

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 19	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2013 - * 021	Amendment No. (req. for Amendments *)
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Filing 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"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) <input type="checkbox"/> Section 806(e)(2) <input type="checkbox"/>	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) <input type="checkbox"/>
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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 action (limit 250 characters, required when Initial is checked *).

Proposed Rule Change Relating to an Extension of the Implementation Date for FINRA Rule 5270 (Front Running of Block Transactions)

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 action.

First Name * Brant Last Name * Brown

Title * Associate General Counsel

E-mail * brant.brown@finra.org

Telephone * (202) 728-6927 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.

(Title *)

Date 05/02/2013 Senior Vice President and Director of Capital Markets Policy

By Stephanie Dumont Stephanie Dumont,

(Name *)

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 EFFF website.

Form 19b-4 Information *

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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 *

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 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies

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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, security-based swap submission, or advance notice 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

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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 the 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 establish September 3, 2013, as the implementation date of FINRA Rule 5270 (Front Running of Block Transactions) that the Commission approved on September 4, 2012.² The proposed rule change adopted NASD Interpretive Material (“IM”) 2110-3 (Front Running Policy) as FINRA Rule 5270 with certain changes, including broadening the rule’s scope and providing further clarity into trading activity that FINRA believes is inconsistent with just and equitable principles.

The proposed rule change does not make any changes to the text of FINRA rules.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

At its meeting on September 16, 2008, 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 has filed the proposed rule change for immediate effectiveness.

¹ 15 U.S.C. 78s(b)(1).

² See Securities Exchange Act Release No. 67774 (September 4, 2012), 77 FR 55519 (September 10, 2012) (Order Approving File No. SR-FINRA-2012-025) (“Approval Order”).

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

(a) Purpose

FINRA is filing the proposed rule change to establish September 3, 2013, as the implementation date for FINRA Rule 5270 regarding front running.

On September 4, 2012, the SEC approved SR-FINRA-2012-025, which adopted NASD IM-2110-3 as FINRA Rule 5270 in the Consolidated FINRA Rulebook³ with certain changes, including broadening the rule’s scope and providing further clarity into trading activity that FINRA believes is inconsistent with just and equitable principles.⁴ On December 3, 2012, FINRA published Regulatory Notice 12-52 announcing that the Commission approved the proposed rule change and announcing an implementation date of June 1, 2013.

Since the publication of the Notice, many firms and industry groups have requested that the implementation date for Rule 5270 be delayed to allow firms sufficient time to make necessary systems updates and changes. Firms have noted that, because of the expansion of the rule to include a wider range of securities and other related financial

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. 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).

⁴ See Approval Order, supra note 2.

instruments,⁵ existing vendor systems and internally-developed controls cannot easily be revised to include the expanded securities and instruments covered by the rule. Firms are also reconsidering, and in some cases adjusting, the scope of existing information barriers to account for the broader scope of the rule as well as implementing education and training programs. Although FINRA has stated, and firms recognize, that the underlying conduct addressed in Rule 5270 is largely covered by existing FINRA rules, FINRA understands the need for firms to adjust their training, education, and internal surveillance programs in an effort to successfully comply with the expansion of Rule 5270. As a result of these discussions, and the comment letter discussed in Item 5 below, FINRA is seeking to delay the implementation of Rule 5270 until September 3, 2013, to give firms sufficient time to make necessary changes to their programs and systems to enable them to review their trading activity for compliance with the rule.⁶ FINRA stresses, however, that much of the trading activity prohibited by Rule 5270 may already violate other existing FINRA rules.

As noted in Item 2 of this filing, FINRA has filed the proposed rule change for immediate effectiveness.

⁵ FINRA Rule 5270(c) defines a “related financial instrument” as “any option, derivative, security-based swap, or other financial instrument overlying a security, the value of which is materially related to, or otherwise acts as a substitute for, such security, as well as any contract that is the functional economic equivalent of a position in such security.”

⁶ FINRA does not anticipate providing further extensions beyond September 3, 2013.

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁷ 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 extending the implementation date will ensure that firms have sufficient time to make the necessary changes to their systems to be able to effectively surveil their trading activity in the securities and financial instruments that are subject to the rule. Extending the implementation date by three months will also ensure firms have sufficient time to complete the assessment of their existing information barriers and any needed training or education. FINRA notes that members are already under an existing obligation to prevent the front running of customer orders under other FINRA rules and that these rules will continue to apply to members' trading activity notwithstanding the extension of the implementation date for Rule 5270.

