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| Page 1 of * 34 | SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4 | | File No.* SR - 2019 - * 015 | Amendment No. (req. for Amendments *) |
| Filing by Financial Industry Regulatory Authority Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934 | | | | |
| Initial * <input checked="" type="checkbox"/> | Amendment * <input type="checkbox"/> | Withdrawal <input type="checkbox"/> | Section 19(b)(2) * <input type="checkbox"/> | Section 19(b)(3)(A) * <input checked="" type="checkbox"/> |
| | | | Section 19(b)(3)(B) * <input type="checkbox"/> | |
| | | | 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 checked="" 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"/> | | | |
| Description | | | | |
| Provide a brief description of the action (limit 250 characters, required when Initial is checked *). | | | | |
| <input type="text" value="Proposed Rule Change to Update the FINRA Manual to Reflect FINRA's New Subsidiary, FINRA CAT, LLC"/> | | | | |
| 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="Lisa"/> | Last Name * | <input type="text" value="Horrigan"/> | |
| Title * | <input type="text" value="Associate General Counsel"/> | | | |
| E-mail * | <input type="text" value="lisa.horrigan@finra.org"/> | | | |
| Telephone * | <input type="text" value="(202) 728-8190"/> | Fax | <input type="text" value="(202) 728-8264"/> | |
| Signature | | | | |
| Pursuant to the requirements of the Securities Exchange Act of 1934, | | | | |
| has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized. | | | | |
| (Title *) | | | | |
| Date | <input type="text" value="04/24/2019"/> | <input type="text" value="Senior Vice President and Director of Capital Markets Policy"/> | | |
| By | <input type="text" value="Stephanie Dumont"/> | <input type="text" value="Stephanie Dumont,"/> | | |
| (Name *) | | | | |
| NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed. | | | | |

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

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

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ Financial Industry Regulatory Authority, Inc. (“FINRA”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to update the FINRA Manual to reflect FINRA’s new subsidiary, FINRA CAT, LLC. Specifically, the proposed rule change would codify the delegation of specific responsibilities and functions to FINRA CAT, LLC under the Plan of Allocation and Delegation of Functions by FINRA (“Delegation Plan”); make conforming amendments to the Delegation Plan to reflect FINRA CAT, LLC; amend the By-Laws of FINRA Regulation, Inc. (“FINRA Regulation By-Laws”) to make relevant conforming amendments; and make conforming amendments to FINRA rules.

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

At its meeting on March 1, 2019, the FINRA Board of Governors authorized the filing of the proposed rule change with the SEC. No other action by FINRA is necessary for the filing of the proposed rule change.

FINRA has filed the proposed rule change for immediate effectiveness. The effective date will be the date of filing.

¹ 15 U.S.C. 78s(b)(1).

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

(a) Purpose

Background

FINRA and the national securities exchanges (collectively, the “Participants”)² filed with the Commission, pursuant to Section 11A of the Exchange Act³ and Rule 608 of Regulation NMS thereunder,⁴ the National Market System Plan Governing the Consolidated Audit Trail (the “CAT NMS Plan” or “Plan”).⁵ The Participants filed the Plan to comply with Rule 613 of Regulation NMS under the Exchange Act.⁶ The Plan

² Specifically, the Participants are BOX Exchange LLC, Cboe BYX Exchange, Inc., Cboe BZX Exchange, Inc., Cboe EDGA Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe C2 Exchange, Inc., Cboe Exchange, Inc., FINRA, Investors Exchange LLC, Miami International Securities Exchange, LLC, MIAX Emerald, LLC, MIAX PEARL, LLC, Nasdaq BX, Inc., Nasdaq GEMX, LLC, Nasdaq ISE, LLC, Nasdaq MRX, LLC, Nasdaq PHLX LLC, The Nasdaq Stock Market LLC, New York Stock Exchange LLC, NYSE American LLC, NYSE Arca, Inc., NYSE Chicago, Inc. and NYSE National, Inc.

³ 15 U.S.C. 78k-1.

⁴ 17 CFR 242.608.

⁵ See Letter from the Participants to Brent J. Fields, Secretary, Commission, dated September 30, 2014; and Letter from Participants to Brent J. Fields, Secretary, Commission, dated February 27, 2015. On December 23, 2015, the Participants submitted an amendment to the CAT NMS Plan. See Letter from Participants to Brent J. Fields, Secretary, Commission, dated December 23, 2015.

Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth herein or in the CAT NMS Plan.

⁶ 17 CFR 242.613.

was published for comment in the Federal Register on May 17, 2016,⁷ and approved by the Commission, as modified, on November 15, 2016.⁸

The Participants jointly own and operate CAT NMS, LLC, a company formed by the Participants to arrange for and oversee the creation, implementation, and maintenance of the consolidated audit trail (“CAT”) as required under Rule 613, and the CAT is a facility of each Participant.⁹ The CAT is intended to capture in a single consolidated data source customer and order event information for orders in NMS Securities and OTC Equity Securities, across all markets, from the time of order inception through routing, cancellation, modification, or execution.¹⁰

The Plan requires the Participants to select a Plan Processor to perform the CAT processing functions required by SEC Rule 613 and as set forth in the Plan.¹¹ On February 1, 2019, CAT NMS, LLC confirmed that it would be transitioning the CAT project to a new Plan Processor, and on February 27, 2019, announced that it had selected

⁷ See Securities Exchange Act Release No. 77724 (April 27, 2016), 81 FR 30614 (May 17, 2016).

⁸ See Securities Exchange Act Release No. 79318 (November 15, 2016), 81 FR 84696 (November 23, 2016) (“Approval Order”).

⁹ See Securities Exchange Act Release No. 67457 (July 18, 2012), 77 FR 45722, 45775 (August 1, 2012) (“Rule 613 Adopting Release”).

¹⁰ See e.g., id., at 45722.

¹¹ However, while the Participants select a Plan Processor to perform these functions, each Participant also remains responsible for compliance with the terms of the Plan. See SEC Rule 608(c) and SEC Rule 613(h).

FINRA as the Plan Processor.¹² In its capacity as Plan Processor, FINRA is responsible for the development and operation of the CAT in accordance with the terms of the Plan.

In addition to serving in its capacity as Plan Processor of the CAT, FINRA is required to fulfill its obligations as a Participant of the Plan. To that end, FINRA CAT, LLC will further FINRA's compliance with its regulatory obligations under SEC Rule 613 with respect to the creation, operation and maintenance of a central repository. FINRA will fulfill its obligations as a Participant of the Plan, including among others, enforcing FINRA rules requiring its members to comply with the CAT NMS Plan, through FINRA (and FINRA Regulation, Inc.) and not through FINRA CAT, LLC.

FINRA believes that significant resources are required in order to meet its obligations as Plan Processor of the CAT. For example, FINRA has dedicated staff and financial resources in connection with serving as the Plan Processor and believes that it will be required to continue to allot resources to the CAT in this capacity. In addition, certain functions of the Plan Processor require consultation with or are subject to approval by the CAT NMS Plan Operating Committee. FINRA created FINRA CAT, LLC as a subsidiary of FINRA in order to dedicate resources solely to carrying out its obligations as Plan Processor and to underscore that FINRA CAT, LLC, while part of the self-regulatory organization ("SRO"), is separate and distinct from the other FINRA entities.

FINRA notes that as a subsidiary of FINRA, FINRA CAT, LLC is part of the registered securities association. As such, for purposes of SEC Regulation Systems

¹² See announcements dated February 1, 2019 and February 27, 2019 on the News Page at www.catnmsplan.com/news-page/index.html.

Compliance and Integrity (“Regulation SCI”), FINRA CAT, LLC is an SCI SRO and therefore an SCI entity.¹³

Proposed Amendments

To account for the new subsidiary and codify the delegation by FINRA of certain regulatory responsibilities and functions to it, FINRA is proposing to make conforming amendments to the Delegation Plan to include FINRA CAT, LLC in the Delegation Plan; amend FINRA Regulation By-Laws to make relevant conforming amendments; and make conforming amendments to FINRA rules.

