

## OMB APPROVAL

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

File No. SR - 2009 - 067

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               |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

|                                     |                          |                          |
|-------------------------------------|--------------------------|--------------------------|
| Section 19(b)(2)                    | Section 19(b)(3)(A)      | Section 19(b)(3)(B)      |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Rule

|                          |                                                   |                      |
|--------------------------|---------------------------------------------------|----------------------|
| Pilot                    | Extension of Time Period<br>for Commission Action | Date Expires         |
| <input type="checkbox"/> | <input type="checkbox"/>                          | <input type="text"/> |

|                                      |                                      |
|--------------------------------------|--------------------------------------|
| <input type="checkbox"/> 19b-4(f)(1) | <input type="checkbox"/> 19b-4(f)(4) |
| <input type="checkbox"/> 19b-4(f)(2) | <input type="checkbox"/> 19b-4(f)(5) |
| <input type="checkbox"/> 19b-4(f)(3) | <input type="checkbox"/> 19b-4(f)(6) |

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).

Proposed Rule Change to Adopt FINRA Rules 2060 (Use of Information Obtained in Fiduciary Capacity) and 5290 (Order Entry and Execution Practices) in the Consolidated FINRA Rulebook

**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 | <input type="text" value="Stan"/>                      | Last Name | <input type="text" value="Macel"/>          |
| Title      | <input type="text" value="Assistant General Counsel"/> |           |                                             |
| E-mail     | <input type="text" value="stan.macel@finra.org"/>      |           |                                             |
| Telephone  | <input type="text" value="(202) 728-8056"/>            | Fax       | <input type="text" value="(202) 728-8264"/> |

**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.

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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Exhibit Sent As Paper Document

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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 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

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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 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”),<sup>1</sup> 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 adopt NASD Rules 3120 (Use of Information Obtained in Fiduciary Capacity) and 3380 (Order Entry and Execution Practices) as FINRA rules in the consolidated FINRA rulebook without material change. The proposed rule change would renumber NASD Rule 3120 as FINRA Rule 2060 and NASD Rule 3380 as FINRA Rule 5290 in the consolidated FINRA rulebook.

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

(b) Upon Commission approval and implementation by FINRA of the proposed rule change, the corresponding NASD rules will be eliminated from the current FINRA rulebook.

(c) Not applicable.

**2. Procedures of the Self-Regulatory Organization**

At its meeting on August 16, 2009, the FINRA Board of Governors authorized the filing of the proposed rule change with the SEC. No other action by FINRA is necessary for the filing of the proposed rule change.

FINRA will announce the implementation date of the proposed rule change in a Regulatory Notice to be published no later than 90 days following Commission approval.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

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

(a) Purpose

As part of the process of developing a new consolidated rulebook (“Consolidated FINRA Rulebook”),<sup>2</sup> FINRA is proposing to adopt NASD Rules 3120 and 3380 in the Consolidated FINRA Rulebook without material change as FINRA Rules 2060 and 5290 respectively.

Proposed FINRA Rule 2060

FINRA is proposing to adopt NASD Rule 3120 as FINRA Rule 2060 in the Consolidated FINRA Rulebook. NASD Rule 3120 provides that a member who receives information as to the ownership of securities while acting in the capacity of paying agent, transfer agent, trustee or otherwise shall under no circumstances make use of the information for soliciting purchases, sales or exchanges except at the request and on behalf of the issuer. Rule 3120, formerly designated as Article III, Section 9 of the Rules of Fair Practice, was adopted as part of FINRA’s original rulebook.<sup>3</sup> The text of the rule has not been amended since its inception.

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<sup>2</sup> The current FINRA rulebook consists of (1) FINRA Rules; (2) NASD Rules; and (3) rules incorporated from NYSE (“Incorporated NYSE Rules”) (together, the NASD Rules and Incorporated NYSE Rules are referred to as the “Transitional Rulebook”). While the NASD Rules generally apply to all FINRA members, the Incorporated NYSE Rules apply only to those members of FINRA that are also members of the NYSE (“Dual Members”). The FINRA Rules apply to all FINRA members, unless such rules have a more limited application by their terms. For more information about the rulebook consolidation process, see Information Notice, March 12, 2008 (Rulebook Consolidation Process).

