

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="30"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2014"/> - * <input type="text" value="008"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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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 checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	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 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 to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

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 protecting personal confidential information in documents filed with FINRA Dispute Resolution

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 * <input type="text" value="Margo"/>	Last Name * <input type="text" value="Hassan"/>
Title * <input type="text" value="Assistant Chief Counsel, FINRA Dispute Resolution"/>	
E-mail * <input type="text" value="margo.hassan@finra.org"/>	
Telephone * <input type="text" value="(212) 858-4481"/>	Fax <input type="text"/>

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 <input type="text" value="02/13/2014"/>	<input type="text" value="Senior VP, Chief Counsel, FINRA Dispute Resolution"/>
By <input type="text" value="Kenneth Andrichik"/>	<input type="text"/>
(Name *)	

Persona Not Validated - 1374589867346,

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 *

Add Remove View

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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

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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

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

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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 amend the Customer and Industry Codes of Arbitration Procedure to provide that any document that a party files with FINRA which contains an individual’s Social Security number, taxpayer identification number or financial account number must be redacted to include only the last four digits of any of these numbers. The proposed amendments would apply only to documents filed with FINRA. They would not apply to documents that parties exchange with each other or submit to the arbitrators at a hearing on the merits. In addition, the amendments would not apply to cases administered under the Simplified Arbitration rules.

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

* * * * *

Customer Code

12300. Filing and Serving Documents

(a) – (f) No change

(g)(1) In an electronic or paper filing with FINRA, any document that contains an individual’s Social Security number, taxpayer identification number or financial account number must be redacted to include only the last four digits of any of these numbers; a party shall not include the full numbers. If FINRA receives a claim, including supporting

¹ 15 U.S.C. 78s(b)(1).

documents, with the full Social Security number, taxpayer identification number or financial account number, FINRA will deem the filing deficient under Rule 12307 and will request that the party refile the document in compliance with this paragraph. If a party files with FINRA any document not covered by Rule 12307, that contains full numbers as referenced above, FINRA will deem the filing improper and will request that the party refile the document within 30 days. If a party refiles the document, the corrected documents will be considered filed on the date the party initially filed the documents with FINRA.

(2) The requirements of paragraph (g)(1) above do not apply to electronic or paper documents that parties exchange with each other and do not file with FINRA or to documents parties submit to a panel at a hearing on the merits.

(3) The requirements of paragraphs (g)(1) above do not apply to Simplified Arbitrations under Rule 12800.

12307. Deficient Claims

(a) The Director will not serve any claim that is deficient. The reasons a claim may be deficient include the following:

- A Submission Agreement was not filed by each claimant;
- The Submission Agreement was not properly signed and dated;
- The Submission Agreement does not name all parties named in the claim;
- The claimant did not file the correct number of copies of the Submission Agreement, statement of claim or supporting documents for service on respondents and for the arbitrators;

- The claim does not specify the customer's home address at the time of the events giving rise to the dispute;
- The claim does not specify the claimant's or the claimant's representative's current address; [or]
- The claimant did not pay all required filing fees, unless the Director deferred the fees; or
- The claim does not comply with the restrictions on filings with personal confidential information under Rule 12300(g).

(b) The Director will notify the claimant in writing if the claim is deficient. If the deficiency is corrected within 30 days from the time the claimant receives notice, the claim will be considered filed on the date the initial statement of claim was filed with the Director under Rule 12300(a). If all deficiencies are not corrected within 30 days, the Director will close the case without serving the claim, and will refund part of the filing fee in the amount indicated in the schedule under Rule 12900(c).

(c) The panel will not consider any counterclaim, cross claim or third party claim that is deficient. The reasons a counterclaim, cross claim or third party claim may be deficient include the reasons listed in paragraph (a). The Director will notify the party making the counterclaim, cross claim or third party claim of [the] any deficiencies in writing. If the deficiency is corrected within 30 days, the counterclaim, cross claim or third party claim will be considered filed on the date the initial counterclaim, cross claim or third party claim was filed with the Director. If all deficiencies are not corrected within 30 days from the time the party making the counterclaim, cross claim or third party claim receives notice of the deficiency, the panel will proceed with the

arbitration as though the deficient counterclaim, cross claim or third party claim had not been made.

