

*Required fields are shown with yellow backgrounds and asterisks.*

|   |   |  |  |  |
|---|---|--|--|--|
| Page 1 of * 19  | SECURITIES AND EXCHANGE COMMISSION<br>WASHINGTON, D.C. 20549<br>Form 19b-4      |  | File No.* SR - 2013 - * 035  | Amendment No. (req. for Amendments *) 2  |
| Filing by Financial Industry Regulatory Authority<br>Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934   |   |  |  |  |
| Initial *<br><input type="checkbox"/>   | Amendment *<br><input checked="" type="checkbox"/>                              | Withdrawal<br><input type="checkbox"/>                       | Section 19(b)(2) *<br><input checked="" type="checkbox"/>  | Section 19(b)(3)(A) *<br><input type="checkbox"/>  |
|   |   |  | Section 19(b)(3)(B) *<br><input type="checkbox"/>  |  |
|   |   |  | Rule   |  |
| Pilot<br><input type="checkbox"/>   | Extension of Time Period<br>for Commission Action *<br><input type="checkbox"/> | Date Expires *<br><input type="text"/>                       | <input type="checkbox"/> 19b-4(f)(1)<br><input type="checkbox"/> 19b-4(f)(2)<br><input type="checkbox"/> 19b-4(f)(3) | <input type="checkbox"/> 19b-4(f)(4)<br><input type="checkbox"/> 19b-4(f)(5)<br><input type="checkbox"/> 19b-4(f)(6) |
| Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010   |   |  | Security-Based Swap Submission pursuant<br>to the Securities Exchange Act of 1934                                    |  |
| Section 806(e)(1)<br><input type="checkbox"/>   |   | Section 806(e)(2)<br><input type="checkbox"/>                | Section 3C(b)(2)<br><input type="checkbox"/>   |  |
| Exhibit 2 Sent As Paper Document<br><input type="checkbox"/>  |   | Exhibit 3 Sent As Paper Document<br><input type="checkbox"/> |  |  |
| <b>Description</b>  |   |  |  |  |
| Provide a brief description of the action (limit 250 characters, required when Initial is checked *).   |   |  |  |  |
| <input type="text"/>  |   |  |  |  |
| <b>Contact Information</b>  |   |  |  |  |
| 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 *  | Kosha   | Last Name *  | Dalal  |  |
| Title *   | Associate Vice President and Associate General Counsel                          |  |  |  |
| E-mail *  | kosha.dalal@finra.org   |  |  |  |
| Telephone *   | (202) 728-6903  | Fax  | (202) 728-8264   |  |
| <b>Signature</b>  |   |  |  |  |
| 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  | 11/25/2013  | Senior Vice President and Deputy General Counsel             |  |  |
| By  | Patrice Gliniecki   | <input type="text"/>   |  |  |
| (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. |   |  |  |  |
| <input type="button" value="Patrice Gliniecki"/>  |   |  |  |  |

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

**Form 19b-4 Information \***

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

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**

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, 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**

Add Remove View

Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

Add Remove View

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

Add Remove View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

On August 14, 2013, FINRA filed with the Securities and Exchange Commission (“Commission”) SR-FINRA-2013-035, a proposed rule change to adopt the consolidated FINRA financial and operational rules relating to securities loans and borrowings, permissible use of customers’ securities, and callable securities. The proposed rule change would adopt new FINRA Rule 4314 (Securities Loans and Borrowings), FINRA Rule 4330 (Customer Protection – Permissible Use of Customers’ Securities), and FINRA Rule 4340 (Callable Securities). The proposed rule change would also delete NASD Rule 2330 (Customers’ Securities or Funds), NASD IM-2330 (Segregation of Customers’ Securities), Incorporated NYSE Rule 296 (Liquidation of Securities Loans and Borrowings), including Supplementary Material .10 and .20, Incorporated NYSE Rule 402 (Customer Protection – Reserves and Custody of Securities), including Supplementary Material .30, and NYSE Rule Interpretations 296(b)/01 and 402(b)/01 as they are, in main part, either duplicative of, or do not align with, the proposed requirements.

On September 3, 2013, the SEC published the proposed rule change for comment in the Federal Register.<sup>1</sup> The comment period closed on September 24, 2013. The SEC received two comment letters in response to the proposed rule change.

