

OMB APPROVAL

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Required fields are shown with yellow backgrounds and asterisks.

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

File No.* SR - 2011 - * 040

Amendment No. (req. for Amendments *)

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)(4)
☐ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 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, required when Initial is checked *).

Proposed Rule Change to Amend the Supplementary Material to FINRA Rule 1230(b)(6) (Operations Professional)

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 * Erika Last Name * Lazar
 Title * Counsel
 E-mail * erika.lazar@finra.org
 Telephone * (202) 728-8013 Fax (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 08/12/2011

By Patrice Gliniecki
 (Name *)

Senior Vice President and Deputy General Counsel

(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 (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.

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ Financial Industry Regulatory Authority, Inc. (“FINRA”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend the supplementary material to FINRA Rule 1230(b)(6) (Operations Professional), FINRA Rule 1230.06 (Scope of Operations Professional Requirement), to clarify the application of the Operations Professional requirements to employees of a foreign broker-dealer whose activities, relating to certain transactions in foreign securities on behalf of a member’s customers, as further detailed herein, are limited to facilitating the clearance and settlement of such transactions.

Below is the text of the proposed rule change. Proposed new language is underlined.

* * * * *

**1000. MEMBER APPLICATION AND ASSOCIATED PERSON
REGISTRATION**

* * * * *

1200. REGISTRATION AND QUALIFICATION

1230. Registration Categories

(a) Definition of Principal and Principal Registration Categories

(1) through (11) No Change.

(b) Definition of Representative and Representative Registration Categories

(1) through (14) No Change.

• • • Supplementary Material: -----

¹ 15 U.S.C. 78s(b)(1).

.01 through .05 No Change.

.06 Scope of Operations Professional Requirement. Any person whose activities are limited to performing a function ancillary to a covered function in paragraph (b)(6)(B) of this Rule, or whose function is to serve a role that can be viewed as supportive of or advisory to the performance of a covered function in paragraph (b)(6)(B) of this Rule (e.g., internal audit, legal or compliance personnel who review but do not have primary responsibility for any covered function), or who engages solely in clerical or ministerial activities in a covered function in paragraph (b)(6)(B) of this Rule shall not be required to register as an Operations Professional pursuant to paragraph (b)(6)(A) of this Rule. For the purpose of Rule 1230(b)(6)(A)(iii), the determination as to what constitutes “materially” or “material” is based on a member’s pre-established spending guidelines and risk management policies.

An employee of a foreign broker-dealer whose activities, relating to a transaction in foreign securities on behalf of a customer of a member, are limited to facilitating the clearance and settlement of the transaction shall not be required to register as an Operations Professional pursuant to paragraph (b)(6)(A) of this Rule where:

(1) the member sending the order for a transaction in foreign securities on behalf of the customer to the foreign broker-dealer is not a direct participant of the applicable foreign clearing system; and

(2) in executing such order in the foreign market, the foreign broker-dealer accepts the member’s customer’s instructions to settle the transaction in foreign securities on a DVP/RVP basis through the foreign clearing system and settle directly with a custodian for the customer.

.07 No Change.

* * * * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

At its meeting on April 14, 2010, 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 requests the Commission to find good cause pursuant to Section 19(b)(2) of the Act² for approving the proposed rule change prior to the 30th day after its publication in the Federal Register to provide clarification regarding the application of FINRA Rule 1230(b)(6) to the arrangements described herein. The effective date of the proposed rule change will be October 17, 2011, the effective date of FINRA Rule 1230(b)(6) (Operations Professional) and its accompanying supplementary material in FINRA Rule 1230.06 (Scope of Operations Professional Requirement).

