Proposed Rule Change to Amend FINRA Rule 7650A Relating to Submission of Billing Disputes by FINRA/Nasdaq Trade Reporting Facility Participants
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.

Partial Amendment
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 FINRA Rule 7650A (Collection of Fees) to require FINRA members that are FINRA/Nasdaq Trade Reporting Facility ("FINRA/Nasdaq TRF") participants to submit billing disputes within sixty days of receipt of the invoice to the FINRA/Nasdaq TRF. The proposed rule change also would rename Rule 7650A as “Collection of Fees and Billing Policy.”

The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. **Procedures of the Self-Regulatory Organization**

The proposed rule change has been approved by senior management of FINRA pursuant to delegated authority. 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 and requested waiver of the 30-day operative delay. FINRA proposes that the operative date of the proposed rule change will be July 1, 2015.

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

(a) **Purpose**

The FINRA/Nasdaq TRF is a facility of FINRA that is operated by The NASDAQ OMX Group, Inc. ("NASDAQ OMX"). In connection with the establishment of the FINRA/Nasdaq TRF, FINRA and NASDAQ OMX entered into a limited liability company agreement (the “LLC Agreement”). Under the LLC Agreement, FINRA, the “SRO Member,” has sole regulatory responsibility for the FINRA/Nasdaq TRF. NASDAQ OMX, the “Business Member,” is primarily responsible for the management of the FINRA/Nasdaq TRF’s business affairs to the extent those affairs are not inconsistent with the regulatory and oversight functions of FINRA. As such, the Business Member establishes pricing for use of the FINRA/Nasdaq TRF, and such pricing is implemented pursuant to FINRA rules that must be filed with the SEC and be consistent with the Act. In addition, the Business Member is obligated to pay the cost of regulation and is entitled to the profits and losses, if any, derived from the operation of the FINRA/Nasdaq TRF.

Pursuant to the FINRA Rule 7600A Series, FINRA members that are FINRA/Nasdaq TRF participants are charged fees (Rule 7620A) and also may qualify for credits for trade reporting to the FINRA/Nasdaq TRF (Rule 7610A). These rules are administered by NASDAQ OMX, in its capacity as the “Business Member” and operator of the FINRA/Nasdaq TRF on behalf of FINRA,\(^2\) and NASDAQ OMX collects all fees on behalf of the FINRA/Nasdaq TRF.

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\(^2\) FINRA’s oversight of this function performed by the Business Member is conducted through a recurring assessment and review of TRF operations by an outside independent audit firm.
On June 23, 2015, FINRA filed a proposed rule change to adopt Rule 7650A to require FINRA members that are FINRA/Nasdaq TRF participants to provide a clearing account number for an account at National Securities Clearing Corporation (“NSCC”) to the FINRA/Nasdaq TRF for purposes of permitting NASDAQ OMX, on behalf of the FINRA/Nasdaq TRF, to debit any undisputed or final fees due and owing under the FINRA Rule 7600A Series relating to the FINRA/Nasdaq TRF.3

FINRA is proposing to amend Rule 7650A to add a new paragraph (b) to require all billing disputes to be submitted to the FINRA/Nasdaq TRF in writing4 and accompanied by supporting documentation within sixty days of receipt of an invoice. This process is expected to conserve resources, which are expended when untimely billing disputes require research of applicable fees and other information beyond two months after the invoice was issued. The proposed billing policy would apply only to fees due and owing by the member under the Rule 7600A Series. FINRA notes that the same policy with respect to billing disputes is in place today for NASDAQ Options Market (“NOM”) Participants5 and has been proposed for NASDAQ equity participants relating to exchange fees and charges under Nasdaq Stock Market rules, effective July 1,

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4 The invoice specifies the contact person(s) to whom to address billing disputes.

5 See NOM Rules at Chapter XV, Section 7, entitled “NASDAQ Options Fee Disputes.”
2015. FINRA also is proposing to rename Rule 7650A as “Collection of Fees and Billing Policy.”

As noted in Item 2 of this filing, FINRA has filed the proposed rule change for immediate effectiveness and requested waiver of the 30-day operative delay. FINRA proposes that the proposed rule change will become operative on July 1, 2015. The proposed billing policy would apply to invoices for trade reporting activity occurring in July 2015 and thereafter.7

(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. Consistent with SR-NASDAQ-2015-050, the proposed requirement that billing disputes under the Rule 7600A Series be submitted to the FINRA/Nasdaq TRF within sixty days from receipt of the invoice would set an objective standard and would be fair and applied uniformly to all members that are FINRA/Nasdaq TRF participants. In addition, consistent with SR-NASDAQ-2015-050, sixty days is ample time for members to review an invoice and dispute any billing related to trade reporting activity for that

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7 The proposed billing policy would not apply to invoices related to June 2015 (or prior) billing.

time period. As noted above, an identical billing policy applies today with respect to
NOM participants and has been proposed for NASDAQ equity participants.