Industry Code

13300. Filing and Serving Documents

(a) – (f) No change

(g)(1) In an electronic or paper filing with FINRA, any document that contains an individual's Social Security number, taxpayer identification number or financial account number must be redacted to include only the last four digits of any of these numbers; a party shall not include the full numbers. If FINRA receives a claim, including supporting documents, with the full Social Security number, taxpayer identification number or financial account number, FINRA will deem the filing deficient under Rule 13307 and will request that the party refile the document in compliance with this paragraph. If a party files with FINRA any document not covered by Rule 13307, that contains full numbers as referenced above, FINRA will deem the filing improper and will request that the party refile the document within 30 days. If a party refiles the document, the corrected documents will be considered filed on the date the party initially filed the documents with FINRA.

(2) The requirements of paragraph (g)(1) above do not apply to electronic or paper documents that parties exchange with each other and do not file with FINRA or to documents parties submit to a panel at a hearing on the merits.

(3) The requirements of paragraphs (g)(1) above do not apply to Simplified Arbitrations under Rule 13800.

13307. Deficient Claims

(a) The Director will not serve any claim that is deficient. The reasons a claim may be deficient include the following:

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- The Submission Agreement was not properly signed and dated;
- The Submission Agreement does not name all parties named in the claim;
- The claimant did not file the correct number of copies of the Submission Agreement, statement of claim or supporting documents for service on respondents and for the arbitrators;
- The claim does not specify the claimant's or the claimant's representative's current address; [or]
- The claimant did not pay all required filing fees, unless the Director deferred the fees; or
- The claim does not comply with the restrictions on filings with personal confidential information under Rule 13300(g).

(b) The Director will notify the claimant in writing if the claim is deficient. If the deficiency is corrected within 30 days from the time the claimant receives notice, the claim will be considered filed on the date the initial statement of claim was filed with the Director under Rule 13300(a). If all deficiencies are not corrected within 30 days, the Director will close the case without serving the claim, and will refund part of the filing fee in the amount indicated in the schedule under Rule 13900(c).

(c) The panel will not consider any counterclaim, cross claim or third party claim that is deficient. The reasons a counterclaim, cross claim or third party claim may be

deficient include the reasons listed in paragraph (a). The Director will notify the party making the counterclaim, cross claim or third party claim of [the] any deficiencies in writing. If the deficiency is corrected within 30 days, the counterclaim, cross claim or third party claim will be considered filed on the date the initial counterclaim, cross claim or third party claim was filed with the Director. If all deficiencies are not corrected within 30 days from the time the party making the counterclaim, cross claim or third party claim receives notice of the deficiency, the panel will proceed with the arbitration as though the deficient counterclaim, cross claim or third party claim had not been made.

* * * * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

At its meeting on December 4, 2013, the FINRA Board of Governors authorized the filing of the proposed rule change with the SEC. No other action by FINRA is necessary for the filing of the proposed rule change.

FINRA will announce the effective date of the proposed rule change in a Regulatory Notice to be published no later than 60 days following Commission approval. The effective date will be no later than 30 days following publication of the Regulatory Notice announcing Commission approval.

Questions regarding this rule filing may be directed to Margo Hassan, Assistant Chief Counsel, FINRA Dispute Resolution, at (212) 858-4481.

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

(a) Purpose

During an arbitration proceeding, parties submit pleadings and supporting documents to FINRA Dispute Resolution (“DR”) which may contain an individual’s Social Security number, taxpayer identification number, or financial account number (“personal confidential information” or “PCI”). Since FINRA employees are regularly exposed to PCI as they handle party documents, FINRA has procedures in place to guide staff on how to keep confidential information safe. FINRA maintains an Information Privacy and Protection Policy (“Policy”), and administers Information Privacy and Protection Training to all FINRA staff annually. In addition to the Policy, DR has its own detailed procedures for protecting confidential information relating to, among other matters, storage and disposal of case materials in a manner that preserves the confidentiality of the information, and removal of PCI that appears in awards that will be publicly available.²

DR procedures also provide staff with guidance on what arbitrators and mediators can do to protect confidential information. For example, DR requires arbitrators and mediators to keep confidential all information obtained in connection with an arbitration or mediation and to participate in FINRA training programs on information security.