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. Because the proposed rule change does not amend FINRA rules and merely extends the implementation date for Rule 5270, FINRA does not believe the proposed rule change imposes any unnecessary or inappropriate burden on competition.

⁷ 15 U.S.C. 78q-3(b)(6).

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

The Securities Industry and Financial Markets Association (“SIFMA”) submitted a written request to FINRA for a three-month extension of the implementation date for Rule 5270.⁸ A copy of the SIFMA Letter is attached as Exhibit 2.

In its letter, SIFMA represents that, since Rule 5270 was approved, its members “have been actively working to update their policies and are expanding and implementing robust education and training programs.”⁹ SIFMA states that, notwithstanding these efforts, because “existing vendor [surveillance] systems and internally-developed controls cannot easily be revised to the new, expanded product set” covered by Rule 5270, firms may not be able to implement the needed systems changes by June 1, 2013.¹⁰ In particular, the expansion of firms’ surveillance and supervision systems to include other product areas, in particular fixed income securities and OTC products, may not be completed by June 1, 2013.¹¹ SIFMA also represents that the implementation of certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act, particularly those under Title VII, are affecting many of the same systems implicated by Rule 5270.¹² As a result of these factors, SIFMA requested that FINRA extend the implementation date of Rule 5270 by three months. SIFMA acknowledges, however,

⁸ See Letter from Sean Davy, Managing Director, Corporate Credit Markets Division, SIFMA, to Brant K. Brown, Associate General Counsel, Office of General Counsel, FINRA (April 22, 2013) (“SIFMA Letter”).

⁹ Id. at 1.

¹⁰ Id.

¹¹ Id.

¹² Id. at 2.

that “during this period member firms are, and would continue to be, under an existing obligation to prevent the frontrunning of customer orders” and that “much of the trading activity prohibited by new Rule 5270 may already violate existing FINRA Rules.”¹³

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) or Section 19(b)(7)(D)

The proposed rule change is effective upon filing pursuant to Section 19(b)(3) of the Act¹⁴ and paragraph (f)(6) of Rule 19b-4 thereunder,¹⁵ in that the proposed rule change does not significantly affect the protection of investors or the public interest; does not impose any significant burden on competition; and does not become operative for 30 days after filing or such shorter time as the Commission may designate.

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

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

¹³ Id.

¹⁴ 15 U.S.C. 78s(b)(3).

¹⁵ 17 CFR 240.19b-4(f)(6).

11. Exhibits

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

Exhibit 2. Copy of SIFMA Letter.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-FINRA-2013-021)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to an Extension of the Implementation Date for FINRA Rule 5270 (Front Running of Block Transactions)

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. FINRA has designated the proposed rule change as constituting a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4 under the Act,³ 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.

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

FINRA is proposing to establish September 3, 2013, as the implementation date of FINRA Rule 5270 (Front Running of Block Transactions) that the Commission approved on September 4, 2012.⁴ The proposed rule change adopted NASD Interpretive

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6).

⁴ See Securities Exchange Act Release No. 67774 (September 4, 2012), 77 FR 55519 (September 10, 2012) (Order Approving SR-FINRA-2012-025) (“Approval Order”).

Material (“IM”) 2110-3 (Front Running Policy) as FINRA Rule 5270 with certain changes, including broadening the rule’s scope and providing further clarity into trading activity that FINRA believes is inconsistent with just and equitable principles.

The proposed rule change does not make any changes to the text of FINRA rules.

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

FINRA is filing the proposed rule change to establish September 3, 2013, as the implementation date for FINRA Rule 5270 regarding front running.

On September 4, 2012, the SEC approved SR-FINRA-2012-025, which adopted NASD IM-2110-3 as FINRA Rule 5270 in the Consolidated FINRA Rulebook⁵ with certain changes, including broadening the rule’s scope and providing further clarity into

⁵ 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. 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).

trading activity that FINRA believes is inconsistent with just and equitable principles.⁶ On December 3, 2012, FINRA published Regulatory Notice 12-52 announcing that the Commission approved the proposed rule change and announcing an implementation date of June 1, 2013.