<sup>3</sup> See Certificate of Incorporation and By-Laws, Rules of Fair Practice and Code of Procedure for Handling Trade Practice Complaints of National Association of Securities Dealers, Inc. (August 8, 1939).

FINRA believes that the rule serves an important purpose by prohibiting a member, while acting in the capacity of paying agent, transfer agent, trustee or otherwise, from using certain information it obtains about the ownership of securities to solicit purchases, sales or exchanges except at the request and on behalf of the issuer.<sup>4</sup>

Proposed FINRA Rule 5290

FINRA is proposing to adopt NASD Rule 3380 as FINRA Rule 5290 in the Consolidated FINRA Rulebook. NASD Rule 3380 prohibits members and associated persons from splitting any order into multiple smaller orders for execution or any execution into multiple smaller executions for transaction reporting for the primary purpose of maximizing a monetary or in-kind payment to the member or associated persons as a result of the execution of such orders or the transaction reporting of such executions.<sup>5</sup> For purposes of the rule, “monetary or in-kind amount” is defined to include, but not be limited to, any credits, commissions, gratuities, payments for or

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<sup>4</sup> With respect to the exception allowing use of information at the request and on behalf of the issuer, the descriptive analysis of the identical precursor provision drafted by the Investment Bankers Code Committee in 1934 explains that the exception is provided

because if the issuer desires either to refund or propose an exchange to the security holder, he certainly has the right to demand from his transfer agent or trustee the list of security holders and the issuer thus being in a position to address them directly, the investment banker should be able to address them on his behalf.

See Code Of Fair Competition For Investment Bankers With A Descriptive Analysis Of Its Fair Practice Provisions And A History Of Its Preparation (1934).

<sup>5</sup> This is commonly also referred to as “trade shredding,” which is the unlawful practice of splitting customer orders for securities into multiple smaller orders (e.g., a 1,000 share order is split into ten 100 share orders) for the primary purpose of maximizing payments or rebates to the member.

rebates of fees, or any other payments of value to the member or associated person. The SEC approved NASD Rule 3380 in February 2006 after notice and comment with no subsequent amendments.<sup>6</sup>

FINRA is proposing to replace “may” with “shall” in the rule text, but believes no substantive changes to this rule are appropriate or necessary.<sup>7</sup> FINRA continues to believe that NASD Rule 3380 is necessary and appropriate to deter the distortive practice of trade shredding.<sup>8</sup>

As noted above, FINRA will announce the implementation date of the proposed rule change in a Regulatory Notice to be published no later than 90 days following Commission approval.

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>9</sup> which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote

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<sup>6</sup> See Securities Exchange Act Release No. 53371 (February 24, 2006), 71 FR 11008 (March 3, 2006) (Order Approving File No. SR-NASD-2005-144).

<sup>7</sup> See Exhibit 5 (“No member or associated person [may] shall engage in conduct that has the intent or effect of splitting any order into multiple smaller orders for execution or any execution into multiple smaller executions for transaction reporting for the primary purpose of maximizing a monetary or in-kind amount to be received by the member or associated person as a result of the execution of such orders or the transaction reporting of such executions”).

<sup>8</sup> FINRA also notes that the rule is consistent with the rules of other securities self-regulatory organizations regarding trade shredding. See, e.g., NYSE Rule 123G (Order Entry Practices) approved pursuant to Securities Exchange Act Release No. 52683 (October 26, 2005), 70 FR 66480 (November 2, 2005) (Order Approving File No. SR-NYSE-2005-62).

<sup>9</sup> 15 U.S.C. 78o-3(b)(6).

just and equitable principles of trade, and, in general, to protect investors and the public interest. FINRA continues to believe that, in certain circumstances, a rule prohibiting members from using information about ownership of securities to solicit purchases, sales or exchanges except at the request and on behalf of the issuer serves to protect investors and the public interest. In addition, FINRA continues to believe that a rule regarding order entry and execution practices will continue to further the goal of preventing manipulative acts and practices by prohibiting the potentially distortive practice of trade shredding.

**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**

FINRA does not consent at this time to an extension of the time period for Commission action specified in Section 19(b)(2) of the Act.<sup>10</sup>

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

Not applicable.

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<sup>10</sup> 15 U.S.C. 78s(b)(2).

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

Not applicable.