² FINRA keeps all documents and information in DR case files confidential except for arbitration awards. FINRA publishes every award in the Arbitration Awards Online Database on FINRA’s website.

In 2010, FINRA published a Notice to Parties³ (“Notice”) stating that parties and their counsel should take steps to protect confidential information. The Notice states that parties can safeguard confidential information by redacting such information from pleadings,⁴ exhibits, and other documents upon agreement of the parties. For example, the parties may agree not to use, or to redact, Social Security, account, or driver license numbers. Where parties must reference such data, they may use only the last few digits of the numbers or similar information. While these efforts have enhanced the security of party documents and information, parties continue to file with DR pleadings and attachments containing personal confidential information. For example, customers often file account opening documents and account statements which show their account numbers.

As a service to forum users, DR serves certain pleadings on other parties to an arbitration matter. The parties are responsible for providing DR with addresses for service. The greatest risk of DR staff misdirecting PCI occurs when DR staff serves pleadings on a party (e.g., an associated person of a member who has not updated his or her Central Registration Depository record) at an incorrect/outdated address. In addition, DR provides the arbitrators with pleadings and attachments. On occasion, arbitrators have misplaced parties’ pleadings containing PCI.

In an effort to protect parties from identity theft and the accidental loss of personal confidential information, FINRA is proposing to amend the Code of Arbitration

³ See <http://www.finra.org/ArbitrationAndMediation/Arbitration/Rules/NoticestoArbitratorsParties/NoticestoParties/P123999>.

⁴ A pleading is a statement describing a party’s causes of action or defenses. Documents that are considered pleadings are: a statement of claim, an answer, a counterclaim, a cross claim, a third party claim, and any replies.

Procedure for Customer Disputes (“Customer Code”) and the Code of Arbitration Procedure for Industry Disputes (“Industry Code”) to require parties to redact specified PCI from documents they file with FINRA. FINRA is proposing to amend Rules 12300 (Filing and Serving Documents) and 12307 (Deficient Claims) of the Customer Code and Rules 13300 (Filing and Serving Documents) and 13307 (Deficient Claims) of the Industry Code as described below. For ease of reading, the below description only refers to Rules 12300 and 12307 of the Customer Code. The proposed amendments to Rules 13300 and 13307 of the Industry Code are identical and FINRA’s rationale is the same.

FINRA is proposing to amend Rule 12300 to provide that, in an electronic or paper filing with FINRA, any document that contains an individual’s Social Security number, taxpayer identification number, or financial account number must be redacted to include only the last four digits of any of these numbers. The rule would specify that a party shall not include full numbers. If FINRA receives a claim,⁵ including supporting documents, with a full Social Security, taxpayer identification or financial account number, FINRA would deem the filing deficient under Rule 12307 and would request that the party refile the document, without the PCI, within 30 days. If a party files a document with PCI that is not covered by Rule 12307 (a document other than a claim, such as a motion), FINRA would deem the filing to be improper and would request that the party refile the document, with the required redaction, within 30 days. If the party refiles the document within 30 days in compliance with the rule, FINRA would consider the document to be filed on the date the party initially filed it with FINRA.

⁵ The term claim means an allegation or request for relief and includes counterclaims, cross claims and third party claims.

The proposed rule change would include two exemptions – one for documents that parties exchange with each other or submit to the arbitrators at a hearing on the merits, and one for cases administered under the Simplified Arbitration rules. As explained above, FINRA’s greatest risk of misdirecting PCI occurs when DR staff is transmitting pleadings and documents to parties and arbitrators. Therefore, FINRA is proposing to exempt documents that parties exchange with each other or submit as exhibits during a hearing to reduce the burden of the new requirements. The parties can agree to measures to protect PCI in documents they share or use at a hearing and DR staff would not be at risk of transmitting PCI. FINRA staff is less concerned about exhibits produced by parties at hearings because parties only bring hard copies of exhibits to the hearing, as opposed to transmitting them via email, and can safely dispose of them by using secure shredding services. FINRA believes this is a balanced approach to protecting PCI which would minimize the burden on parties.