On November 22, 2013, FINRA submitted a response to comments on the proposed rule change and filed Partial Amendment No. 1 in response to the comments received by the Commission. Among other things, in Partial Amendment No. 1, FINRA proposed to extend the compliance date by which members must provide customers with the disclosures required under proposed FINRA Rule 4330(b)(2)(B) to 180 days following the effective date of the proposed rule change to allow firms sufficient time to develop disclosure documents and align the mailing of the disclosure documents with the mailing of quarterly customer account statements to customers.

FINRA is filing this Partial Amendment No. 2 to revise the rule text of proposed FINRA Rule 4330.06 (Notification to FINRA of Pre-existing Fully Paid or Excess Margin Securities Borrows and Disclosures to Customers) to be consistent with the extension of the compliance date proposed in Partial Amendment No. 1. Specifically, FINRA is proposing to amend the last sentence of proposed Supplementary Material .06, which provides that members shall provide customers with the disclosures required by paragraph (b)(2)(B) of this Rule within 90 days of the effective date of the proposed rule change, to require that members shall provide customers with the disclosures required by paragraph (b)(2)(B) of this Rule within 180 days of the effective date of the proposed rule change. The proposed rule change is as follows:

**.06 Notification to FINRA of Pre-existing Fully Paid or Excess Margin Securities Borrows and Disclosures to Customers.** Members with any existing fully paid or excess margin securities borrows with customers as of [insert

---

<sup>1</sup> See Securities Exchange Act Release No. 70272 (August 27, 2013), 78 FR 54350 (September 3, 2013) (Notice of Filing File No. SR-FINRA-2013-035) (the “Proposing Release”).

effective date of the proposed rule change] shall notify FINRA in writing, in such manner and format as FINRA may require, of such borrows within 30 days from [insert effective date of the proposed rule change]. Further, such members shall provide such customers with the disclosures required by paragraph (b)(2)(B) of this Rule within 180 days of [insert effective date of the proposed rule change].

**EXHIBIT 4**

Exhibit 4 shows the changes proposed in this Amendment No. 2, with the proposed changes in the original filing and Amendment No. 1 shown as if adopted. Proposed additions in this Amendment No. 2 appear underlined; proposed deletions appear in brackets.

\* \* \* \* \*

**Text of Proposed New FINRA Rule  
(Marked to Show Changes from Incorporated NYSE Rules 296 and 402; Incorporated NYSE Rules 296 and 402 to be Deleted in their Entirety from the Transitional Rulebook)**

\* \* \* \* \*

**4000. FINANCIAL AND OPERATIONAL RULES**

\* \* \* \* \*

**4300. OPERATIONS**

**4310. Member Agreements and Contracts**

\* \* \* \* \*

**4314. Securities Loans and Borrowings**

No Change.

\* \* \* \* \*

**4330. Customer Protection — Permissible Use of Customers' Securities**

(a) through (b) No Change.

**••• Supplementary Material:-----**

**.01** through **.05** No Change.

**.06 Notification to FINRA of Pre-existing Fully Paid or Excess Margin Securities Borrows and Disclosures to Customers.** Members with any existing fully paid or excess margin securities borrows with customers as of [insert effective date of the proposed rule change] shall notify FINRA in writing, in such manner and format as FINRA may require, of such borrows

within 30 days from [insert effective date of the proposed rule change]. Further, such members shall provide such customers with the disclosures required by paragraph (b)(2)(B) of this Rule within [90]180 days of [insert effective date of the proposed rule change].

\* \* \* \* \*

**Text of Proposed New FINRA Rule**

\* \* \* \* \*

**4340. Callable Securities**

No Change.

\* \* \* \* \*

**EXHIBIT 5**

Exhibit 5 shows the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.

\* \* \* \* \*

**Text of Proposed New FINRA Rule  
(Marked to Show Changes from Incorporated NYSE Rules 296 and 402;  
Incorporated NYSE Rules 296 and 402 to be Deleted in their Entirety from the  
Transitional Rulebook)**

\* \* \* \* \*

**4000. FINANCIAL AND OPERATIONAL RULES**

\* \* \* \* \*

**4300. OPERATIONS**

**4310. Member Agreements and Contracts**

\* \* \* \* \*

**[Rule 296]4314. [Liquidation of] Securities Loans and Borrowings**

**(a) Disclosure of Parties' Capacity in Loan or Borrow Transactions**

(1) A member that lends or borrows securities in the capacity of agent shall disclose such capacity to the other party (or parties) to the transaction.

(2) Prior to lending securities to or borrowing securities from a person that is not a member of FINRA, a member shall determine whether the other party is acting as principal or agent in such transaction.

