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Page 1 of * 20

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

File No.* SR - 2011 - * 062

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 Repeal Incorporated NYSE Rule 2A (Jurisdiction)

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 10/20/2011

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” or “Exchange Act”),¹ Financial Industry Regulatory Authority, Inc. (“FINRA”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to repeal Incorporated NYSE Rule 2A (Jurisdiction) as part of the process of developing a 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, Incorporated NYSE Rule 2A will be eliminated from the current FINRA rulebook.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

At its meeting on September 24, 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. The effective date will be no later than 150 days following Commission approval.

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

(a) Purpose

¹ 15 U.S.C. 78s(b)(1).

As part of the process of developing a new consolidated rulebook (“Consolidated FINRA Rulebook”),² the proposed rule change would repeal NYSE Rule 2A (Jurisdiction) from the FINRA rulebook as described below. NYSE Rule 2A generally addresses jurisdictional authority with respect to, among other things, rulemaking, examinations, disciplinary actions, and listing applications. NYSE Rule 2A was adopted in 2006 as part of the merger between the New York Stock Exchange LLC (“NYSE”) and Archipelago Holdings, Inc. in light of the fact that the NYSE Constitution, which contained the jurisdiction provisions for the NYSE, was eliminated in the merger.³

The FINRA By-Laws, as approved by the membership and the SEC in 2007, address the powers and authority of the FINRA Board of Governors (“Board”) and, together with the Exchange Act, set forth FINRA’s authority and responsibilities as a registered securities association. As outlined below, those matters addressed by NYSE Rule 2A that are relevant to a registered securities association are currently addressed by the FINRA By-Laws and Exchange Act, including jurisdictional authority with respect to:

² 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). For convenience, the Incorporated NYSE Rules are referred to as the NYSE Rules.

³ See Securities Exchange Act Release No. 53382 (February 27, 2006), 71 FR 11251 (March 6, 2006) (Order Approving File No. SR-NYSE-2005-77).

- rulemaking;⁴
- general supervisory powers over members, member organizations (and any other broker-dealer that chooses to be regulated by the NYSE) and their offices, partnership and corporate arrangements, their principal executives, employees and approved persons in connection with their conduct of the business of member organizations;⁵
- jurisdiction to discipline members, member organizations (and any other broker-dealer that chooses to be regulated by the NYSE), principal executives, employees and approved persons in connection with their conduct of the business of member organizations; and⁶
- jurisdiction over any and all other functions of members, member organizations (and any other broker-dealer that chooses to be regulated by the NYSE), principal executives, employees and approved persons in connection with the conduct of

⁴ See, e.g., FINRA By-Laws, Article III, Section 2, Article VII, Section 1 and Exchange Act Section 15A.

⁵ See, e.g., supra note 4 and FINRA By-Laws, Article VI, Section 5 and Plan of Allocation and Delegation of Functions by FINRA to Subsidiaries, Article II, Section A. In contrast to the NYSE's jurisdictional provisions, which extend to "approved persons," as defined in NYSE Rule 2(c), FINRA regulates its members and "persons associated with a member," as defined in FINRA By-Laws, Article 1 (rr). With respect to the ability to obtain information regarding members' affiliates, FINRA is addressing such authority as part of a separate proposal. See Regulatory Notice 10-01 (January 2010).

⁶ See, e.g., supra note 4, and FINRA By-Laws, Article VI, Section 5 and Plan of Allocation and Delegation of Functions by FINRA to Subsidiaries, Article II, Section A. Based on earlier Board authority, FINRA repealed NYSE Rule 477 (Retention of Jurisdiction) and continues to use FINRA's retention of jurisdiction provisions in the FINRA By-laws. See Securities Exchange Act Release No. 58643 (September 25, 2008), 73 FR 57174 (October 1, 2008) (Order Approving File No. SR-FINRA-2008-029).

the business of member organizations in order for the NYSE to comply with its statutory obligation as a self-regulatory organization.⁷

FINRA further notes that other matters addressed by NYSE Rule 2A are not applicable to the operations of a registered securities association that does not operate a listing market or are otherwise unique to the NYSE, including:

- approving applications for the listing and admission of securities to dealings on the NYSE, as well as suspending dealings in and removing securities from listing;
- supervising all matters relating to the collection, dissemination and use of quotations and of reports of prices on the NYSE;
- the power to approve or disapprove any connection or means of communication with the floor and requiring the discontinuance of any such connection or means of communication; and
- disapproving any member acting as a Designated Market Maker or odd-lot dealer on the NYSE.

Therefore, FINRA considers the transfer of NYSE Rule 2A to the Consolidated FINRA Rulebook to be unnecessary and proposes that it be eliminated.⁸

As noted in Item 2 of this filing, FINRA will announce the implementation date of the proposed rule change in a Regulatory Notice to be published no later than 90 days

⁷ See, e.g., supra note 4, and FINRA By-Laws, Article VI, Section 5 and Plan of Allocation and Delegation of Functions by FINRA to Subsidiaries, Article II, Section A.

