

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="14"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2011"/> - * <input type="text" value="007"/> Amendment No. (req. for Amendments *) <input type="text"/>
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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 checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>				
<table border="1" style="width: 100%;"> <tr> <td style="width: 10%;">Pilot <input type="checkbox"/></td> <td style="width: 40%;">Extension of Time Period for Commission Action * <input type="text"/></td> <td style="width: 50%;">Date Expires * <input type="text"/></td> </tr> </table>			Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="text"/>	Date Expires * <input type="text"/>	Rule			
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="text"/>	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 checked="" 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 * <input type="text" value="Mignon"/>	Last Name * <input type="text" value="McLemore"/>
Title * <input type="text" value="Assistant Chief Counsel, FINRA Dispute Resolution"/>	
E-mail * <input type="text" value="mignon.mclamore@finra.org"/>	
Telephone * <input type="text" value="(202) 728-8151"/>	Fax <input type="text"/>

**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 <input type="text" value="02/16/2011"/>		
By <input type="text" value="Kenneth Andrichik"/>	<input type="text" value="Senior Vice President, Chief Counsel, FINRA Dispute Resolution"/>	
(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)**

Add Remove View

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)**

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

Add Remove View

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**

Add Remove View

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**

Add Remove View

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**

Add Remove View

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**

Add Remove View

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> the Financial Industry Regulatory Authority, Inc. (“FINRA”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend various rules of the Code of Arbitration Procedure for Customer Disputes (“Customer Code”) to correct cross-references to rules that were changed by another rule filing.

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

\* \* \* \* \*

**Customer Code**

**12213. Hearing Locations**

**(a) U.S. Hearing Location**

(1) No change.

(2) Before arbitrator lists are sent to the parties under [Rule 12403] Rule 12402(c), Rule 12403(c) or Rule 12403(d), the parties may agree in writing to a hearing location other than the one selected by the Director.

(3) - (4) No change.

**(b) Foreign Hearing Location**

No change.

\* \* \* \* \*

**12309. Amending Pleadings**

**(a) - (b) No change.**

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

**(c) Amendments to Add Parties**

Once the ranked arbitrator lists are due to the Director under [Rule 12404(c)] Rule 12402(d), Rule 12403(c) or Rule 12403(d), no party may amend a pleading to add a new party to the arbitration until a panel has been appointed and the panel grants a motion to add the party. Motions to add a party after panel appointment must be served on all parties, including the party to be added, and the party to be added may respond to the motion in accordance with Rule 12503 without waiving any rights or objections under the Code.

**(d) No change.**

\* \* \* \* \*

**12314. Combining Claims**

Before ranked arbitrator lists are due to the Director under [Rule 12404(c)] Rule 12402(d), Rule 12403(c) or Rule 12403(d), the Director may combine separate but related claims into one arbitration. Once a panel has been appointed, the panel may reconsider the Director's decision upon motion of a party.

\* \* \* \* \*

**12503. Motions**

**(a) - (b) No change.**

**(c) Authority to Decide Motions**

(1) The Director decides motions relating to use of the forum under Rule 12203 and removal of an arbitrator under [Rule 12410] Rule 12407.

(2) No change.

(3) No change.

(4) Motions for arbitrator recusal under [Rule 12409] Rule 12406 are decided by the arbitrator who is the subject of the request.

(5) No change.

\* \* \* \* \*

**12800. Simplified Arbitration**

**(a) - (d) No change.**

**(e) Increases in Amount in Dispute**

If any pleading increases the amount in dispute to more than \$25,000, the arbitration will no longer be administered under this rule, and the regular provisions of the Code will apply. If an arbitrator has been appointed, that arbitrator will remain on the panel. If a three-arbitrator panel is required or requested under Rule 12401, the remaining arbitrators will be appointed by the Director in accordance with [Rule 12406(b)] Rule 12403(c) or Rule 12403(d). If no arbitrator has been appointed, the entire panel will be appointed in accordance with the Neutral List Selection System.

**(f) No change.**

\* \* \* \* \*

**12903. Process Fees Paid by Members**

(a) Each member that is a party to an arbitration in which more than \$25,000, exclusive of interest and expenses, is in dispute must pay:

- A non-refundable prehearing process fee of \$750, due at the time the parties are sent arbitrator lists in accordance with [Rule 12403(b)] Rule 12402(c), Rule 12403(c) or Rule 12403(d); and
- A non-refundable hearing process fee, due when the parties are notified of the date and location of the hearing on the merits under Rule 12600, as set forth in the schedule below.

**Hearing Process Fee Schedule**

<b><u>Amount of Claim</u> (exclusive of interest and expenses)</b>	<b><u>Hearing Process Fee</u></b>
\$1 - \$25,000	\$ 0
\$25,000.01 - \$50,000	\$1,000
\$50,000.01 - \$100,000	\$1,700
\$100,000.01 - \$500,000	\$2,750
\$500,000.01 - \$1,000,000	\$4,000
\$1,000,000.01 - \$5,000,000	\$5,000
More than \$5,000,000	\$5,500
Non-Monetary/Not Specified	\$2,200

(b) - (c) No change.