**9. Exhibits**

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

Exhibit 5. Text of the proposed rule change.



EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-FINRA-2009-067)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of Proposed Rule Change to Adopt FINRA Rules 2060 (Use of Information Obtained in Fiduciary Capacity) and 5290 (Order Entry and Execution Practices) in the Consolidated FINRA Rulebook

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on ,  
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. 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 adopt NASD Rules 3120 (Use of Information Obtained in Fiduciary Capacity) and 3380 (Order Entry and Execution Practices) as FINRA rules in the consolidated FINRA rulebook without material change. The proposed rule change would renumber NASD Rule 3120 as FINRA Rule 2060 and NASD Rule 3380 as FINRA Rule 5290 in the consolidated FINRA rulebook.

The text of the proposed rule change is available on FINRA’s Web site at <http://www.finra.org>, at the principal office of FINRA and at the Commission’s Public Reference Room.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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

As part of the process of developing a new consolidated rulebook ("Consolidated FINRA Rulebook"),<sup>3</sup> FINRA is proposing to adopt NASD Rules 3120 and 3380 in the Consolidated FINRA Rulebook without material change as FINRA Rules 2060 and 5290 respectively.

Proposed FINRA Rule 2060

FINRA is proposing to adopt NASD Rule 3120 as FINRA Rule 2060 in the Consolidated FINRA Rulebook. NASD Rule 3120 provides that a member who receives information as to the ownership of securities while acting in the capacity of paying agent, transfer agent, trustee or otherwise shall under no circumstances make use of the

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<sup>3</sup> The current FINRA rulebook consists of (1) FINRA Rules; (2) NASD Rules; and (3) rules incorporated from NYSE ("Incorporated NYSE Rules") (together, the NASD Rules and Incorporated NYSE Rules are referred to as the "Transitional Rulebook"). While the NASD Rules generally apply to all FINRA members, the Incorporated NYSE Rules apply only to those members of FINRA that are also members of the NYSE ("Dual Members"). The FINRA Rules apply to all FINRA members, unless such rules have a more limited application by their terms. For more information about the rulebook consolidation process, see Information Notice, March 12, 2008 (Rulebook Consolidation Process).

information for soliciting purchases, sales or exchanges except at the request and on behalf of the issuer. Rule 3120, formerly designated as Article III, Section 9 of the Rules of Fair Practice, was adopted as part of FINRA's original rulebook.<sup>4</sup> The text of the rule has not been amended since its inception.

FINRA believes that the rule serves an important purpose by prohibiting a member, while acting in the capacity of paying agent, transfer agent, trustee or otherwise, from using certain information it obtains about the ownership of securities to solicit purchases, sales or exchanges except at the request and on behalf of the issuer.<sup>5</sup>

#### Proposed FINRA Rule 5290

FINRA is proposing to adopt NASD Rule 3380 as FINRA Rule 5290 in the Consolidated FINRA Rulebook. NASD Rule 3380 prohibits members and associated persons from splitting any order into multiple smaller orders for execution or any execution into multiple smaller executions for transaction reporting for the primary purpose of maximizing a monetary or in-kind payment to the member or associated

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<sup>4</sup> See Certificate of Incorporation and By-Laws, Rules of Fair Practice and Code of Procedure for Handling Trade Practice Complaints of National Association of Securities Dealers, Inc. (August 8, 1939).

<sup>5</sup> With respect to the exception allowing use of information at the request and on behalf of the issuer, the descriptive analysis of the identical precursor provision drafted by the Investment Bankers Code Committee in 1934 explains that the exception is provided

because if the issuer desires either to refund or propose an exchange to the security holder, he certainly has the right to demand from his transfer agent or trustee the list of security holders and the issuer thus being in a position to address them directly, the investment banker should be able to address them on his behalf.

See Code Of Fair Competition For Investment Bankers With A Descriptive Analysis Of Its Fair Practice Provisions And A History Of Its Preparation (1934).

persons as a result of the execution of such orders or the transaction reporting of such executions.<sup>6</sup> For purposes of the rule, “monetary or in-kind amount” is defined to include, but not be limited to, any credits, commissions, gratuities, payments for or rebates of fees, or any other payments of value to the member or associated person. The SEC approved NASD Rule 3380 in February 2006 after notice and comment with no subsequent amendments.<sup>7</sup>

FINRA is proposing to replace “may” with “shall” in the rule text, but believes no substantive changes to this rule are appropriate or necessary.<sup>8</sup> FINRA continues to believe that NASD Rule 3380 is necessary and appropriate to deter the distortive practice of trade shredding.<sup>9</sup>

As noted above, FINRA will announce the implementation date of the proposed rule change in a Regulatory Notice to be published no later than 90 days following Commission approval.