(3) A member that is a party to a security loan or borrow transaction, where the other party to such transaction is acting as agent, shall maintain books and records that reflect:

(A) the details of the transaction with the agent; and

(B) each principal(s) on whose behalf the agent is acting and the details of each transaction therewith.

**([a]b) Right to Liquidate Transaction**

Each member [or member organization] that is a party to an agreement with another member [or member organization] providing for the loan and borrowing of securities shall have the right to liquidate such transaction whenever the other party to such transaction:

(1) applies for or consents to, or is the subject of an application for, the appointment of or the taking of possession by a receiver, custodian, trustee, or liquidator of itself or of all or a substantial part of its property[.];

(2) admits in writing its inability, or becomes generally unable, to pay its debts as such debts become due[.];

(3) makes a general assignment for the benefit of its creditors[.]; or

(4) files, or has filed against it, a petition under Title 11 of the United States Code, or has filed against it an application for a protective decree under Section 5 of the Securities Investor Protection Act of 1970 (“SIPA”),

unless the[at] right to liquidate such transaction is stayed, avoided, or otherwise limited by an order authorized under the provisions of [the Securities Investor Protection Act of 1970] SIPA or any statute administered by the [Securities and Exchange Commission] SEC.

**(b)c) Written Agreement with Non-Members**

No member [or member organization] shall lend or borrow any security to or from any person that is not a member of FINRA [non-member of the Exchange], except pursuant to a written agreement, which may consist of the exchange of contract confirmations, that confers upon such member [or member organization] the contractual right to liquidate such transaction because of a condition of the kind specified in paragraph (a)b [above] of this Rule.

**••• Supplementary Material: -----**

**.10].01 Definition of Agreement.** [As used herein]For purposes of this Rule, an agreement for the loan and borrowing of securities shall mean a securities contract or other agreement, including related terms, for the transfer of securities against the transfer of funds, securities, or other collateral, with a simultaneous agreement by the transferee to transfer to the transferor against the transfer of funds, securities, or other collateral, upon notice, at a date certain, or upon demand, the same or substituted securities.

**.02 Disclosure of Capacity.** A member may satisfy its disclosure obligation in paragraph (a)(1) of this Rule by, among other things, providing specific disclosure of its capacity as agent in the written agreement between the parties or in the individual confirmations of each security exchanged between the parties for each loan and borrow transaction.

**.03 Details of Transactions with Parties.** For purposes of this Rule, a member shall create and maintain records for each security loan or borrow transaction in accordance with the requirements of SEA Rules 17a-3 and 17a-4. For purposes of paragraph (a)(3) of this Rule, when entering into a security loan or borrow transaction with a party that is

acting as agent on behalf of another principal(s), the member shall maintain a record of the details of each security loan or borrow with the agent, identifying the specific security and quantity loaned or borrowed, the contract value and the type and description of the collateral provided to the agent. In addition, the member's records shall reflect the quantity of securities loaned or borrowed from each principal on whose behalf the agent is acting and the amount and description of the collateral allocated to each such principal.

**.04 Compliance with Rule 4330 When Borrowing Securities from a Customer.**

When a member borrows securities from a customer, the member also is subject to Rule 4330(b)(2)(B)(ii), which requires members to provide disclosures to customers regarding the risks and financial impact associated with the customer's loan(s) of securities. Such written notice shall include a disclosure of the right of the member to liquidate the borrow transactions with the customer, as provided by paragraph (b) of this Rule.

[.20] **.05 Compliance with SEA Rule 15c3-3.** For purposes of paragraph (c) of this Rule, [E]each member [or member organization ]subject to the provisions of SEA Rule 15c3-3 [under the Securities Exchange Act of 1934 ]that borrows securities from a customer (as defined in said rule) shall comply with the provisions thereof relating to the requirements for a written agreement between the borrowing member [or member organization ]and the lending customer.

\* \* \* \* \*

**[Rule 402]4330. Customer Protection—[Reserves and Custody of Securities]**  
**Permissible Use of Customers' Securities**

**[(a) General Provisions]**

[Each member organization shall obtain custody and control of securities and maintain reserves as prescribed by Rule 15c3-3 promulgated under the Securities Exchange Act of 1934. For the purpose of this Rule the definitions contained in such Rule 15c3-3 shall apply.]

**[(b)a) [Agreements for Use of] Authorization to Lend Customers' Margin Securities**

No member [organization] shall lend[, either to itself as a broker-dealer or to others,] securities [which] that are held on margin for a customer and [which] that are eligible to be pledged or loaned, unless such member [organization] shall first have obtained a written authorization from such customer permitting the [loan] lending of such securities [by the member organization].