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

(a) Purpose

On June 16, 2011, the Commission approved SR-FINRA-2011-013, which adopted FINRA Rule 1230(b)(6) (Operations Professional), and its accompanying supplementary material in FINRA Rule 1230.06 (Scope of Operations Professional Requirement), to establish a registration category and qualification examination

² 15 U.S.C. 78s(b)(2).

requirement for certain operations personnel (Operations Professionals).³ FINRA Rule 1230(b)(6), and its accompanying supplementary material in FINRA Rule 1230.06, takes effect on October 17, 2011.⁴

Questions have been raised regarding the application of the Operations Professional requirements to employees of a foreign broker-dealer whose activities, relating to certain transactions in foreign securities on behalf of a member's customers, are limited to facilitating the clearance and settlement of such transactions. These arrangements between the member and the foreign broker-dealer involve transactions in foreign securities to be executed by the foreign broker-dealer on the foreign market, where the foreign broker-dealer accepts the member's customer's instructions to settle the transactions on a DVP/RVP basis through the foreign clearing system and settle directly with the customer's custodian.

To provide clarification with respect to the application of FINRA Rule 1230(b)(6) to such arrangements, the proposed rule change would amend supplementary material .06 to FINRA Rule 1230(b)(6) to provide that an employee of a foreign broker-dealer whose activities, relating to a transaction in foreign securities on behalf of a customer of a member, are limited to facilitating the clearance and settlement of the transaction shall not be required to register as an Operations Professional pursuant to FINRA Rule 1230(b)(6)(A) where: (1) the member sending the order for a transaction in foreign

³ See Securities Exchange Act Release No. 64687 (June 16, 2011), 76 FR 36586 (June 22, 2011) (Order Approving Proposed Rule Change; File No. SR-FINRA-2011-013). This rule change also established continuing education requirements for Operations Professionals and adopted NASD Rule 1120 (Continuing Education Requirements) as FINRA Rule 1250 (Continuing Education Requirements) in the consolidated FINRA rulebook with certain changes.

⁴ See Regulatory Notice 11-33 (July 2011).

securities on behalf of the customer to the foreign broker-dealer is not a direct participant of the applicable foreign clearing system; and (2) in executing such order in the foreign market, the foreign broker-dealer accepts the member's customer's instructions to settle the transaction in foreign securities on a DVP/RVP basis through the foreign clearing system and settle directly with a custodian for the customer.

As noted in Item 2 of this filing, the effective date of the proposed rule change will be October 17, 2011, the effective date of FINRA Rule 1230(b)(6) (Operations Professional) and its accompanying supplementary material in FINRA Rule 1230.06 (Scope of Operations Professional Requirement).

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁵ 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 the proposed rule change would provide clarification in response to questions raised regarding the application of the Operations Professional requirements to employees of a foreign broker-dealer facilitating the clearance and settlement of certain transactions in foreign securities on behalf of a member's customers pursuant to the arrangements described above.

⁵ 15 U.S.C. 78o-3(b)(6).

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

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

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

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

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.⁶

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

FINRA requests the Commission to find good cause pursuant to Section 19(b)(2) of the Act⁷ for approving the proposed rule change prior to the 30th day after its publication in the Federal Register.

Because FINRA believes the proposed rule change to FINRA Rule 1230.06 provides needed clarification in response to questions raised regarding the application of FINRA Rule 1230(b)(6) to certain specified foreign clearance and settlement arrangements, FINRA requests the Commission to accelerate the effectiveness of the proposed rule change prior to the 30th day after its publication in the Federal Register.

⁶ 15 U.S.C. 78s(b)(2).

⁷ 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 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-FINRA-2011-040)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change to Amend the Supplementary Material to FINRA Rule 1230(b)(6) (Operations Professional)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on , 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, 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. For the reasons discussed below, the Commission is granting accelerated approval of the proposed rule change.

