended Proceeding Committee at the rate then in effect for arbitrators appointed under the Rule [10000] 12000 Series.

(b) No Change.

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[9400. Reserved]

9500. OTHER PROCEEDINGS

[9[6]510. Reserved]

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9550. Expedited Proceedings

* * * * *

9552. Failure to Provide Information or Keep Information Current

(a) through (h) No Change.

(i) Notice to Membership

FINRA shall provide notice of any final FINRA action taken under this Rule in the next [Regulatory N]notice of Disciplinary and Other FINRA Actions[Section].

9553. Failure to Pay FINRA Dues, Fees and Other Charges

(a) through (g) No Change.

(h) Notice to Membership

FINRA shall provide notice of any final FINRA action taken pursuant to this Rule in the next [Regulatory N]notice of Disciplinary and Other FINRA Actions[Section].

9554. Failure to Comply with an Arbitration Award or Related Settlement

(a) through (g) No Change.

(h) Notice to Membership

FINRA shall provide notice of any final FINRA action taken pursuant to this Rule in the next [Regulatory N]notice of Disciplinary and Other FINRA Actions[Section].

9555. Failure to Meet the Eligibility or Qualification Standards or Prerequisites for Access to Services

(a) through (g) No Change.

(h) Notice to Membership

FINRA shall provide notice of any final FINRA action taken pursuant to this Rule in the next [Regulatory N]notice of Disciplinary and Other FINRA Actions[Section].

9556. Failure to Comply with Temporary and Permanent Cease and Desist Orders

(a) Notice of Suspension, Cancellation or Bar

If a member, person associated with a member or person subject to FINRA's jurisdiction fails to comply with a temporary or permanent cease and desist order issued under the Rule 9200, 9300 or 9800 Series, FINRA staff after receiving written authorization from FINRA's Chief Executive Officer or such other senior officer as the Chief Executive Officer may designate may issue a notice to such member or person stating that the failure to comply with the temporary or permanent cease and desist order within seven days of service of the notice will result in a suspension or cancellation of membership or a suspension or bar from associating with any member.

(b) through (g) No Change.

(h) Notice to Membership

FINRA shall provide notice of any final FINRA action taken pursuant to this Rule in the next [Regulatory N]notice of Disciplinary and Other FINRA Actions[Section].

9557. Procedures for Regulating Activities Under NASD Rules 3130 and 3131

Regarding a Member Experiencing Financial or Operational Difficulties

(a) through (g) No Change.

(i) Notice to Membership

FINRA shall provide notice of any final FINRA action taken pursuant to this Rule in the next [Regulatory N]notice of Disciplinary and Other FINRA Actions[Section].

9558. Summary Proceedings for Actions Authorized by Section 15A(h)(3) of the Exchange Act

(a) through (g) No Change.

(h) Notice to Membership

FINRA shall provide notice of any final FINRA action taken pursuant to this Rule in the next [Regulatory N]notice of Disciplinary and Other FINRA Actions[Section].

9559. Hearing Procedures for Expedited Proceedings Under the Rule 9550 Series

(a) through (n) No Change.

(o) Timing of Decision

(1) through (4) No Change.

(5) The timelines established by paragraphs (o)(1)[-] through (4) confer no substantive rights on the parties.

(p) No Change.

(q) Call for Review by the National Adjudicatory Council

(1) through (5) No Change

(6) The timelines established by paragraphs (q)(1)[–] through (5) confer no substantive rights on the parties.

(r) Notice to Membership

FINRA shall provide notice of any final FINRA action in the next [Regulatory N]notice of Disciplinary and Other FINRA Actions[Section].

(s) No Change.

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9700. PROCEDURES ON GRIEVANCES CONCERNING THE AUTOMATED SYSTEMS

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9740. Consideration of Applications

All applications shall be considered by a Hearing Officer (as defined in Rule 9120[(s)](r)) appointed by the Chief Hearing Officer (as defined in Rule 9120(b)). Unless otherwise specified in FINRA rules, the applicant shall be entitled to be heard in person or telephonically and by counsel and to submit any relevant matter. In any such proceeding a record shall be kept.

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10000. CODE OF ARBITRATION PROCEDURE

10100. ADMINISTRATIVE PROVISIONS

IM-10100. Failure to Act Under Provisions of Code of Arbitration Procedure

It may be deemed conduct inconsistent with just and equitable principles of trade and a violation of NASD Rule 2110 for a member or a person associated with a member to:

(a) through (c) No Change.