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. As described above, and consistent with the LLC Agreement, the proposed billing policy is identical to the billing policy NASDAQ OMX currently has in place for NOM participants and is also identical to the billing policy proposed by Nasdaq for Nasdaq equity participants under Nasdaq Stock Market rules. As the Business Member, NASDAQ OMX has the obligation of assessing the potential impacts of the proposed billing policy in its own rulemaking. FINRA notes that Nasdaq’s billing policy was subject to proposed rule changes filed by Nasdaq with the Commission.9

Consistent with SR-NASDAQ-2015-050, the proposed billing policy would apply uniformly to all members that are FINRA/Nasdaq TRF participants, as it does today with NOM participants and as proposed for Nasdaq equity participants. In addition, consistent with SR-NASDAQ-2015-050, the proposed billing policy would conserve FINRA/Nasdaq TRF resources, which are expended when untimely billing disputes require staff to research applicable fees and other information beyond two months after the invoice is issued.

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.

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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 Act\(^\text{10}\) and paragraph (f)(6) of Rule 19b-4 thereunder,\(^\text{11}\) 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. FINRA believes that the filing is appropriately designated as non-controversial because the proposed rule change provides for a billing policy for the FINRA/Nasdaq TRF that is the same as the billing policy for other markets,\(^\text{12}\) and the proposed rule change does not impose any new obligations on members. In accordance with Rule 19b-4(f)(6),\(^\text{13}\) FINRA submitted written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing, or such shorter time as the Commission may designate, as specified in Rule 19b-4(f)(6)(iii) under the Act.\(^\text{14}\)

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\(^\text{12}\) See Chapter XV, Section 1 in the NOM and NASDAQ OMX BX, Inc. (“BX”) Rules and NOM, Nasdaq Rule 7007 and BX Rule 7011.


FINRA requests that the Commission waive the requirement that the rule change, by its terms, not become operative for 30 days after the date of the filing, as set forth in Rule 19b-4(f)(6)(iii), to allow the proposed rule change to become operative on July 1, 2015. The proposed rule change proposes a billing policy that is identical to the billing policy proposed by Nasdaq relating to fees under Nasdaq Stock Market rules pursuant to SR-NASDAQ-2015-050. The operative date of proposed rule change SR-NASDAQ-2015-050 is July 1, 2015. FINRA believes that it would be more efficient to implement the billing policy under this proposed rule change on the same date as the billing policy under SR-NASDAQ-2015-050, rather than on a piecemeal basis.

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

The proposed rule change proposes a billing policy that is identical to the billing policy under Nasdaq rules.

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.

Exhibit 5. Text of the proposed rule change.

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EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-             ; File No. SR-FINRA-2015-024)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend FINRA Rule 7650A Relating to Submission of Billing Disputes by FINRA/Nasdaq Trade Reporting Facility Participants

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 amend FINRA Rule 7650A (Collection of Fees) to require FINRA members that are FINRA/Nasdaq Trade Reporting Facility ("FINRA/Nasdaq TRF") participants to submit billing disputes within sixty days of receipt of the invoice to

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the FINRA/Nasdaq TRF. The proposed rule change also would rename Rule 7650A as “Collection of Fees and Billing Policy.”

The text of the proposed rule change is available on FINRA’s website at http://www.finra.org, at the principal office of FINRA and at the Commission’s Public Reference Room.

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

The FINRA/Nasdaq TRF is a facility of FINRA that is operated by The NASDAQ OMX Group, Inc. (“NASDAQ OMX”). In connection with the establishment of the FINRA/Nasdaq TRF, FINRA and NASDAQ OMX entered into a limited liability company agreement (the “LLC Agreement”). Under the LLC Agreement, FINRA, the “SRO Member,” has sole regulatory responsibility for the FINRA/Nasdaq TRF. NASDAQ OMX, the “Business Member,” is primarily responsible for the management of the FINRA/Nasdaq TRF’s business affairs to the extent those affairs are not inconsistent with the regulatory and oversight functions of FINRA. As such, the Business Member establishes pricing for use of the FINRA/Nasdaq TRF, and such
pricing is implemented pursuant to FINRA rules that must be filed with the SEC and be consistent with the Act. In addition, the Business Member is obligated to pay the cost of regulation and is entitled to the profits and losses, if any, derived from the operation of the FINRA/Nasdaq TRF.

Pursuant to the FINRA Rule 7600A Series, FINRA members that are FINRA/Nasdaq TRF participants are charged fees (Rule 7620A) and also may qualify for credits for trade reporting to the FINRA/Nasdaq TRF (Rule 7610A). These rules are administered by NASDAQ OMX, in its capacity as the “Business Member” and operator of the FINRA/Nasdaq TRF on behalf of FINRA, and NASDAQ OMX collects all fees on behalf of the FINRA/Nasdaq TRF.

On June 23, 2015, FINRA filed a proposed rule change to adopt Rule 7650A to require FINRA members that are FINRA/Nasdaq TRF participants to provide a clearing account number for an account at National Securities Clearing Corporation (“NSCC”) to the FINRA/Nasdaq TRF for purposes of permitting NASDAQ OMX, on behalf of the FINRA/Nasdaq TRF, to debit any undisputed or final fees due and owing under the FINRA Rule 7600A Series relating to the FINRA/Nasdaq TRF.