Since the publication of the Notice, many firms and industry groups have requested that the implementation date for Rule 5270 be delayed to allow firms sufficient time to make necessary systems updates and changes. Firms have noted that, because of the expansion of the rule to include a wider range of securities and other related financial instruments,⁷ existing vendor systems and internally-developed controls cannot easily be revised to include the expanded securities and instruments covered by the rule. Firms are also reconsidering, and in some cases adjusting, the scope of existing information barriers to account for the broader scope of the rule as well as implementing education and training programs. Although FINRA has stated, and firms recognize, that the underlying conduct addressed in Rule 5270 is largely covered by existing FINRA rules, FINRA understands the need for firms to adjust their training, education, and internal surveillance programs in an effort to successfully comply with the expansion of Rule 5270. As a result of these discussions, and the comment letter discussed in Item 5 below, FINRA is seeking to delay the implementation of Rule 5270 until September 3, 2013, to give firms sufficient time to make necessary changes to their programs and systems to enable them

⁶ See Approval Order, supra note 4.

⁷ FINRA Rule 5270(c) defines a “related financial instrument” as “any option, derivative, security-based swap, or other financial instrument overlying a security, the value of which is materially related to, or otherwise acts as a substitute for, such security, as well as any contract that is the functional economic equivalent of a position in such security.”

to review their trading activity for compliance with the rule.⁸ FINRA stresses, however, that much of the trading activity prohibited by Rule 5270 may already violate other existing FINRA rules.

FINRA has filed the proposed rule change for immediate effectiveness.

2. 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 extending the implementation date will ensure that firms have sufficient time to make the necessary changes to their systems to be able to effectively surveil their trading activity in the securities and financial instruments that are subject to the rule. Extending the implementation date by three months will also ensure firms have sufficient time to complete the assessment of their existing information barriers and any needed training or education. FINRA notes that members are already under an existing obligation to prevent the front running of customer orders under other FINRA rules and that these rules will continue to apply to members' trading activity notwithstanding the extension of the implementation date for Rule 5270.

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

⁸ FINRA does not anticipate providing further extensions beyond September 3, 2013.

⁹ 15 U.S.C. 78q-3(b)(6).

Act. Because the proposed rule change does not amend FINRA rules and merely extends the implementation date for Rule 5270, FINRA does not believe the proposed rule change imposes any unnecessary or inappropriate burden on competition.

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

The Securities Industry and Financial Markets Association (“SIFMA”) submitted a written request to FINRA for a three-month extension of the implementation date for Rule 5270.¹⁰ A copy of the SIFMA Letter is attached as Exhibit 2.

In its letter, SIFMA represents that, since Rule 5270 was approved, its members “have been actively working to update their policies and are expanding and implementing robust education and training programs.”¹¹ SIFMA states that, notwithstanding these efforts, because “existing vendor [surveillance] systems and internally-developed controls cannot easily be revised to the new, expanded product set” covered by Rule 5270, firms may not be able to implement the needed systems changes by June 1, 2013.¹² In particular, the expansion of firms’ surveillance and supervision systems to include other product areas, in particular fixed income securities and OTC products, may not be completed by June 1, 2013.¹³ SIFMA also represents that the implementation of certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act, particularly those under Title VII, are affecting many of the same systems implicated by

¹⁰ See Letter from Sean Davy, Managing Director, Corporate Credit Markets Division, SIFMA, to Brant K. Brown, Associate General Counsel, Office of General Counsel, FINRA (April 22, 2013) (“SIFMA Letter”).

¹¹ Id. at 1.

¹² Id.

¹³ Id.

Rule 5270.¹⁴ As a result of these factors, SIFMA requested that FINRA extend the implementation date of Rule 5270 by three months. SIFMA acknowledges, however, that “during this period member firms are, and would continue to be, under an existing obligation to prevent the frontrunning of customer orders” and that “much of the trading activity prohibited by new Rule 5270 may already violate existing FINRA Rules.”¹⁵

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁶ and Rule 19b-4(f)(6) thereunder.¹⁷

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.

¹⁴ Id. at 2.

¹⁵ Id.

¹⁶ 15 U.S.C. 78s(b)(3)(A).

¹⁷ 17 CFR 240.19b-4(f)(6).