(1) Conforming Amendments to the Delegation Plan

FINRA is proposing to rename the Delegation Plan as the “Plan of Allocation and Delegation of Functions by FINRA to Subsidiaries.” FINRA also is proposing to make conforming amendments throughout the Delegation Plan to replace references to “FINRA Regulation” with references to “the Subsidiaries” or “Subsidiary” to indicate that both FINRA Regulation, Inc. and FINRA CAT, LLC are subsidiaries of FINRA. In addition, the proposed rule change would reference FINRA Regulation, Inc. and FINRA CAT, LLC individually and define them collectively as “the Subsidiaries.” Finally, FINRA is proposing to amend Section I.B of the Delegation Plan to include a reference to new Section III pertaining to FINRA CAT, LLC.

¹³ 17 CFR 242.1000 through 242.1007. Under Regulation SCI, the term “SCI entity” means an SCI self-regulatory organization, SCI alternative trading system, plan processor, or exempt clearing agency subject to ARP. The term “SCI self-regulatory organization” or “SCI SRO” includes national securities exchanges registered under Section 6(b) of the Exchange Act, registered securities associations, registered clearing agencies, and the Municipal Securities Rulemaking Board. 17 CFR 242.1000.

Section I – FINRA, Inc.

Section I of the Delegation Plan provides that FINRA shall have responsibility for the rules and regulations of the Association (defined in the FINRA Manual as FINRA and its Subsidiaries) and its operation and administration. Under Section I.B, the proposed rule change would include subsection 10 to provide that FINRA expressly retains authority and functions to resolve any disputes among the Subsidiaries. This subsection was included in the Delegation Plan prior to the merger of FINRA Dispute Regulation, Inc. into and with FINRA Regulation, Inc.,¹⁴ but was removed as it refers to disputes among the subsidiaries, and only FINRA Regulation, Inc. remained as a result of the merger of the two subsidiaries. In addition, in subsection three, FINRA proposes to add reference to selection of a Board of Managers, because FINRA CAT, LLC is governed by a Board of Managers. In subsection five, FINRA proposes to add the word “common” as FINRA Regulation, Inc. may now share overhead (including, for example, such back-office services as payroll and human resources) and technology with FINRA CAT, LLC as separate subsidiaries. Finally, FINRA is proposing to amend subsection nine to provide for delegation to FINRA CAT, LLC, which, as discussed below, would be located in Section III of the Delegation Plan.

FINRA is proposing to expressly provide in amended Section I.E of the Delegation Plan that, notwithstanding the delegation of authority to FINRA CAT, LLC, the staff, books, records, and premises of FINRA CAT, LLC are the staff, books, records, and premises of FINRA subject to oversight pursuant to the Act, and all officers, directors, employees, and agents of FINRA CAT, LLC are officers, directors, employees,

¹⁴ See Securities Exchange Act Release No. 76670 (December 16, 2015) 80 FR 79632 (December 22, 2015) (Order Approving File No. SR-FINRA-2015-034).

and agents of FINRA for purposes of the Act, subject to applicable provisions of the CAT NMS Plan.¹⁵ For example, the CAT NMS Plan expressly provides that the Plan Processor shall designate employees of the Plan Processor to serve, subject to the approval of the CAT NMS Plan Operating Committee, as the Chief Compliance Officer (“CCO”) and as the Chief Information Security Officer (“CISO”),¹⁶ and that the CCO and CISO shall be officers of CAT NMS, LLC.¹⁷ The Plan further requires the Plan Processor to acknowledge that the officers of CAT NMS, LLC owe fiduciary duties to CAT NMS, LLC, and that, to the extent that the duties owed to CAT NMS, LLC conflict with any duties owed to the Plan Processor, the duties to CAT NMS, LLC will control.¹⁸ In addition, the Plan provides that all CAT Data and other books and records of CAT NMS, LLC shall be the property of CAT NMS, LLC, rather than the Plan Processor, and, to the extent in the possession or control of the Plan Processor, shall be made available by the Plan Processor to the Commission upon request.¹⁹ The proposed rule change would not modify such provisions of the CAT NMS Plan.²⁰

¹⁵ Thus, the books and records and management and staff of FINRA CAT, LLC are deemed to be the books and records and management and staff of FINRA for purposes of the jurisdiction and oversight by the SEC of FINRA CAT, LLC as part of the registered securities association. Notwithstanding this provision, FINRA and FINRA CAT, LLC are separate legal entities under Delaware corporate law.

¹⁶ See Section 6.2 of the CAT NMS Plan.