FINRA is proposing to amend Rule 7650A to add a new paragraph (b) to require all billing disputes to be submitted to the FINRA/Nasdaq TRF in writing and accompanied by supporting documentation within sixty days of receipt of an invoice.

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4 FINRA’s oversight of this function performed by the Business Member is conducted through a recurring assessment and review of TRF operations by an outside independent audit firm.


6 The invoice specifies the contact person(s) to whom to address billing disputes.
This process is expected to conserve resources, which are expended when untimely billing disputes require research of applicable fees and other information beyond two months after the invoice was issued. The proposed billing policy would apply only to fees due and owing by the member under the Rule 7600A Series. FINRA notes that the same policy with respect to billing disputes is in place today for NASDAQ Options Market (“NOM”) Participants7 and has been proposed for NASDAQ equity participants relating to exchange fees and charges under Nasdaq Stock Market rules, effective July 1, 2015.8 FINRA also is proposing to rename Rule 7650A as “Collection of Fees and Billing Policy.”

FINRA has filed the proposed rule change for immediate effectiveness and requested waiver of the 30-day operative delay. FINRA proposes that the proposed rule change will become operative on July 1, 2015. The proposed billing policy would apply to invoices for trade reporting activity occurring in July 2015 and thereafter.9

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,10 which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote

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7 See NOM Rules at Chapter XV, Section 7, entitled “NASDAQ Options Fee Disputes.”


9 The proposed billing policy would not apply to invoices related to June 2015 (or prior) billing.

just and equitable principles of trade, and, in general, to protect investors and the public interest. Consistent with SR-NASDAQ-2015-050, the proposed requirement that billing disputes under the Rule 7600A Series be submitted to the FINRA/Nasdaq TRF within sixty days from receipt of the invoice would set an objective standard and would be fair and applied uniformly to all members that are FINRA/Nasdaq TRF participants. In addition, consistent with SR-NASDAQ-2015-050, sixty days is ample time for members to review an invoice and dispute any billing related to trade reporting activity for that time period. As noted above, an identical billing policy applies today with respect to NOM participants and has been proposed for NASDAQ equity participants.

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. As described above, and consistent with the LLC Agreement, the proposed billing policy is identical to the billing policy NASDAQ OMX currently has in place for NOM participants and is also identical to the billing policy proposed by Nasdaq for Nasdaq equity participants under Nasdaq Stock Market rules. As the Business Member, NASDAQ OMX has the obligation of assessing the potential impacts of the proposed billing policy in its own rulemaking. FINRA notes that Nasdaq’s billing policy was subject to proposed rule changes filed by Nasdaq with the Commission.11

Consistent with SR-NASDAQ-2015-050, the proposed billing policy would apply uniformly to all members that are FINRA/Nasdaq TRF participants, as it does today with

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NOM participants and as proposed for Nasdaq equity participants. In addition, consistent with SR-NASDAQ-2015-050, the proposed billing policy would conserve FINRA/Nasdaq TRF resources, which are expended when untimely billing disputes require staff to research applicable fees and other information beyond two months after the invoice is issued.

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**

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 Act\(^\text{12}\) and Rule 19b-4(f)(6) thereunder.\(^\text{13}\)

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.


\(^{13}\) 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-2015-024 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Robert W. Errett, Deputy Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-FINRA-2015-024. 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-2015-024 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.¹⁴

Robert W. Errett  
Deputy Secretary

EXHIBIT 5

Below is the text of the proposed rule change. Proposed new language is underlined.

*** ***

7000. CLEARING, TRANSACTION AND ORDER DATA REQUIREMENTS, AND FACILITY CHARGES

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7600A. DATA PRODUCTS AND CHARGES FOR FINRA/NASDAQ TRADE REPORTING FACILITY SERVICES

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7650A. Collection of Fees and Billing Policy

(a) Each member that is a FINRA/Nasdaq Trade Reporting Facility participant must provide a clearing account number for an account at the National Securities Clearing Corporation for purposes of permitting the FINRA/Nasdaq Trade Reporting Facility to debit any undisputed or final fees due and owing by the member under the Rule 7600A Series. If a member disputes an invoice, the disputed amount will not be included in the amount of the debit if the member has disputed the amount in writing to the FINRA/Nasdaq Trade Reporting Facility by the 15th of the month, or the following business day if the 15th is not a business day, and the amount in dispute is at least $10,000 or greater. The following rules are subject to this Rule: 7610A (Securities Transaction Credit), 7620A (FINRA/Nasdaq Trade Reporting Facility Reporting Fees) and 7630A (Aggregation of Activity of Affiliated Members).

(b) Members that are FINRA/Nasdaq Trade Reporting Facility participants must submit all billing disputes concerning fees or rebates, which are listed in paragraph (a) of
this Rule, to the FINRA/Nasdaq Trade Reporting Facility in writing and accompanied by supporting documentation. All billing disputes must be submitted no later than sixty days after receipt of an invoice.

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