The second exemption relates to claims administered under the Simplified Arbitration rules.⁶ Generally, a single arbitrator decides these claims based solely on the parties’ written submissions. Many claimants who initiate a claim under the Simplified Arbitration rules are not represented by counsel (pro se parties). FINRA staff believes that the redaction requirements in the proposed rule change may prove difficult for pro se parties to handle because they are not familiar with the practice of redacting documents. Therefore, we are proposing to exempt from this rule all claims administered under the Simplified Arbitration rules.

⁶ Rule 12800 of the Customer Code and Rule 13800 of the Industry Code apply to arbitrations involving \$50,000 or less, exclusive of interest and expenses.

FINRA is proposing to make conforming changes to Rule 12307. We would amend Rule 12307(a) to add an item to the list of deficiencies enumerated in the rule – that the claim does not comply with the restrictions on filings with PCI under Rule 12300(g). FINRA is proposing to amend Rule 12307(c) to clarify that if a party corrects a deficiency in a counterclaim, cross claim or third party claim within 30 days, FINRA will consider the document to be filed on the date the party initially filed the counterclaim, cross claim or third party claim with FINRA.⁷

As noted in Item 2 of this filing, FINRA will announce the effective date of the proposed rule change in a Regulatory Notice to be published no later than 60 days following Commission approval. The effective date will be no later than 30 days following publication of the Regulatory Notice announcing Commission approval.

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁸ which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. FINRA believes that the proposed rule change would protect investors and the public interest because it would reduce the risk to forum users of identity theft. DR staff takes seriously its obligation to safeguard parties' PCI. However, because of the high volume of documents that DR staff handles and the manual process of transmitting

⁷ We would also amend Rule 12307(c) to correct a typographical error by deleting the word “the” (indicated by brackets) in the sentence that currently reads “The Director will notify the party making the counterclaim, cross claim or third party claim of [the] any deficiencies in writing.”

⁸ 15 U.S.C. 78o-3(b)(6).

documents, there continue to be risks to the security of an individual's personal information. The best way to reduce the risk to forum users is to prohibit parties from submitting documents with PCI.

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. FINRA considered the burden on the parties of a redaction requirement. FINRA staff believes that the benefits outweigh the burden. Currently, parties filing documents in Federal Court are allowed to include only the last four digits of a Social Security number and taxpayer identification number and the last four digits of a financial account number. The Federal Rule's redaction requirement applies to all documents, including attachments.⁹ Since many party representatives are already accustomed to complying with a redaction requirement, and because the redaction requirement applies only to documents filed with Dispute Resolution and not to documents that the parties exchange with each other, staff believes that the additional burden to these representatives would be minimal. Further, FINRA member firms are required to protect PCI under Federal laws such as Regulation S-P¹⁰ and already redact PCI in other contexts.

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

Written comments were neither solicited nor received.

⁹ See Rule 5.2 of the Federal Rules of Civil Procedure (Privacy Protection for Filings Made with the Court).

¹⁰ Under Regulation S-P (17 CFR 248.1 – 248.30), the SEC adopted rules implementing notice requirements and restrictions on a financial institution's ability to disclose non-public personal information about consumers.

6. Extension of Time Period for Commission Action

FINRA does not consent at this time to an extension of the time period for Commission action specified in Section 19(b)(2) of the Act.¹¹

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)

Not applicable.

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.

11. Exhibits

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

¹¹ 15 U.S.C. 78s(b)(2).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-FINRA-2014-008)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of Proposed Rule Change Relating to Protecting Personal Confidential Information in Documents Filed with FINRA Dispute Resolution

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 February 13, 2014, Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

FINRA is proposing to amend the Customer and Industry Codes of Arbitration Procedure to provide that any document that a party files with FINRA which contains an individual’s Social Security number, taxpayer identification number or financial account number must be redacted to include only the last four digits of any of these numbers. The proposed amendments would apply only to documents filed with FINRA. They would not apply to documents that parties exchange with each other or submit to the arbitrators at a hearing on the merits. In addition, the amendments would not apply to cases administered under the Simplified Arbitration rules.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Below is the text of the proposed rule change. Proposed new language is in italics; proposed deletions are in brackets.