¹⁷ See Section 4.6 of the CAT NMS Plan.

¹⁸ Id.

¹⁹ See Section 9.1 of the CAT NMS Plan.

²⁰ FINRA is proposing a conforming amendment to FINRA Rule 0170 (Delegation, Authority and Access).

Section III – FINRA CAT, LLC

FINRA is proposing to amend the Delegation Plan to include Section III of the Delegation Plan to delegate responsibilities and functions to FINRA CAT, LLC. Specifically, FINRA is proposing to delegate to FINRA CAT, LLC the following responsibilities and functions: (1) to act as a Plan Processor under the CAT NMS Plan in accordance with SEC Rule 613 and the provisions of the Plan; (2) to create, operate and maintain the CAT and central repository pursuant to Rule 613 and the provisions of the Plan; (3) to develop and implement policies, procedures, and control structures related to the CAT System; (4) to ensure the effective management and operation of the CAT; and (5) to ensure the accuracy of the consolidation of the CAT Data reported to the Central Repository.

FINRA also proposes to provide that the responsibilities and functions delegated by FINRA to FINRA CAT, LLC in Section III include, but are not limited to, those specified above. FINRA notes that the specific responsibilities and functions of the Plan Processor are set forth in Section 6.1 of the CAT NMS Plan, many of which require consultation with or approval by the CAT NMS Plan Operating Committee. As such, FINRA is proposing to expressly provide that all action taken by FINRA CAT, LLC pursuant to authority delegated pursuant to the Delegation Plan shall be taken in accordance with the terms of the Plan and SEC Rule 613, and in consultation with the CAT NMS Plan Operating Committee, as applicable.

Finally, FINRA is proposing to include language providing that capitalized terms that are not defined in Section III shall have the meanings ascribed to them in the Plan.

(2) Conforming Amendments to the FINRA Regulation By-Laws

FINRA is proposing to make conforming amendments to the FINRA Regulation By-Laws. Specifically, FINRA is proposing to amend the definition of “Delegation Plan” in section (i) of Article I to replace “FINRA Regulation” with “Subsidiaries” to account for the fact that pursuant to the proposed rule change, the Delegation Plan also would pertain to FINRA CAT, LLC. In addition, FINRA is proposing to include reference to FINRA CAT, LLC in the last sentence of Section 4.14(b) (Conflicts of Interest; Contracts and Transactions Involving Directors) to indicate that the provisions in that subsection shall not apply to contracts or transactions between FINRA Regulation, Inc. and FINRA CAT, LLC.

(3) Conforming Amendments to FINRA Rules

FINRA also is proposing to amend several FINRA rules to reflect FINRA CAT, LLC as a FINRA subsidiary. The proposed rule change would amend Rule 0160 (Definitions) to include FINRA CAT, LLC in the definition of FINRA. In addition, FINRA is proposing a conforming amendment to Rule 0170 (Delegation, Authority and Access) to replace references to “FINRA Regulation” with the “Subsidiaries.”

FINRA notes that the proposed rule change would not amend the Rule 6800 Series (Consolidated Audit Trail Compliance Rule), pursuant to which FINRA requires its members to comply with the provisions of the CAT NMS Plan. FINRA is not delegating any of its responsibilities or functions pertaining to the Rule 6800 Series to FINRA CAT, LLC.

As noted in Item 2, FINRA has filed the proposed rule change for immediate effectiveness. The effective date will be the date of filing.

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,²¹ 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 amendments to include its subsidiary, FINRA CAT, LLC, in the FINRA Manual would reflect and bring transparency to FINRA's corporate organizational structure, and, in the process, would make the organization more efficient. In addition, FINRA believes that delegating regulatory responsibilities and functions to FINRA CAT, LLC to meet its CAT-related obligations enables FINRA to efficiently direct resources to ensure that it properly carries out its contractual obligations in its capacity as Plan Processor and its regulatory obligations under SEC Rule 613.

FINRA notes that the proposed rule change would not affect public investors, the goals of the Plan or fees associated with the CAT. FINRA believes that the proposed rule change reflects its commitment to serve as Plan Processor of the CAT and to comply with the provisions of the Plan. Thus, FINRA believes that the creation of FINRA CAT, LLC and inclusion of FINRA CAT, LLC in the FINRA Manual would ensure that FINRA continues to protect investors and the public interest in an efficient manner.

