

OMB APPROVAL

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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 18

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

File No.* SR - 2011 - * 058

Amendment No. (req. for Amendments *) 1

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

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☐ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 19b-4(f)(6)

Pilot ☐ Extension of Time Period
 for Commission Action * ☐ Date Expires *

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 *).

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 * Racquel Last Name * Russell
 Title * Assistant General Counsel
 E-mail * racquel.russell@finra.org
 Telephone * (202) 728-8363 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 04/16/2012

By Stephanie M. Dumont
 (Name *)

Senior Vice President and Director of Capital Markets
 Policy

(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.

Stephanie Dumont,

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF 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 October 6, 2011, Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend FINRA Rule 6433 (Minimum Quotation Size Requirements for OTC Equity Securities) (the “Rule”). The proposed rule change was published for comment in the Federal Register on October 20, 2011.¹ The Commission received seven comment letters on the proposed rule change – two from individual investors, three from an inter-dealer quotation system and two from a member firm.² FINRA responded to comments on December 23, 2011.³ The Commission published an order instituting proceedings pursuant to Section 19(b)(2)(B) of the Act,⁴ to determine whether to approve or disapprove the proposed rule change, in the Federal Register on January 24, 2012.⁵ The comment period closed on February 14, 2012, and FINRA’s rebuttal period closed on February 28, 2012. The Commission received one comment letter in response to the Proceedings Order.⁶

As stated in the Original Proposal, FINRA is amending FINRA Rule 6433 (Minimum Quotation Size Requirements for OTC Equity Securities) (the “Rule”) to, among other things, (1) simplify the tier structure, (2) parallel the approach taken by the

¹ See Securities Exchange Act Release No. 65568 (October 14, 2011), 76 FR 65307 (October 20, 2011) (Notice of Filing of File No. SR-FINRA-2011-058) (“Original Proposal”).

² Letters to Elizabeth M. Murphy, Secretary, Commission, from Suzanne H. Shatto, Seattle, Washington, dated October 20, 2011; Naphtali M. Hamlet, Seattle, Washington, dated October 21, 2011; Daniel Zinn, General Counsel, OTC Markets Group, Inc., dated November 10, 2011; Michael T. Corrao, Managing Director, Knight Capital Group, Inc., dated November 16, 2011 (“Knight # 1”); R. Cromwell Coulson, President and CEO, OTC Markets, dated November 18, 2011; Daniel Zinn, General Counsel, OTC Markets Group, Inc., dated December 29, 2011; Michael T. Corrao, Managing Director, Knight Capital Group, Inc., dated January 13, 2012 (“Knight # 2”).

Comment letters are available at www.sec.gov.

³ On December 23, 2011, FINRA responded to comment letters received by the SEC as of that date. See letter to Elizabeth M. Murphy, Secretary, Commission, from Stephanie M. Dumont, Senior Vice President and Director of Capital Markets Policy, FINRA (“FINRA Response Letter”).

⁴ 15 U.S.C. 78s(b)(2)(B).

⁵ See Securities Exchange Act Release No. 66168 (January 17, 2012), 77 FR 3515 (January 24, 2012) (Order Instituting Proceedings to Determine Whether to Disapprove File No. SR-FINRA-2011-058) (“Proceedings Order”).

⁶ See letter to Elizabeth M. Murphy, Secretary, Commission, from Daniel Zinn, General Counsel, OTC Markets Group Inc., dated February 14, 2012.

national securities exchanges for securities priced at or above \$1.00, (3) expand the scope of the Rule to apply to all quotations or orders displayed on an inter-dealer quotation system, (4) incorporate the requirements of FINRA Rule 6434 (Minimum Pricing Increments for OTC Equity Securities)⁷ and, importantly, (5) facilitate the display of customer limit orders under FINRA Rule 6460 (Display of Customer Limit Orders) (the “limit order display rule”).⁸

In this Amendment No. 1, FINRA is modifying the Original Proposal in response to comment letters as well as further discussions with members, particularly with regard to the lower minimum dollar amount of displayed liquidity required under the proposed tiers.⁹ For example, commenters expressed concern that the Original Proposal would remove meaningful minimum dollar value level requirements for displayed liquidity by market makers and suggested that any changes be implemented as a pilot.¹⁰ FINRA believes that these proposed modifications, which increase several minimum tier sizes as compared to the Original Proposal, would address commenters’ concerns by increasing the minimum dollar commitment to the market overall, while nonetheless facilitating investor protection by providing for increased display of customer limit orders than is currently provided under the limit order display rule. As noted in the FINRA Response Letter, through the extension of limit order display for OTC equity securities, investors may now benefit from enhanced transparency of limit orders, improved prices and increased execution opportunities.¹¹