* * * * *

Customer Code

12300. Filing and Serving Documents

(a) – (f) No change

(g)(1) In an electronic or paper filing with FINRA, any document that contains an individual's Social Security number, taxpayer identification number or financial account number must be redacted to include only the last four digits of any of these numbers; a party shall not include the full numbers. If FINRA receives a claim, including supporting documents, with the full Social Security number, taxpayer identification number or financial account number, FINRA will deem the filing deficient under Rule 12307 and will request that the party refile the document in compliance with this paragraph. If a party files with FINRA any document not covered by Rule 12307, that contains full numbers as referenced above, FINRA will deem the filing improper and will request that the party refile the document within 30 days. If a party refiles the document, the corrected documents will be considered filed on the date the party initially filed the documents with FINRA.

(2) The requirements of paragraph (g)(1) above do not apply to electronic or paper documents that parties exchange with each other and do not file with FINRA or to documents parties submit to a panel at a hearing on the merits.

(3) The requirements of paragraphs (g)(1) above do not apply to Simplified Arbitrations under Rule 12800.

12307. Deficient Claims

(a) The Director will not serve any claim that is deficient. The reasons a claim may be deficient include the following:

- A Submission Agreement was not filed by each claimant;
- The Submission Agreement was not properly signed and dated;
- The Submission Agreement does not name all parties named in the claim;
- The claimant did not file the correct number of copies of the Submission Agreement, statement of claim or supporting documents for service on respondents and for the arbitrators;
- The claim does not specify the customer's home address at the time of the events giving rise to the dispute;
- The claim does not specify the claimant's or the claimant's representative's current address; [or]
- The claimant did not pay all required filing fees, unless the Director deferred the fees; or
- The claim does not comply with the restrictions on filings with personal confidential information under Rule 12300(g).

(b) The Director will notify the claimant in writing if the claim is deficient. If the deficiency is corrected within 30 days from the time the claimant receives notice, the claim will be considered filed on the date the initial statement of claim was filed with the Director under Rule 12300(a). If all deficiencies are not corrected within 30 days, the Director will close the case without serving the claim, and will refund part of the filing fee in the amount indicated in the schedule under Rule 12900(c).

(c) The panel will not consider any counterclaim, cross claim or third party claim that is deficient. The reasons a counterclaim, cross claim or third party claim may be deficient include the reasons listed in paragraph (a). The Director will notify the party making the counterclaim, cross claim or third party claim of [the] any deficiencies in writing. If the deficiency is corrected within 30 days, the counterclaim, cross claim or third party claim will be considered filed on the date the initial counterclaim, cross claim or third party claim was filed with the Director. If all deficiencies are not corrected within 30 days from the time the party making the counterclaim, cross claim or third party claim receives notice of the deficiency, the panel will proceed with the arbitration as though the deficient counterclaim, cross claim or third party claim had not been made.

Industry Code

13300. Filing and Serving Documents

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numbers as referenced above, FINRA will deem the filing improper and will request that the party refile the document within 30 days. If a party refiles the document, the corrected documents will be considered filed on the date the party initially filed the documents with FINRA.

(2) The requirements of paragraph (g)(1) above do not apply to electronic or paper documents that parties exchange with each other and do not file with FINRA or to documents parties submit to a panel at a hearing on the merits.

(3) The requirements of paragraphs (g)(1) above do not apply to Simplified Arbitrations under Rule 13800.

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- The claimant did not file the correct number of copies of the Submission Agreement, statement of claim or supporting documents for service on respondents and for the arbitrators;
- The claim does not specify the claimant's or the claimant's representative's current address; [or]
- The claimant did not pay all required filing fees, unless the Director deferred the fees; or

- The claim does not comply with the restrictions on filings with personal confidential information under Rule 13300(g).

(b) The Director will notify the claimant in writing if the claim is deficient. If the deficiency is corrected within 30 days from the time the claimant receives notice, the claim will be considered filed on the date the initial statement of claim was filed with the Director under Rule 13300(a). If all deficiencies are not corrected within 30 days, the Director will close the case without serving the claim, and will refund part of the filing fee in the amount indicated in the schedule under Rule 13900(c).