\* \* \* \* \*

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change has been approved by the Chief Counsel of FINRA Dispute Resolution (or his officer designee) pursuant to delegated authority. No other action by FINRA is necessary for the filing of the proposed rule change.

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

Questions regarding this rule filing may be directed to Mignon McLemore, Assistant Chief Counsel, FINRA Dispute Resolution, at (202) 728-8151.

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

a) Purpose

On January 31, 2011, the SEC approved a proposal to amend the panel composition rule, and related rules, of the Customer Code to provide customers with the option to choose an all public arbitration panel in all cases (Optional All Public Panel Proposal).<sup>2</sup> The proposal changed substantively most of the rules in Part IV of the Customer Code to reflect the option to choose an all public arbitration panel in all cases. Further, many of the Part IV rules of the Customer Code were also re-numbered when some of the old rules were eliminated or combined with other rules. As a result of the

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<sup>2</sup> See Securities Exchange Act Release No. 63799 (Jan. 31, 2011), 76 FR 6500 (February 4, 2011) (Order Approving File No. SR-FINRA-2010-053).

changes by the proposal, several cross-references in other rules of the Customer Code to old Part IV rules became inaccurate.

FINRA is, therefore, proposing to amend the Customer Code to correct the cross-references that were changed as a result of the Optional All Public Panel Proposal.<sup>3</sup> The proposal would amend Rules 12213(a), 12309(c), 12314, 12503(c), 12800(e), and 12903(a). FINRA has filed the proposed rule change for immediate effectiveness. The effective date and the implementation date will be the date of filing.

b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>4</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 believes that the proposed rule change will assist in the efficient administration of arbitrations by correcting inaccurate cross-references in the Customer Code. FINRA believes these technical, non-substantive amendments will enhance the Code by making it easier to understand and apply.

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.

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<sup>3</sup> Id.

<sup>4</sup> 15 U.S.C. 78o-3(b)(6).

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

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

The proposed rule change is effective upon filing pursuant to Section 19(b)(3) of the Act<sup>5</sup> and paragraph (f)(3) of Rule 19b-4 thereunder,<sup>6</sup> in that the proposed rule change is concerned solely with the administration of the self-regulatory organization.

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

Not applicable.

9. Exhibits

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

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<sup>5</sup> 15 U.S.C. 78s(b)(3).

<sup>6</sup> 17 CFR 240.19b-4(f)(3).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-FINRA-2011-007)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Correct Cross-References in the Customer Code

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 February 16, 2011, the Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as concerned solely with the administration of the self-regulatory organization under Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and Rule 19b-4(f)(3) thereunder,<sup>4</sup> which renders the proposal effective upon receipt of this filing by the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

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

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>4</sup> 17 CFR 240.19b-4(f)(3).

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

FINRA is proposing to amend various rules of the Code of Arbitration Procedure for Customer Disputes (Customer Code) to correct cross-references to rules that were changed by another rule filing.

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.

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

On January 31, 2011, the SEC approved a proposal to amend the panel composition rule, and related rules, of the Customer Code to provide customers with the option to choose an all public arbitration panel in all cases (Optional All Public Panel Proposal).<sup>5</sup> The proposal changed substantively most of the rules in Part IV of the Customer Code to reflect the option to choose an all public arbitration panel in all cases.

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<sup>5</sup> See Securities Exchange Act Release No. 63799 (Jan. 31, 2011), 76 FR 6500 (February 4, 2011) (Order Approving File No. SR-FINRA-2010-053).

Further, many of the Part IV rules of the Customer Code were also re-numbered when some of the old rules were eliminated or combined with other rules. As a result of the changes by the proposal, several cross-references in other rules of the Customer Code to old Part IV rules became inaccurate.

FINRA is, therefore, proposing to amend the Customer Code to correct the cross-references that were changed as a result of the Optional All Public Panel Proposal.<sup>6</sup> The proposal would amend Rules 12213(a), 12309(c), 12314, 12503(c), 12800(e), and 12903(a). FINRA has filed the proposed rule change for immediate effectiveness. The effective date and the implementation date will be the date of filing.

## 2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>7</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 believes that the proposed rule change will assist in the efficient administration of arbitrations by correcting inaccurate cross-references in the Customer Code. FINRA believes these technical, non-substantive amendments will enhance the Code by making it easier to understand and apply.

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<sup>6</sup> Id.

<sup>7</sup> 15 U.S.C. 78o-3(b)(6).

B. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>8</sup> and paragraph (f)(3) of Rule 19b-4 thereunder.<sup>9</sup> At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f)(3).

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-2011-007 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-FINRA-2011-007. 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 Web site viewing and printing 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-2011-007 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>10</sup>

Elizabeth M. Murphy

Secretary

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<sup>10</sup> 17 CFR 200.30-3(a)(12).