⁸ FINRA anticipates that the NYSE will retain a version of NYSE Rule 2A.

following Commission approval. The effective date will be no later than 150 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,⁹ 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 streamline and improve FINRA's rulebook by eliminating a rule that is not necessary or appropriate for the Consolidated FINRA Rulebook. As further discussed above, the FINRA By-Laws address the powers and authority of the Board and, together with the Exchange Act, set forth FINRA's authority and responsibilities as a registered securities association.

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

⁹ 15 U.S.C. 78o-3(b)(6).

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.¹⁰

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

Not applicable.

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 proposed rule change.

¹⁰ 15 U.S.C. 78s(b)(2).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-FINRA-2011-062)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of Proposed Rule Change to Repeal Incorporated NYSE Rule 2A (Jurisdiction)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange 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 repeal Incorporated NYSE Rule 2A (Jurisdiction) as part of the process of developing a consolidated FINRA rulebook.

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.

¹ 15 U.S.C. 78s(b)(1).

² 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"),³ the proposed rule change would repeal NYSE Rule 2A (Jurisdiction) from the FINRA rulebook as described below. NYSE Rule 2A generally addresses jurisdictional authority with respect to, among other things, rulemaking, examinations, disciplinary actions, and listing applications. NYSE Rule 2A was adopted in 2006 as part of the merger between the New York Stock Exchange LLC ("NYSE")

³ 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). For convenience, the Incorporated NYSE Rules are referred to as the NYSE Rules.

and Archipelago Holdings, Inc. in light of the fact that the NYSE Constitution, which contained the jurisdiction provisions for the NYSE, was eliminated in the merger.⁴

The FINRA By-Laws, as approved by the membership and the SEC in 2007, address the powers and authority of the FINRA Board of Governors (“Board”) and, together with the Exchange Act, set forth FINRA’s authority and responsibilities as a registered securities association. As outlined below, those matters addressed by NYSE Rule 2A that are relevant to a registered securities association are currently addressed by the FINRA By-Laws and Exchange Act, including jurisdictional authority with respect to:

- rulemaking;⁵
- general supervisory powers over members, member organizations (and any other broker-dealer that chooses to be regulated by the NYSE) and their offices, partnership and corporate arrangements, their principal executives, employees and approved persons in connection with their conduct of the business of member organizations;⁶

⁴ See Securities Exchange Act Release No. 53382 (February 27, 2006), 71 FR 11251 (March 6, 2006) (Order Approving File No. SR-NYSE-2005-77).

⁵ See, e.g., FINRA By-Laws, Article III, Section 2, Article VII, Section 1 and Exchange Act Section 15A.

⁶ See, e.g., supra note 5 and FINRA By-Laws, Article VI, Section 5 and Plan of Allocation and Delegation of Functions by FINRA to Subsidiaries, Article II, Section A. In contrast to the NYSE’s jurisdictional provisions, which extend to “approved persons,” as defined in NYSE Rule 2(c), FINRA regulates its members and “persons associated with a member,” as defined in FINRA By-Laws, Article 1 (rr). With respect to the ability to obtain information regarding members’ affiliates, FINRA is addressing such authority as part of a separate proposal. See Regulatory Notice 10-01 (January 2010).

- jurisdiction to discipline members, member organizations (and any other broker-dealer that chooses to be regulated by the NYSE), principal executives, employees and approved persons in connection with their conduct of the business of member organizations; and⁷
- jurisdiction over any and all other functions of members, member organizations (and any other broker-dealer that chooses to be regulated by the NYSE), principal executives, employees and approved persons in connection with the conduct of the business of member organizations in order for the NYSE to comply with its statutory obligation as a self-regulatory organization.⁸

FINRA further notes that other matters addressed by NYSE Rule 2A are not applicable to the operations of a registered securities association that does not operate a listing market or are otherwise unique to the NYSE, including:

- approving applications for the listing and admission of securities to dealings on the NYSE, as well as suspending dealings in and removing securities from listing;
- supervising all matters relating to the collection, dissemination and use of quotations and of reports of prices on the NYSE;

⁷ See, e.g., supra note 5, and FINRA By-Laws, Article VI, Section 5 and Plan of Allocation and Delegation of Functions by FINRA to Subsidiaries, Article II, Section A. Based on earlier Board authority, FINRA repealed NYSE Rule 477 (Retention of Jurisdiction) and continues to use FINRA's retention of jurisdiction provisions in the FINRA By-laws. See Securities Exchange Act Release No. 58643 (September 25, 2008), 73 FR 57174 (October 1, 2008) (Order Approving File No. SR-FINRA-2008-029).

⁸ See, e.g., supra note 5, and FINRA By-Laws, Article VI, Section 5 and Plan of Allocation and Delegation of Functions by FINRA to Subsidiaries, Article II, Section A.

- the power to approve or disapprove any connection or means of communication with the floor and requiring the discontinuance of any such connection or means of communication; and
- disapproving any member acting as a Designated Market Maker or odd-lot dealer on the NYSE.