**(b) Requirements for Borrowing of Customers' Fully Paid or Excess Margin Securities**

(1) A member that borrows fully paid or excess margin securities carried for the account of any customer shall:

(A) comply with the requirements of SEA Rule 15c3-3;

(B) comply with the requirements of Section 15(e) of the

Exchange Act; and

(C) notify FINRA, in such manner and format as FINRA may require, at least 30 days prior to first engaging in such securities borrows.

(2) Prior to first entering into securities borrows with a customer pursuant to paragraph (b)(1) of this Rule, a member shall:

(A) have reasonable grounds for believing that the customer's loan(s) of securities are appropriate for the customer. In making this determination, the member shall exercise reasonable diligence to ascertain the essential facts relative to the customer, including, but not limited to, the customer's financial situation and needs, tax status, investment objectives, investment time horizon, liquidity needs, risk tolerance and any other information the customer may disclose to the member or associated person in connection with entering such securities loans.

(B) provide the customer, in writing (which may be electronic), with the following:

(i) clear and prominent notice stating that the provisions of the Securities Investor Protection Act of 1970 may not protect the customer with respect to the customer's securities loan transaction and that the collateral delivered to the customer may constitute the only source of satisfaction of the member's obligation in the event the member fails to return the securities; and

(ii) disclosures regarding the customer's rights with respect to the loaned securities, and the risks and financial impact associated with the customer's loan(s) of securities, including, but not limited to:

a. loss of voting rights;

b. the customer's right to sell the loaned securities and any limitations on the customer's ability to do so, if applicable;

c. the factors that determine the amount of compensation received by the member and its associated persons in connection with the use of the securities borrowed from the customer;

d. the factors that determine the amount of compensation (e.g., interest rate) to be paid to the customer and whether or not such compensation can be changed by the member under the terms of the borrow agreement;

e. the risks associated with each type of collateral provided to the customer;

f. that the securities may be "hard-to-borrow" because of short-selling or may be used to satisfy delivery requirements resulting from short sales;

g. potential tax implications, including payments deemed cash-in-lieu of dividend paid on securities while on loan; and

h. the member's right to liquidate the transaction because of a condition of the kind specified in Rule 4314(b).

(3) A member that is subject to paragraph (b)(1) of this Rule shall create and maintain records evidencing the member's compliance with the requirements of paragraph (b)(2) of this Rule. Such records shall be maintained in accordance with the requirements of SEA Rule 17a-4(a).

**••• Supplementary Material:-----**

**.01 Definitions.** For purposes of this Rule, the definitions contained in SEA Rule 15c3-3 shall apply.

**.02 Authorization to Lend Customers' Margin Securities.** For purposes of paragraph (a) of this Rule, members may use a single customer account agreement/margin agreement/loan consent signed by a customer as written authorization to permit the lending of a customer's margin eligible securities in lieu of obtaining a separate written authorization; provided such customer account agreement/margin agreement/loan consent includes clear and prominent disclosure that the firm may lend either to itself or others any securities held by the customer in its margin account.

**.03 Notification to FINRA.** FINRA, upon receipt of a member's written notification pursuant to paragraph (b)(1)(C) of this Rule, may request such additional information as it may deem necessary to evaluate compliance with SEA Rule 15c3-3, Section 15(e) of the Exchange Act and other applicable FINRA rules or federal securities laws or rules. Examples of additional information include, but are not limited to:

(a) the written agreement authorizing such borrowing of securities, which shall reflect the material terms of the arrangement;

(b) the types of customers that are parties to such securities borrows;

(c) the types of accounts used to effect the securities borrows (i.e., whether the subject securities are maintained in customers' cash or margin or other accounts);

(d) the types of collateral provided to customers in connection with such securities borrows, the frequency of marking to market of the collateral and the custody arrangements for such collateral;

(e) the operational and recordkeeping processes related to such securities borrows;

(f) the rebates paid/received in connection with such securities borrows and any other compensation arrangements related thereto;

(g) the procedures for handling customers' requests to sell the securities subject to such borrows; and

(h) disclosures made to customers.

**.04 Appropriateness of Customer's Loan(s) of Securities.** The member borrowing a customer's fully paid or excess margin securities is responsible for making the determination regarding the appropriateness of such borrow from a customer required by paragraph (b)(2)(A) of this Rule. However, in making that determination, when the member has entered into a carrying agreement with an introducing member, pursuant to Rule 4311, the member may rely on the representations of the introducing member that has a customer relationship with the lender.