(c) The panel will not consider any counterclaim, cross claim or third party claim that is deficient. The reasons a counterclaim, cross claim or third party claim may be deficient include the reasons listed in paragraph (a). The Director will notify the party making the counterclaim, cross claim or third party claim of [the] any deficiencies in writing. If the deficiency is corrected within 30 days, the counterclaim, cross claim or third party claim will be considered filed on the date the initial counterclaim, cross claim or third party claim was filed with the Director. If all deficiencies are not corrected within 30 days from the time the party making the counterclaim, cross claim or third party claim receives notice of the deficiency, the panel will proceed with the arbitration as though the deficient counterclaim, cross claim or third party claim had not been made.

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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

During an arbitration proceeding, parties submit pleadings and supporting documents to FINRA Dispute Resolution (“DR”) which may contain an individual’s Social Security number, taxpayer identification number, or financial account number (“personal confidential information” or “PCI”). Since FINRA employees are regularly exposed to PCI as they handle party documents, FINRA has procedures in place to guide staff on how to keep confidential information safe. FINRA maintains an Information Privacy and Protection Policy (“Policy”), and administers Information Privacy and Protection Training to all FINRA staff annually. In addition to the Policy, DR has its own detailed procedures for protecting confidential information relating to, among other matters, storage and disposal of case materials in a manner that preserves the confidentiality of the information, and removal of PCI that appears in awards that will be publicly available.³

³ FINRA keeps all documents and information in DR case files confidential except for arbitration awards. FINRA publishes every award in the Arbitration Awards Online Database on FINRA’s website.

DR procedures also provide staff with guidance on what arbitrators and mediators can do to protect confidential information. For example, DR requires arbitrators and mediators to keep confidential all information obtained in connection with an arbitration or mediation and to participate in FINRA training programs on information security.

In 2010, FINRA published a Notice to Parties⁴ (“Notice”) stating that parties and their counsel should take steps to protect confidential information. The Notice states that parties can safeguard confidential information by redacting such information from pleadings,⁵ exhibits, and other documents upon agreement of the parties. For example, the parties may agree not to use, or to redact, Social Security, account, or driver license numbers. Where parties must reference such data, they may use only the last few digits of the numbers or similar information. While these efforts have enhanced the security of party documents and information, parties continue to file with DR pleadings and attachments containing personal confidential information. For example, customers often file account opening documents and account statements which show their account numbers.

As a service to forum users, DR serves certain pleadings on other parties to an arbitration matter. The parties are responsible for providing DR with addresses for service. The greatest risk of DR staff misdirecting PCI occurs when DR staff serves pleadings on a party (e.g., an associated person of a member who has not updated his or

⁴ See <http://www.finra.org/ArbitrationAndMediation/Arbitration/Rules/NoticestoArbitratorsParties/NoticestoParties/P123999>.

⁵ A pleading is a statement describing a party’s causes of action or defenses. Documents that are considered pleadings are: a statement of claim, an answer, a counterclaim, a cross claim, a third party claim, and any replies.

her Central Registration Depository record) at an incorrect/outdated address. In addition, DR provides the arbitrators with pleadings and attachments. On occasion, arbitrators have misplaced parties' pleadings containing PCI.

In an effort to protect parties from identity theft and the accidental loss of personal confidential information, FINRA is proposing to amend the Code of Arbitration Procedure for Customer Disputes ("Customer Code") and the Code of Arbitration Procedure for Industry Disputes ("Industry Code") to require parties to redact specified PCI from documents they file with FINRA. FINRA is proposing to amend Rules 12300 (Filing and Serving Documents) and 12307 (Deficient Claims) of the Customer Code and Rules 13300 (Filing and Serving Documents) and 13307 (Deficient Claims) of the Industry Code as described below. For ease of reading, the below description only refers to Rules 12300 and 12307 of the Customer Code. The proposed amendments to Rules 13300 and 13307 of the Industry Code are identical and FINRA's rationale is the same.

FINRA is proposing to amend Rule 12300 to provide that, in an electronic or paper filing with FINRA, any document that contains an individual's Social Security number, taxpayer identification number, or financial account number must be redacted to include only the last four digits of any of these numbers. The rule would specify that a party shall not include full numbers. If FINRA receives a claim,⁶ including supporting documents, with a full Social Security, taxpayer identification or financial account number, FINRA would deem the filing deficient under Rule 12307 and would request that the party refile the document, without the PCI, within 30 days. If a party files a document with PCI that is not covered by Rule 12307 (a document other than a claim,

⁶ The term claim means an allegation or request for relief and includes counterclaims, cross claims and third party claims.

such as a motion), FINRA would deem the filing to be improper and would request that the party refile the document, with the required redaction, within 30 days. If the party refiles the document within 30 days in compliance with the rule, FINRA would consider the document to be filed on the date the party initially filed it with FINRA.