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-2013-021 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-2013-021. 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-2013-021 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).



April 22, 2013

Submitted Via Email and Courier

Brant K. Brown
Associate General Counsel, Office of General Counsel
FINRA
1735 K Street, NW
Washington, D.C. 20006

Re: Request for Extension: Implementation Date of FINRA Rule 5270

Dear Mr. Brown:

The Securities Industry and Financial Markets Association (“SIFMA”)¹ respectfully requests an extension of the implementation date for FINRA Rule 5270/Front Running of Block Transactions (the “Rule”). SIFMA wishes to acknowledge and to thank FINRA Staff for its time discussing this matter on a March 20, 2013 conference call. As Staff will recall, many of the concepts described in this letter were discussed on that conference call, and SIFMA thanks the Staff for its candor and for its willingness to discuss the implementation and interpretive difficulties now being faced by members as they prepare for implementation of the Rule.

SIFMA members understand and acknowledge their current obligations to prevent frontrunning and have in place policies, processes and systems designed to ensure compliance with existing rules. As a result of the Rule, SIFMA members have been actively working to update their policies and are expanding and implementing robust education and training programs. Member firms have made significant progress, and have reported that they are devoting significant time and resources towards the implementation of the Rule. A critical aspect of the implementation will be revisions to existing surveillance systems to tailor them to the new requirements of the Rule and address trading in instruments not currently covered. In this regard, existing vendor systems and internally-developed controls cannot easily be revised to the new, expanded product set. As further described below, these revisions will require major changes to some of the existing surveillance systems, building new linkages among internal and external vendor systems and in some cases the development of completely new systems and processes.

The primary reason such a significant technological and operational build-out is required is the need to expand the level of surveillance in a number of financial instruments, particularly fixed-income and OTC products, and to surveil for trading in any related financial instrument. Systems require a new interconnectedness; in particular, the nature of fixed-income trading is such that fixed-income trading desks are not generally broken into separate and/or multiple aggregation units; the Rule now requires firms to reconsider the scope of information barriers to ensure that the proper balance is drawn.

While the SIFMA members have been diligently working towards the goal of having the necessary

¹ SIFMA brings together the shared interests of hundreds of securities firms, bank and asset managers. SIFMA’s mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association. For more information, visit www.sifma.org.



changes in place for June 1, 2013, because of these technological, operational, and control issues, the need to coordinate with existing implementation underway that is related to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), and constrained technology resources, member firms anticipate that operational and technological changes related to this rule will require an investment of time beyond that currently allotted by the Securities and Exchange Commission. The required expansion of surveillance and supervision systems is complex and the current Dodd-Frank Act implementation plans will impact the same systems – particularly those requirements relating to Title VII of that Act, many of which are themselves in the process of being newly implemented or in “beta” format. For example, many of the same business units and related technology infrastructure (and related personnel) that support trading that is within scope for the Rule, are also in the process of implementation with respect to a significant rule set under Title VII, including but not limited to, Swap Data Recordkeeping and Reporting Requirements, various phases of Mandatory Clearing, Confirmations, Portfolio Reconciliation and Compression, and other related Internal and External Business Conduct Rules.

Accordingly, SIFMA is requesting an additional three months for member firms to comply with the operational requirements contemplated under the Rule. We acknowledge that during this period member firms are, and would continue to be, under an existing obligation to prevent the frontrunning of customer orders. We note in this connection that, as FINRA has recognized, much of the trading activity prohibited by new Rule 5270 may already violate existing FINRA Rules.² We therefore respectfully request that the Commission extend the effective date of the Rule until September 1, 2013.

If you have any questions or require additional information, please do not hesitate to contact the undersigned at (212) 313-1118, or our counsel in this matter, Russell D. Sacks of Shearman & Sterling LLP, at (212) 848-7585.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean Davy". The signature is fluid and cursive, with a long, sweeping tail that loops back under the name.

Managing Director, Corporate Credit Markets Division
Securities Industry and Financial Markets Association

cc: Stephanie Dumont, Senior Vice President and Director of Capital Markets Policy, FINRA
Robert Colby, Chief Legal Officer, FINRA

² See Letter to Elizabeth M. Murphy, SEC, from Brant K. Brown, Associate General Counsel, Office of General Counsel, FINRA dated August 29, 2012.