(d) fail to honor an award, or comply with a written and executed settlement agreement, obtained in connection with an arbitration submitted for disposition pursuant to [the procedures specified by FINRA, the New York, American, Boston, Cincinnati, Chicago, or Philadelphia Stock Exchanges, the Pacific Exchange, Inc., the Chicago Board Options Exchange, the Municipal Securities Rulemaking Board, or pursuant to] the rules applicable to the arbitration of disputes before [the American Arbitration Association] FINRA or other dispute resolution forum selected by the parties where timely motion has not been made to vacate or modify such award pursuant to applicable law; or

(e) No Change.

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10300. UNIFORM CODE OF ARBITRATION

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10326. Record of Proceedings

(a) No Change.

(b) A verbatim record of mediation conducted pursuant to the Rule [10400]

14000 Series shall not be kept.

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12000. CODE OF ARBITRATION PROCEDURE FOR CUSTOMER DISPUTES

IM-12000. Failure to Act Under Provisions of Code of Arbitration Procedure for Customer Disputes

It may be deemed conduct inconsistent with just and equitable principles of trade and a violation of NASD Rule 2110 for a member or a person associated with a member to:

(a) fail to submit a dispute for arbitration under the [NASD Code of Arbitration Procedure (“Code”)] Code as required by the Code;

(b) through (c) No Change.

(d) fail to honor an award, or comply with a written and executed settlement agreement, obtained in connection with an arbitration submitted for disposition pursuant to [the procedures specified by FINRA, the New York, American, Boston, Cincinnati, Chicago, or Philadelphia Stock Exchanges, the Pacific Exchange, Inc., the Chicago Board Options Exchange, the Municipal Securities Rulemaking Board, or pursuant to] the rules applicable to the arbitration of disputes before [the American Arbitration Association] FINRA or other dispute resolution forum selected by the parties where timely motion has not been made to vacate or modify such award pursuant to applicable law; or

(e) No Change.

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12400. Neutral List Selection System and Arbitrator Rosters

(a) through (b) No change.

(c) Eligibility for Chairperson Roster

In customer disputes, chairpersons must be public arbitrators. Arbitrators are eligible for the chairperson roster if they have completed chairperson training provided by FINRA [or have substantially equivalent training or experience] and:

- Have a law degree and are a member of a bar of at least one jurisdiction and have served as an arbitrator through award on at least two arbitrations administered by a self-regulatory organization in which hearings were held; or
- Have served as an arbitrator through award on at least three arbitrations administered by a self-regulatory organization in which hearings were held.

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13000. CODE OF ARBITRATION PROCEDURE FOR INDUSTRY DISPUTES

IM-13000. Failure to Act Under Provisions of Code of Arbitration Procedure for Industry Disputes

It may be deemed conduct inconsistent with just and equitable principles of trade and a violation of NASD Rule 2110 for a member or a person associated with a member to:

(a) through (c) No Change.

(d) fail to honor an award, or comply with a written and executed settlement agreement, obtained in connection with an arbitration submitted for disposition pursuant to [the procedures specified by FINRA, the New York, American, Boston, Cincinnati, Chicago, or Philadelphia Stock Exchanges, the Pacific Exchange, Inc., the Chicago Board Options Exchange, the Municipal Securities Rulemaking Board, or pursuant to] the rules applicable to the arbitration of disputes before [the American Arbitration Association]

FINRA or other dispute resolution forum selected by the parties where timely motion has not been made to vacate or modify such award pursuant to applicable law; or

(e) No Change.

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13400. Neutral List Selection System and Arbitrator Rosters

(a) through (b) No change.

(c) Eligibility for Chairperson Roster

Arbitrators are eligible to serve as chairperson of panels submitted for arbitration under the Code if they have completed chairperson training provided by FINRA [or have substantially equivalent training or experience] and:

- Have a law degree and are a member of a bar of at least one jurisdiction and have served as an arbitrator through award on at least two arbitrations administered by a self-regulatory organization in which hearings were held; or
- Have served as an arbitrator through award on at least three arbitrations administered by a self-regulatory organization in which hearings were held.

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13513. Authority of Panel to Direct Appearances of Associated Person[s] Witnesses and Production of Documents Without Subpoenas

(a) through (b) No Change.

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13804. Temporary Injunctive Orders; Requests for Permanent Injunctive Relief

(a) No Change.

(b) Hearing on Request for Permanent Injunctive Relief

(1) through (2) No Change.

(3) Selection of Arbitrators and Chairperson

(A) (i) No Change.

(ii) Each party may exercise one strike to the arbitrators on the list. Within three days of receiving the list, each party shall inform the Director which arbitrator, if any, it wishes to strike, and shall rank the remaining arbitrators in order of preference. The Director shall consolidate the parties' rankings, and shall appoint arbitrators based on the order of rankings on the consolidated list, subject to the arbitrators' availability and disqualification.

(B) through (D) No Change.

(4) through (6) No Change.

(c) No Change.

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