Therefore, FINRA considers the transfer of NYSE Rule 2A to the Consolidated FINRA Rulebook to be unnecessary and proposes that it be eliminated.⁹

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. The effective date will be no later than 150 days following Commission approval.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,¹⁰ 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 streamline and improve FINRA's rulebook by eliminating a rule that is not necessary or appropriate for the Consolidated FINRA Rulebook. As further discussed above, the FINRA By-Laws address the powers and authority of the Board and, together with the Exchange Act, set forth FINRA's authority and responsibilities as a registered securities association.

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

⁹ FINRA anticipates that the NYSE will retain a version of NYSE Rule 2A.

¹⁰ 15 U.S.C. 78o-3(b)(6).

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 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:

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-2011-062 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-2011-062. 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-2011-062 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.¹¹

Elizabeth M. Murphy

Secretary

¹¹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Below is the text of the proposed rule change. Proposed deletions are in brackets.

* * * * *

**Text of Incorporated NYSE Rule to be
Deleted in its Entirety from the Transitional Rulebook**

* * * * *

[Rule 2A. Jurisdiction]

[(a) The Exchange, may, with approval of the Exchange Board of Directors and the NYSE Regulation Board of Directors, adopt, amend or repeal such rules as it may deem necessary or proper, including rules with respect to (i) the making and settling of Exchange Contracts, (ii) the access of members and member organizations and their employees to and the conduct of members, member organizations and their employees upon the floor of the Exchange and their use of Exchange facilities, (iii) insolvency of member organizations, (iv) the formation of member organizations, the continuance thereof and the interests of members, principal executives or other persons therein, (v) the partners, officers, directors, stockholders and employees of member organizations, (vi) the offices of members, principal executives and member organizations, (vii) the business conduct of members, principal executives and member organizations, (viii) the business connections of members, principal executives and member organizations, and their association with or domination by or over corporations or other persons engaged in the securities business, (ix) capital requirements for member organizations, (x) the procedure for arbitration and dispute resolution, (xi)

trading licenses and the transfers thereof, (xii) types, terms, conditions and issuance of securities by member organizations and trading in such securities, (xiii) the conduct and procedure for disciplinary hearings and reviews there from, (xiv) the location and use on the floor of the Exchange of such facilities as may be approved by the Exchange to permit members to send orders from the floor to other markets and receive orders on the floor from other markets for the purchase or sale of securities traded on the Exchange, (xv) options and other derivative trading, (xvi) matters related to non-member broker-dealers that choose to be regulated by the Exchange, and (xvii) any other matter relevant to the conduct of the business of a securities exchange and self-regulatory organization.]

[(b) The Exchange may approve applications for the listing of securities and the admission of securities, including securities on a “when issued” or “when distributed” basis, to dealings on the Exchange, and may suspend dealings in such securities and may remove the same from listing.]

[(c) The Exchange shall have general supervision over members, principal executives, member organizations, employees of member organizations and over approved persons in connection with their conduct of the business of member organizations. The Exchange shall have general supervision over other broker-dealers that choose to be regulated by the Exchange. The Exchange may examine into the business conduct and financial condition of members, principal executives, member organizations, employees of member organizations, approved persons and other broker-dealers that

choose to be regulated by the Exchange. It shall have supervision over partnership and corporate arrangements and over all offices of such members and member organizations, whether foreign or domestic, and over all persons employed by such members organizations, and other broker-dealers that choose to be regulated by the Exchange and may adopt such rules with respect to the employment, compensation and duties of such employees as it may deem appropriate. It shall have supervision over all matters relating to the collection, dissemination and use of quotations and of reports of prices on the Exchange. It shall have the power to approve or disapprove any connection or means of communication with the floor and may require the discontinuance of any such connection or means of communication. It may disapprove any member acting as a DMM or odd-lot dealer.]

[(d) The Exchange shall adopt such rules as it deems necessary or appropriate for the discipline of members, member organizations, principal executives, approved persons, and registered and non-registered employees of member organizations and over other broker-dealers that choose to be regulated by the Exchange for the violation of the Securities Exchange Act of 1934 (the Act), the rules of the Exchange and for such other offenses as may be set forth in the rules of the Exchange. The Exchange shall also adopt such rules as it deems necessary or appropriate governing the conduct of disciplinary proceedings including disciplinary hearings and reviews thereof. The

determination and penalty, if any, of the Board after review shall be final and conclusive, subject to the provisions of the Act.]

[(e) The Exchange shall have jurisdiction after notice and a hearing to discipline members, member organizations, principal executives, approved persons in connection with their conduct of the business of a member organization, and registered or non-registered employees of member organizations and other broker-dealers that choose to be regulated by the Exchange. The Exchange may impose one or more of the following disciplinary sanctions: expulsion, suspension; limitation as to activities, functions, and operations, including the suspension or cancellation of a registration in, or assignment of, one or more stocks, fine, censure, suspension or bar from being associated with any member or member organization, or any other fitting sanction.]

[(f) The Exchange shall have jurisdiction over any and all other functions of its members, member organizations, principal executives and approved persons in connection with the conduct of the business of member organizations, and registered or non-registered employees of members or member organizations and other broker-dealers that choose to be regulated by the Exchange in order for the Exchange to comply with its statutory obligation as a Self Regulatory Organization.]

* * * * *