The minimum quotation sizes and liquidity ranges of the Original Proposal and the revised proposals are as follows:

⁷ See Securities Exchange Act Release No. 62359 (June 22, 2010), 75 FR 37488 (June 29, 2010) (File No. SR-FINRA-2009-054; “Order Approving NMS-Principled Rules for OTC Equity Securities”). FINRA Rule 6434 became effective on February 11, 2011 and FINRA Rule 6460 became effective on May 9, 2011. See Regulatory Notice 10-42 (September 2010).

⁸ See Order Approving NMS-Principled Rules for OTC Equity Securities.

⁹ See e.g., Knight # 1 and Knight # 2.

¹⁰ See e.g., Knight # 1 and Knight # 2.

¹¹ As previously stated by the SEC, customer limit order display is beneficial to the markets:

The financial markets as a whole should benefit from [limit order display] because the price discovery process will be enhanced, market transparency will be improved and price competition will be promoted. By their very nature, these benefits are broad-based and pervasive.

Securities Exchange Act Release No. 36310 (September 29, 1995), 60 FR 52792 (October 10, 1995).

Original Proposal

Tier Size Range		Min. Shares	Minimum Liquidity Range	
\$0.0001	0.0199	10,000	\$1.00	\$199.00
\$0.02	0.2599	1,000	\$20.00	\$259.90
\$0.26	0.5099	500	\$130.00	\$254.95
\$0.51	0.9999	200	\$102.00	\$199.98
\$1.00	174.99	100	\$100.00	\$17,499.00
\$175.00	---	1	\$175.00	---

Revised Proposal

Tier Size Range		Min. Shares	Minimum Liquidity Range	
\$0.0001	\$0.0999	10,000	\$1.00	\$999.00
\$0.10	\$0.1999	5,000	\$500.00	\$999.50
\$0.20	\$0.5099	2,500	\$500.00	\$1,274.75
\$0.51	\$0.9999	1,000	\$510.00	\$999.90
\$1.00	\$174.99	100	\$100.00	\$17,499.00
\$175.00	---	1	\$175.00	---

These revisions increase the minimum quotation sizes for price points between \$0.02 and \$1.00 (as compared to the Original Proposal). Specifically, the minimum quotation size required for securities priced between \$0.02 and \$0.0999 would be increased from 1,000 shares to 10,000 shares; between \$0.10 and \$0.1999 would be increased from 1,000 shares to 5,000 shares; between \$0.26 and \$0.5099 would be increased from 500 shares to 2,500 shares; and between \$0.51 and \$0.9999 from 200 shares to 1,000 shares. Therefore, under the revised tiers, for securities priced from \$0.10 up to \$1.00, the required minimum dollar value of displayed liquidity would range from \$500.00 to \$1,274.75 – dollar amounts FINRA believes represent both appropriate minimum dollar value of displayed liquidity for members and reasonable dollar values for customer orders to be eligible for display on an inter-dealer quotation system.

Thus, FINRA believes that these revised tier sizes and corresponding liquidity minimum amounts are in the best interest of the market for OTC Equity Securities and investors in that they facilitate the display of additional liquidity by market makers and of approximately 95% of all customer limit orders reviewed.¹² In addition, FINRA expects that – as the SEC has found in the context of its display rule – the improved display of

¹² FINRA analyzed a random sample of over 100 million customer limit orders in OTC Equity Securities that were reported to FINRA during a six-month period.

customer limit orders resulting from the revised minimum quotation sizes will enhance the quality of published quotations for OTC Equity Securities and enhance competition and pricing efficiency in the market for OTC Equity Securities, which also should have a positive impact on capital formation.¹³

Further, FINRA believes that the resulting increased display of customer limit orders will improve the public availability of quotation information, increase quote competition, market efficiency, best execution and disintermediation.¹⁴

The revised tiers also would continue to yield the other benefits discussed in the Original Proposal, including simplifying the existing Rule by reducing the number of minimum quotation tiers from nine tiers to six tiers and requiring a round lot of one hundred shares for all securities priced at or above \$1.00.¹⁵

FINRA is proposing that the proposed rule change be implemented for all OTC Equity Securities displayed on an inter-dealer quotation system on a pilot basis for a period of one year from the effective date. The effective date of the minimum quotation size pilot will be 120 days from Commission approval. FINRA will provide the Commission with trading data, as necessary, to evaluate the impact of the pilot.

