

Required fields are shown with yellow backgrounds and asterisks.

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| Page 1 of * <input type="text" value="8"/> | SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4 | File No.* SR - <input type="text" value="2009"/> - * <input type="text" value="042"/> Amendment No. (req. for Amendments *) <input type="text" value="1"/> |
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Proposed Rule Change by Financial Industry Regulatory Authority
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

| | | | | | |
|------------------------------------|---|-------------------------------------|--|--|--|
| Initial * <input type="checkbox"/> | Amendment * <input checked="" type="checkbox"/> | Withdrawal <input type="checkbox"/> | Section 19(b)(2) * <input checked="" type="checkbox"/> | Section 19(b)(3)(A) * <input type="checkbox"/> | Section 19(b)(3)(B) * <input type="checkbox"/> |
| | | | Rule | | |
| Pilot <input type="checkbox"/> | Extension of Time Period for Commission Action * <input type="checkbox"/> | Date Expires * <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 <input type="checkbox"/> | Exhibit 3 Sent As Paper Document <input type="checkbox"/> |
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Description
Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *).

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 Vice President and Associate General Counsel
(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 EFFS website.

Form 19b-4 Information (required)

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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 (required)

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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

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

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.

On June 8, 2009, FINRA filed with the Securities and Exchange Commission (“SEC” or “Commission”) SR-FINRA-2009-042, a proposed rule change to adopt new FINRA Rule 3270 (Outside Business Activities of Registered Persons).¹ The proposed rule change would require registered persons to give notice to member firms prior to engaging in an outside business activity. The supplementary material to proposed Rule 3270 sets forth the obligations of a member upon receipt of a written notice of a proposed outside business activity. In response to the comments received by the Commission, FINRA is proposing changes to clarify proposed Supplementary Material .01 (Obligations of Member Receiving Notice).² Revised Supplementary Material .01 would require that, upon receipt of a written notice under proposed FINRA Rule 3270, a member shall consider whether the proposed activity will: (1) interfere with or otherwise compromise the registered person’s responsibilities to the member and/or the member’s customers or (2) be viewed by customers or the public as part of the member’s business based upon, among other factors, the nature of the proposed activity and the manner in which it will be offered. Additionally, based on the member’s review of such factors, the member would be required to evaluate the advisability of imposing specific conditions or limitations on a registered person’s outside business activity, including where circumstances warrant, prohibiting the activity. The proposed requirement that a member determine whether an activity properly is characterized as an outside business activity or as an outside securities activity subject to the requirements of NASD Rule 3040, and the proposed recordkeeping requirement, would remain in Supplementary Material .01 as originally proposed.³ FINRA believes that the proposed changes to Supplementary Material .01 streamline and clarify a member’s obligations upon receipt of notice of a proposed outside business activity by a registered person.

The amendment to the proposed rule change is set forth below. FINRA is including with this Partial Amendment No. 1 an Exhibit 4 that shows the changes from the original rule text set forth in the proposed rule change. Exhibit 5 shows the changes from the current rule. Proposed new language is underlined; proposed deletions are bracketed.

¹ See Securities Exchange Act Release No. 60199 (June 30, 2009), 74 FR 32668 (July 8, 2009).

² See FINRA Response to Comments, dated July 30, 2010 (File No. SR-FINRA-2009-042).

³ FINRA is proposing a minor technical change to correct the rule number reference in this proposed provision to NASD Rule 3040 (Private Securities Transactions of an Associated Person). FINRA is proposing to replace NASD Rule 3040 with proposed FINRA Rule 3110(b)(3). See FINRA Regulatory Notice 09-22.

EXHIBIT 4

Exhibit 4 shows the changes proposed in this Partial Amendment No. 1, with the proposed changes in the original filing shown as if adopted. Proposed additions in this Partial Amendment No. 1 appear underlined; proposed deletions in this Partial Amendment No. 1 appear in brackets.