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<sup>6</sup> This is commonly also referred to as “trade shredding,” which is the unlawful practice of splitting customer orders for securities into multiple smaller orders (e.g., a 1,000 share order is split into ten 100 share orders) for the primary purpose of maximizing payments or rebates to the member.

<sup>7</sup> See Securities Exchange Act Release No. 53371 (February 24, 2006), 71 FR 11008 (March 3, 2006) (Order Approving File No. SR-NASD-2005-144).

<sup>8</sup> See Exhibit 5 (“No member or associated person [may] shall engage in conduct that has the intent or effect of splitting any order into multiple smaller orders for execution or any execution into multiple smaller executions for transaction reporting for the primary purpose of maximizing a monetary or in-kind amount to be received by the member or associated person as a result of the execution of such orders or the transaction reporting of such executions”).

<sup>9</sup> FINRA also notes that the rule is consistent with the rules of other securities self-regulatory organizations regarding trade shredding. See, e.g., NYSE Rule 123G (Order Entry Practices) approved pursuant to Securities Exchange Act Release No. 52683 (October 26, 2005), 70 FR 66480 (November 2, 2005) (Order Approving File No. SR-NYSE-2005-62).

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>10</sup> 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. FINRA continues to believe that, in certain circumstances, a rule prohibiting members from using information about ownership of securities to solicit purchases, sales or exchanges except at the request and on behalf of the issuer serves to protect investors and the public interest. In addition, FINRA continues to believe that a rule regarding order entry and execution practices will continue to further the goal of preventing manipulative acts and practices by prohibiting the potentially distortive practice of trade shredding.

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

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date

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<sup>10</sup> 15 U.S.C. 78o-3(b)(6).

if it finds such longer period to be appropriate and publishes its reasons for so finding or  
(ii) as to which the self-regulatory organization consents, the Commission will:

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

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

#### IV. Solicitation of Comments

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

##### Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2009-067] on the subject line.

##### Paper Comments:

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

All submissions should refer to File Number SR-FINRA-2009-067. 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, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. 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-2009-067 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

Florence E. Harmon

Deputy Secretary

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<sup>11</sup> 17 CFR 200.30-3(a)(12).

## **EXHIBIT 5**

Exhibit 5 shows the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.

\* \* \* \* \*

### **Text of Proposed New FINRA Rules (Marked to Show Changes from NASD Rules 3120 and 3380; NASD Rules 3120 and 3380 to be Deleted in Their Entirety from the Transitional Rulebook)**

\* \* \* \* \*

#### **2000. DUTIES AND CONFLICTS**

\* \* \* \* \*

##### **[3120]2060. Use of Information Obtained in Fiduciary Capacity**

A member who in the capacity of paying agent, transfer agent, trustee, or in any other similar capacity, has received information as to the ownership of securities, shall under no circumstances make use of such information for the purpose of soliciting purchases, sales or exchanges except at the request and on behalf of the issuer.

\* \* \* \* \*

#### **5000. SECURITIES OFFERING AND TRADING STANDARDS AND PRACTICES**

\* \* \* \* \*

#### **5200. QUOTATION AND TRADING OBLIGATIONS AND PRACTICES**

\* \* \* \* \*

##### **[3380]5290. Order Entry and Execution Practices**

No member or associated person [may] shall engage in conduct that has the intent or effect of splitting any order into multiple smaller orders for execution or any execution into multiple smaller executions for transaction reporting for the primary purpose of



maximizing a monetary or in-kind amount to be received by the member or associated person as a result of the execution of such orders or the transaction reporting of such executions. For purposes of this [r]Rule, “monetary or in-kind amount” shall be defined to include, but not be limited to, any credits, commissions, gratuities, payments for or rebates of fees, or any other payments of value to the member or associated person.

\* \* \* \* \*