The proposed rule change would include two exemptions – one for documents that parties exchange with each other or submit to the arbitrators at a hearing on the merits, and one for cases administered under the Simplified Arbitration rules. As explained above, FINRA’s greatest risk of misdirecting PCI occurs when DR staff is transmitting pleadings and documents to parties and arbitrators. Therefore, FINRA is proposing to exempt documents that parties exchange with each other or submit as exhibits during a hearing to reduce the burden of the new requirements. The parties can agree to measures to protect PCI in documents they share or use at a hearing and DR staff would not be at risk of transmitting PCI. FINRA staff is less concerned about exhibits produced by parties at hearings because parties only bring hard copies of exhibits to the hearing, as opposed to transmitting them via email, and can safely dispose of them by using secure shredding services. FINRA believes this is a balanced approach to protecting PCI which would minimize the burden on parties.

The second exemption relates to claims administered under the Simplified Arbitration rules.⁷ Generally, a single arbitrator decides these claims based solely on the parties’ written submissions. Many claimants who initiate a claim under the Simplified Arbitration rules are not represented by counsel (pro se parties). FINRA staff believes

⁷ Rule 12800 of the Customer Code and Rule 13800 of the Industry Code apply to arbitrations involving \$50,000 or less, exclusive of interest and expenses.

that the redaction requirements in the proposed rule change may prove difficult for pro se parties to handle because they are not familiar with the practice of redacting documents. Therefore, we are proposing to exempt from this rule all claims administered under the Simplified Arbitration rules.

FINRA is proposing to make conforming changes to Rule 12307. We would amend Rule 12307(a) to add an item to the list of deficiencies enumerated in the rule – that the claim does not comply with the restrictions on filings with PCI under Rule 12300(g). FINRA is proposing to amend Rule 12307(c) to clarify that if a party corrects a deficiency in a counterclaim, cross claim or third party claim within 30 days, FINRA will consider the document to be filed on the date the party initially filed the counterclaim, cross claim or third party claim with FINRA.⁸

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 the proposed rule change would protect investors and the public interest because it would reduce the risk to forum users of identity theft. DR staff takes seriously its obligation to safeguard parties' PCI. However, because of the high

⁸ We would also amend Rule 12307(c) to correct a typographical error by deleting the word “the” (indicated by brackets) in the sentence that currently reads “The Director will notify the party making the counterclaim, cross claim or third party claim of [the] any deficiencies in writing.”

⁹ 15 U.S.C. 78o-3(b)(6).

volume of documents that DR staff handles and the manual process of transmitting documents, there continue to be risks to the security of an individual's personal information. The best way to reduce the risk to forum users is to prohibit parties from submitting documents with PCI.

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

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. FINRA considered the burden on the parties of a redaction requirement. FINRA staff believes that the benefits outweigh the burden. Currently, parties filing documents in Federal Court are allowed to include only the last four digits of a Social Security number and taxpayer identification number and the last four digits of a financial account number. The Federal Rule's redaction requirement applies to all documents, including attachments.¹⁰ Since many party representatives are already accustomed to complying with a redaction requirement, and because the redaction requirement applies only to documents filed with Dispute Resolution and not to documents that the parties exchange with each other, staff believes that the additional burden to these representatives would be minimal. Further, FINRA member firms are required to protect PCI under Federal laws such as Regulation S-P¹¹ and already redact PCI in other contexts.

¹⁰ See Rule 5.2 of the Federal Rules of Civil Procedure (Privacy Protection for Filings Made with the Court).

¹¹ Under Regulation S-P (17 CFR 248.1 – 248.30), the SEC adopted rules implementing notice requirements and restrictions on a financial institution's ability to disclose non-public personal information about consumers.

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

Written comments were neither solicited nor received.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-FINRA-2014-008 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-2014-008. 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-2014-008 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.¹²

Elizabeth M. Murphy

Secretary

¹² 17 CFR 200.30-3(a)(12).