* * * * *

3000. SUPERVISION AND RESPONSIBILITIES RELATING TO ASSOCIATED PERSONS

* * * * *

3200. RESPONSIBILITIES RELATING TO ASSOCIATED PERSONS

* * * * *

3270. Outside Business Activities of Registered Persons

No registered person may be an employee, independent contractor, sole proprietor, officer, director or partner of another person, or be compensated, or have the reasonable expectation of compensation, from any other person as a result of any business activity outside the scope of the relationship with his or her member firm, unless he or she has provided prior written notice to the member, in such form as specified by the member. Passive investments and activities subject to the requirements of NASD Rule 3040 shall be exempted from this requirement.

••• Supplementary Material: -----

.01 Obligations of Member Receiving Notice. Upon receipt of a written notice under Rule 3270, a member [must make a determination whether the proposed activity raises investor protection concerns, and if so, the firm must implement procedures or restrictions on the activity to protect investors, or prohibit the activity] shall consider whether the proposed activity will: (1) interfere with or otherwise compromise the

registered person's responsibilities to the member and/or the member's customers or (2) be viewed by customers or the public as part of the member's business based upon, among other factors, the nature of the proposed activity and the manner in which it will be offered. Based on the member's review of such factors, the member must evaluate the advisability of imposing specific conditions or limitations on a registered person's outside business activity, including where circumstances warrant, prohibiting the activity.

A member also must evaluate the proposed activity to determine whether the activity properly is characterized as an outside business activity or whether it should be treated as an outside securities activity subject to the requirements of NASD Rule 3040[110(b)(3)].

A member must keep a record of its compliance with these obligations with respect to each written notice received and must preserve this record for the period of time and accessibility specified in SEA Rule 17a-4(e)(1).

* * * * *

EXHIBIT 5

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

* * * * *

**Text of Proposed New FINRA Rule
(Marked to Show Changes from NASD Rule 3030; NASD Rule 3030 to be Deleted in
its Entirety from the Transitional Rulebook)**

* * * * *

**3000. SUPERVISION AND RESPONSIBILITIES RELATING TO ASSOCIATED
PERSONS**

* * * * *

3200. RESPONSIBILITIES RELATING TO ASSOCIATED PERSONS

* * * * *

**[3030]3270. Outside Business Activities of [an Associated Person] Registered
Persons**

No registered person [associated with a member in any registered capacity shall] may be an employee[d by], independent contractor, sole proprietor, officer, director or partner of another person, or be compensated, or have the reasonable expectation of compensation, [or accept compensation] from[,] any other person as a result of any business activity[, other than a passive investment,] outside the scope of [his] the relationship with his or her member [employer] firm, unless he or she has provided [prompt] prior written notice to the member[.], in [S]such [notice shall be in the] form as specified [required] by the member. Passive investments and [A]activities subject to the requirements of NASD Rule 3040 shall be exempted from this requirement.

••• Supplementary Material: -----

.01 Obligations of Member Receiving Notice. Upon receipt of a written notice under Rule 3270, a member shall consider whether the proposed activity will: (1) interfere with

or otherwise compromise the registered person's responsibilities to the member and/or the member's customers or (2) be viewed by customers or the public as part of the member's business based upon, among other factors, the nature of the proposed activity and the manner in which it will be offered. Based on the member's review of such factors, the member must evaluate the advisability of imposing specific conditions or limitations on a registered person's outside business activity, including where circumstances warrant, prohibiting the activity. A member also must evaluate the proposed activity to determine whether the activity properly is characterized as an outside business activity or whether it should be treated as an outside securities activity subject to the requirements of NASD Rule 3040. A member must keep a record of its compliance with these obligations with respect to each written notice received and must preserve this record for the period of time and accessibility specified in SEA Rule 17a-4(e)(1).

* * * * *

Text of Incorporated NYSE Rule and Rule Interpretation to be Deleted in their Entirety from the Transitional Rulebook

Incorporated NYSE Rule

* * * * *

[Rule 346. Limitations—Employment and Association with Members and Member Organizations]

Entire text deleted.

* * * * *

NYSE RULE INTERPRETATION

* * * * *

[Rule 346 Limitations — Employment and Association with Member Organizations]

Entire text deleted.

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