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

FINRA is proposing to amend the supplementary material to FINRA Rule 1230(b)(6) (Operations Professional), FINRA Rule 1230.06 (Scope of Operations Professional Requirement), to clarify the application of the Operations Professional requirements to employees of a foreign broker-dealer whose activities, relating to certain transactions in foreign securities on behalf of a member’s customers, as further detailed herein, are limited to facilitating the clearance and settlement of such transactions.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

The text of the proposed rule change is available on FINRA's website 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 June 16, 2011, the Commission approved SR-FINRA-2011-013, which adopted FINRA Rule 1230(b)(6) (Operations Professional), and its accompanying supplementary material in FINRA Rule 1230.06 (Scope of Operations Professional Requirement), to establish a registration category and qualification examination requirement for certain operations personnel (Operations Professionals).³ FINRA Rule

³ See Securities Exchange Act Release No. 64687 (June 16, 2011), 76 FR 36586 (June 22, 2011) (Order Approving Proposed Rule Change; File No. SR-FINRA-2011-013). This rule change also established continuing education requirements for Operations Professionals and adopted NASD Rule 1120 (Continuing Education Requirements) as FINRA Rule 1250 (Continuing Education Requirements) in the consolidated FINRA rulebook with certain changes.

1230(b)(6), and its accompanying supplementary material in FINRA Rule 1230.06, takes effect on October 17, 2011.⁴

Questions have been raised regarding the application of the Operations Professional requirements to employees of a foreign broker-dealer whose activities, relating to certain transactions in foreign securities on behalf of a member's customers, are limited to facilitating the clearance and settlement of such transactions. These arrangements between the member and the foreign broker-dealer involve transactions in foreign securities to be executed by the foreign broker-dealer on the foreign market, where the foreign broker-dealer accepts the member's customer's instructions to settle the transactions on a DVP/RVP basis through the foreign clearing system and settle directly with the customer's custodian.

To provide clarification with respect to the application of FINRA Rule 1230(b)(6) to such arrangements, the proposed rule change would amend supplementary material .06 to FINRA Rule 1230(b)(6) to provide that an employee of a foreign broker-dealer whose activities, relating to a transaction in foreign securities on behalf of a customer of a member, are limited to facilitating the clearance and settlement of the transaction shall not be required to register as an Operations Professional pursuant to FINRA Rule 1230(b)(6)(A) where: (1) the member sending the order for a transaction in foreign securities on behalf of the customer to the foreign broker-dealer is not a direct participant of the applicable foreign clearing system; and (2) in executing such order in the foreign market, the foreign broker-dealer accepts the member's customer's instructions to settle

⁴ See Regulatory Notice 11-33 (July 2011).

the transaction in foreign securities on a DVP/RVP basis through the foreign clearing system and settle directly with a custodian for the customer.

The effective date of the proposed rule change will be October 17, 2011, the effective date of FINRA Rule 1230(b)(6) (Operations Professional) and its accompanying supplementary material in FINRA Rule 1230.06 (Scope of Operations Professional Requirement).

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁵ 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 the proposed rule change would provide clarification in response to questions raised regarding the application of the Operations Professional requirements to employees of a foreign broker-dealer facilitating the clearance and settlement of certain transactions in foreign securities on behalf of a member's customers pursuant to the arrangements described above.

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.

⁵ 15 U.S.C. 78o-3(b)(6).

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

FINRA has requested that the Commission find good cause pursuant to Section 19(b)(2) of the Act⁶ for approving the proposed rule change prior to the 30th day after publication in the Federal Register. The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to FINRA and, in particular, the requirements of Section 15A of the Act and the rules and regulations thereunder. The Commission finds good cause for approving the proposed rule change prior to the 30th day after the date of publication of notice of filing thereof in that accelerated approval will provide needed clarification in response to questions raised regarding the application of FINRA Rule 1230(b)(6) to certain specified foreign clearance and settlement arrangements.

Within 45 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 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 or disapprove 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:

⁶ 15 U.S.C. 78s(b)(2).

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-FINRA-2011-040 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-2011-040. 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 website (<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 website 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-2011-040 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.⁷

Elizabeth M. Murphy

Secretary

⁷ 17 CFR 200.30-3(a)(12).