¹³ See Securities Exchange Act Release No. 37619A, 61 FR 48290 (September 12, 1996) (“SEC Display Rule Adopting Release”).

¹⁴ See also SEC Display Rule Adopting Release.

¹⁵ A round lot of 100 shares applies to most NASDAQ and NYSE listed securities.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-FINRA-2011-058)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of Amendment No. 1 to Proposed Rule Change to Amend FINRA Rule 6433 (Minimum Quotation Size Requirements for OTC Equity Securities)

I. Introduction

On October 6, 2011, Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to amend FINRA Rule 6433 (Minimum Quotation Size Requirements for OTC Equity Securities). The proposed rule change was published for comment in the Federal Register on October 20, 2011.³ The Commission received seven comment letters on the proposed rule change – two from individual investors, three from an inter-dealer quotation system and two from a member firm.⁴

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 65568 (October 14, 2011), 76 FR 65307 (October 20, 2011) (Notice of Filing of File No. SR-FINRA-2011-058) (“Original Proposal”).

⁴ Letters to Elizabeth M. Murphy, Secretary, Commission, from Suzanne H. Shatto, Seattle, Washington, dated October 20, 2011; Naphtali M. Hamlet, Seattle, Washington, dated October 21, 2011; Daniel Zinn, General Counsel, OTC Markets Group, Inc., dated November 10, 2011; Michael T. Corrao, Managing Director, Knight Capital Group, Inc., dated November 16, 2011 (“Knight # 1”); R. Cromwell Coulson, President and CEO, OTC Markets, dated November 18, 2011; Daniel Zinn, General Counsel, OTC Markets Group, Inc., dated December 29, 2011; Michael T. Corrao, Managing Director, Knight Capital Group, Inc., dated January 13, 2012 (“Knight # 2”).

Comment letters are available at www.sec.gov.

FINRA responded to comments on December 23, 2011.⁵ The Commission published an order instituting proceedings pursuant to Section 19(b)(2)(B) of the Act,⁶ to determine whether to approve or disapprove the proposed rule change, in the Federal Register on January 24, 2012.⁷ The comment period closed on February 14, 2012, and FINRA's rebuttal period closed on February 28, 2012. The Commission received one comment letter in response to the Proceedings Order.⁸ On _____, FINRA filed Amendment No. 1 to the proposed rule change. The text of Amendment No. 1 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 Terms of Substance of the Proposed Rule Change

As stated in the Original Proposal, FINRA is amending FINRA Rule 6433 (Minimum Quotation Size Requirements for OTC Equity Securities) (the "Rule") to, among other things, (1) simplify the tier structure, (2) parallel the approach taken by the national securities exchanges for securities priced at or above \$1.00, (3) expand the scope of the Rule to apply to all quotations or orders displayed on an inter-dealer quotation system, (4) incorporate the requirements of FINRA Rule 6434 (Minimum Pricing

⁵ On December 23, 2011, FINRA responded to comment letters received by the SEC as of that date. See letter to Elizabeth M. Murphy, Secretary, Commission, from Stephanie M. Dumont, Senior Vice President and Director of Capital Markets Policy, FINRA ("FINRA Response Letter").

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Increments for OTC Equity Securities)⁹ and, importantly, (5) facilitate the display of customer limit orders under FINRA Rule 6460 (Display of Customer Limit Orders) (the “limit order display rule”).¹⁰

In this Amendment No. 1, FINRA is modifying the Original Proposal in response to comment letters as well as further discussions with members, particularly with regard to the lower minimum dollar amount of displayed liquidity required under the proposed tiers.¹¹ For example, commenters expressed concern that the Original Proposal would remove meaningful minimum dollar value level requirements for displayed liquidity by market makers and suggested that any changes be implemented as a pilot.¹² FINRA believes that these proposed modifications, which increase several minimum tier sizes as compared to the Original Proposal, would address commenters’ concerns by increasing the minimum dollar commitment to the market overall, while nonetheless facilitating investor protection by providing for increased display of customer limit orders than is currently provided under the limit order display rule. As noted in the FINRA Response Letter, through the extension of limit order display for OTC equity securities, investors

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¹⁰ See Order Approving NMS-Principled Rules for OTC Equity Securities.