**.05 Appropriateness Determination for Institutional Customers.** A member may fulfill the obligation set forth in paragraph (b)(2)(A) of this Rule for an institutional

account, as defined in Rule 4512(c), by complying with the requirements of Rule 2111(b).

**.06 Notification to FINRA of Pre-existing Fully Paid or Excess Margin Securities**

**Borrows and Disclosures to Customers.** Members with any existing fully paid or excess margin securities borrows with customers as of [insert effective date of the proposed rule change] shall notify FINRA in writing, in such manner and format as FINRA may require, of such borrows within 30 days from [insert effective date of the proposed rule change]. Further, such members shall provide such customers with the disclosures required by paragraph (b)(2)(B) of this Rule within 180 days of [insert effective date of the proposed rule change].

**[.30 Securities Callable in Part]<sup>1</sup>**

\* \* \* \* \*

**Text of Proposed New FINRA Rule**

\* \* \* \* \*

**4340. Callable Securities**

**(a) Allocation Procedures and Customer Notice**

Each member that has in its possession or under its control any security which, by its terms, may be called or redeemed prior to maturity, shall:

- (1) establish and make available on the member's website procedures by which it will allocate among its customers, on a fair and impartial basis, the securities to be redeemed or selected as called in the event of a partial redemption or call; and

---

<sup>1</sup> NYSE Rule 402.30 is being addressed separately as proposed new FINRA Rule 4340.

(2) provide written notice (which may be electronic) to new customers at the opening of an account, and all customers at least once every calendar year, of the manner in which they may access the allocation procedures on the member's website and that, upon a customer's request, the member will provide hard copies of the allocation procedures to the customer.

**(b) Favorable Redemptions**

Where redemption of callable securities is made on terms that are favorable to the called parties, a member shall not allocate the securities to any account in which it or its associated persons have an interest until all other customers' positions in such securities have been satisfied.

**(c) Unfavorable Redemptions**

Where the redemption of callable securities is made on terms that are unfavorable to the called parties, a member shall not exclude its positions or those of its associated persons (including those persons performing solely clerical and ministerial functions) from the pool of the securities eligible to be called.

**••• Supplementary Material:-----**

**.01 Definition of Associated Person; Clerical and Ministerial Functions.** The term "associated person" as used in this Rule shall have the meaning provided in Section 3(a)(18) of the Exchange Act, which expressly excludes, for certain purposes, any person associated with the member whose functions are solely clerical or ministerial (referred to as "clerical and ministerial associated persons"). With respect to a redemption made on terms that are favorable to the called parties, for purposes of paragraph (b) of this Rule, a member may include the accounts of clerical and ministerial associated persons in the

pool of the securities eligible to be called. With respect to a redemption made on terms that are unfavorable to the called parties, for purposes of paragraph (c) of this Rule, a member shall not exclude the accounts of clerical and ministerial associated persons from the pool of the securities eligible to be called.

**.02 Allocations of Partial Redemptions or Calls.** For purposes of paragraph (a)(1) of this Rule, a member's procedures may include the use of an impartial lottery system, acting on a pro-rata basis, or such other means as will achieve a fair and impartial allocation of the partially redeemed or called securities.

**.03 Accounts of an Introducing Member and its Associated Persons.** Where an introducing member is a party to a carrying agreement with another member that is conducting an allocation pursuant to paragraph (a) of this Rule, any accounts in which the introducing member or its associated persons have an interest shall be subject to paragraphs (b) and (c) of this Rule. The introducing member also shall identify such accounts to the member conducting the allocation.

\* \* \* \* \*

**Text of NASD Rules, Incorporated NYSE Rule and Incorporated  
NYSE Rule Interpretations to be Deleted in their Entirety from the  
Transitional Rulebook**

\* \* \* \* \*

**NASD Rules**

\* \* \* \* \*

**[2330. Customers' Securities or Funds]**

**Entire text deleted.**

**[IM-2330. Segregation of Customers' Securities]**

**Entire text deleted.**

\* \* \* \* \*

**Incorporated NYSE Rule**

\* \* \* \* \*

**[402.30. Securities Callable in Part]**

**Entire text deleted.**

\* \* \* \* \*

**Incorporated NYSE Rule Interpretations**

\* \* \* \* \*

**[Rule 296. Liquidation of Securities Loans and Borrowings]**

**Entire text deleted.**

\* \* \* \* \*

**[Rule 402. Customer Protection — Reserves and Custody of Securities]**

**Entire text deleted.**

\* \* \* \* \*