¹¹ See e.g., Knight # 1 and Knight # 2.

¹² See e.g., Knight # 1 and Knight # 2.

may now benefit from enhanced transparency of limit orders, improved prices and increased execution opportunities.¹³

The minimum quotation sizes and liquidity ranges of the Original Proposal and the revised proposals are as follows:

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\$0.51	0.9999	200	\$102.00	\$199.98
\$1.00	174.99	100	\$100.00	\$17,499.00
\$175.00	---	1	\$175.00	---

Revised Proposal

Tier Size Range		Min. Shares	Minimum Liquidity Range	
\$0.0001	\$0.0999	10,000	\$1.00	\$999.00
\$0.10	\$0.1999	5,000	\$500.00	\$999.50
\$0.20	\$0.5099	2,500	\$500.00	\$1,274.75
\$0.51	\$0.9999	1,000	\$510.00	\$999.90
\$1.00	\$174.99	100	\$100.00	\$17,499.00
\$175.00	---	1	\$175.00	---

¹³

As previously stated by the SEC, customer limit order display is beneficial to the markets:

The financial markets as a whole should benefit from [limit order display] because the price discovery process will be enhanced, market transparency will be improved and price competition will be promoted. By their very nature, these benefits are broad-based and pervasive.

Securities Exchange Act Release No. 36310 (September 29, 1995), 60 FR 52792 (October 10, 1995).

These revisions increase the minimum quotation sizes for price points between \$0.02 and \$1.00 (as compared to the Original Proposal). Specifically, the minimum quotation size required for securities priced between \$0.02 and \$0.0999 would be increased from 1,000 shares to 10,000 shares; between \$0.10 and \$0.1999 would be increased from 1,000 shares to 5,000 shares; between \$0.26 and \$0.5099 would be increased from 500 shares to 2,500 shares; and between \$0.51 and \$0.9999 from 200 shares to 1,000 shares. Therefore, under the revised tiers, for securities priced from \$0.10 up to \$1.00, the required minimum dollar value of displayed liquidity would range from \$500.00 to \$1,274.75 – dollar amounts FINRA believes represent both appropriate minimum dollar value of displayed liquidity for members and reasonable dollar values for customer orders to be eligible for display on an inter-dealer quotation system.

Thus, FINRA believes that these revised tier sizes and corresponding liquidity minimum amounts are in the best interest of the market for OTC Equity Securities and investors in that they facilitate the display of additional liquidity by market makers and of approximately 95% of all customer limit orders reviewed.¹⁴ In addition, FINRA expects that – as the SEC has found in the context of its display rule – the improved display of customer limit orders resulting from the revised minimum quotation sizes will enhance the quality of published quotations for OTC Equity Securities and enhance competition and pricing efficiency in the market for OTC Equity Securities, which also should have a positive impact on capital formation.¹⁵

¹⁴ FINRA analyzed a random sample of over 100 million customer limit orders in OTC Equity Securities that were reported to FINRA during a six-month period.

¹⁵ See Securities Exchange Act Release No. 37619A, 61 FR 48290 (September 12, 1996) (“SEC Display Rule Adopting Release”).

Further, FINRA believes that the resulting increased display of customer limit orders will improve the public availability of quotation information, increase quote competition, market efficiency, best execution and disintermediation.¹⁶

The revised tiers also would continue to yield the other benefits discussed in the Original Proposal, including simplifying the existing Rule by reducing the number of minimum quotation tiers from nine tiers to six tiers and requiring a round lot of one hundred shares for all securities priced at or above \$1.00.¹⁷

FINRA is proposing that the proposed rule change be implemented for all OTC Equity Securities displayed on an inter-dealer quotation system on a pilot basis for a period of one year from the effective date. The effective date of the minimum quotation size pilot will be 120 days from Commission approval. FINRA will provide the Commission with trading data, as necessary, to evaluate the impact of the pilot.

III. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change, as amended by Amendment No. 1, 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

¹⁶ See also SEC Display Rule Adopting Release.

¹⁷ A round lot of 100 shares applies to most NASDAQ and NYSE listed securities.

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-FINRA-2011-058 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-2011-058. 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-2011-058 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.¹⁸

Elizabeth M. Murphy

Secretary

¹⁸ 17 CFR 200.30-3(a)(12).

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 appear in brackets.

* * * * *

6000. QUOTATION AND TRANSACTION REPORTING FACILITIES

* * * * *

6400. QUOTING AND TRADING IN OTC EQUITY SECURITIES

* * * * *

6430. OTC Equity Quotation Requirements

* * * * *

6433. Minimum Quotation Size Requirements for OTC Equity Securities

Every member entering quotations in any inter-dealer quotation system that permits quotation updates on a real-time basis must enter and honor those quotations for at least the minimum size defined in the table below. In this regard, it is the member's responsibility to determine the minimum size requirement applicable to its quotation. Depending on the price level of the quotation, a different minimum size can apply to each side of the market being quoted by the member in a given security.

Price (Bid or Offer)	Minimum Quote Size
0.0001–[0.0199] <u>0.0999</u>	10,000
[0.02–0.2599] <u>0.10–0.1999</u>	[1,000] <u>5,000</u>
[0.26] <u>0.20–0.5099</u>	[500] <u>2,500</u>
0.51–0.9999	[200] <u>1,000</u>
1.00–174.99	100
175.00+	1

• • • Supplementary Material: -----

.01 The amendments set forth in File No. SR-FINRA-2011-058 shall be in effect until
[insert date that is 365 days following the implementation date of SR-FINRA-2011-058].
If the pilot is not extended or approved as permanent by this date, the version of this Rule
prior to SR-FINRA-2011-058 shall be in effect.

* * * * *

EXHIBIT 5

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

* * * * *

6000. QUOTATION AND TRANSACTION REPORTING FACILITIES

* * * * *

6400. QUOTING AND TRADING IN OTC EQUITY SECURITIES

* * * * *

6430. OTC Equity Quotation Requirements

* * * * *

6433. Minimum Quotation Size Requirements for OTC Equity Securities

[Every member firm that functions as a market maker in OTC Equity Securities by entering firm] Every member entering quotations in [into the OTC Bulletin Board Service (OTCBB) (or] any [other] inter-dealer quotation system that permits quotation updates on a real-time basis[)] must enter and honor those quotations for at least the minimum size defined in the table below. In this regard, it is the [market maker's] member's responsibility to determine the minimum size requirement applicable to its quotation [firm bid and/or offer in each of its registered securities (excluding OTC Equity Securities for which the OTCBB will not accept firm quotations)]. Depending on the price level of the quotation [bid or offer], a different minimum size can apply to each side of the market being quoted by the member [firm] in a given security.

Price (Bid or Offer)	Minimum Quote Size
[0–.50] <u>0.0001–0.0999</u> ^[1]	[5,000] <u>10,000</u>
[.51–1.00] <u>0.10–0.1999</u>	[2,500] <u>5,000</u>
[1.01–10.00] <u>0.20–0.5099</u>	[500] <u>2,500</u>

[10.01–100.00] <u>0.51–0.9999</u>	[200] <u>1,000</u>
[100.01–200.00] <u>1.00–174.99</u>	100
[200.01–500.00] <u>175.00+</u>	[25] <u>1</u>
[500.01–1000.00]	[10]
[1000.01–2500.00]	[5]
[2500.01 +]	[1]

[¹ The OTCBB can accept bids/offers expressed in fractions as small as 1/256 or in decimals up to six places. In applying the price test for minimum quotation size, any increment beyond an upper limit in the right hand column will trigger application of the minimum quote size for the next tier. For example, a bid (or offer) of \$.505 must be firm for a size of 2,500 shares.]

••• Supplementary Material: -----

.01 The amendments set forth in File No. SR-FINRA-2011-058 shall be in effect until [insert date that is 365 days following the implementation date of SR-FINRA-2011-058]. If the pilot is not extended or approved as permanent by this date, the version of this Rule prior to SR-FINRA-2011-058 shall be in effect.

* * * * *