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

²¹ 15 U.S.C. 78q-3(b)(6).

Act. FINRA believes that the proposed amendments account for FINRA's subsidiary, FINRA CAT, LLC, and would align FINRA's corporate organizational structure with its organizational practice. The proposed rule change would allow FINRA to update its Manual to include FINRA CAT, LLC and make changes to its Manual to reflect the current corporate structure. Further, FINRA intends to allocate staff and financial resources directly to FINRA CAT, LLC to meet its obligations as Plan Processor. FINRA notes that the proposed rule change would not alter member and industry obligations related to the Plan, including regarding fees. FINRA believes that the proposed rule change demonstrates its commitment to fulfilling its contractual obligations in its capacity as Plan Processor and its regulatory obligations under SEC Rule 613.

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.

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)(A) of the Act²² and paragraph (f)(3) of Rule 19b-4 thereunder,²³ in that the proposed rule change is concerned solely with the administration of the self-regulatory organization. Specifically, the proposed rule change would update the FINRA Manual to reflect FINRA's corporate structure, which includes FINRA CAT, LLC. As noted above, the

²² 15 U.S.C. 78s(b)(3)(A).

²³ 17 CFR 240.19b-4(f)(3).

proposed rule change would not alter member and industry obligations related to the Plan, including regarding fees.

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.

Exhibit 5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-FINRA-2019-015)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Update the FINRA Manual to Reflect FINRA’s New Subsidiary, FINRA CAT, LLC

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 concerned solely with the administration of the self-regulatory organization under Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(3) thereunder,⁴ 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 update the FINRA Manual to reflect FINRA’s new subsidiary, FINRA CAT, LLC. Specifically, the proposed rule change would codify the delegation of specific responsibilities and functions to FINRA CAT, LLC under the Plan

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(3).

of Allocation and Delegation of Functions by FINRA (“Delegation Plan”); make conforming amendments to the Delegation Plan to reflect FINRA CAT, LLC; amend the By-Laws of FINRA Regulation, Inc. (“FINRA Regulation By-Laws”) to make relevant conforming amendments; and make conforming amendments to FINRA rules.

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

Background

FINRA and the national securities exchanges (collectively, the “Participants”)⁵ filed with the Commission, pursuant to Section 11A of the Exchange Act⁶ and Rule 608

⁵ Specifically, the Participants are BOX Exchange LLC, Cboe BYX Exchange, Inc., Cboe BZX Exchange, Inc., Cboe EDGA Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe C2 Exchange, Inc., Cboe Exchange, Inc., FINRA, Investors Exchange LLC, Miami International Securities Exchange, LLC, MIAX Emerald, LLC, MIAX PEARL, LLC, Nasdaq BX, Inc., Nasdaq GEMX, LLC, Nasdaq ISE, LLC, Nasdaq MRX, LLC, Nasdaq PHLX LLC, The Nasdaq Stock Market LLC,

of Regulation NMS thereunder,⁷ the National Market System Plan Governing the Consolidated Audit Trail (the “CAT NMS Plan” or “Plan”).⁸ The Participants filed the Plan to comply with Rule 613 of Regulation NMS under the Exchange Act.⁹ The Plan was published for comment in the Federal Register on May 17, 2016,¹⁰ and approved by the Commission, as modified, on November 15, 2016.¹¹

The Participants jointly own and operate CAT NMS, LLC, a company formed by the Participants to arrange for and oversee the creation, implementation, and maintenance of the consolidated audit trail (“CAT”) as required under Rule 613, and the CAT is a facility of each Participant.¹² The CAT is intended to capture in a single consolidated data source customer and order event information for orders in NMS Securities and OTC

New York Stock Exchange LLC, NYSE American LLC, NYSE Arca, Inc., NYSE Chicago, Inc. and NYSE National, Inc.

⁶ 15 U.S.C. 78k-1.

⁷ 17 CFR 242.608.

⁸ See Letter from the Participants to Brent J. Fields, Secretary, Commission, dated September 30, 2014; and Letter from Participants to Brent J. Fields, Secretary, Commission, dated February 27, 2015. On December 23, 2015, the Participants submitted an amendment to the CAT NMS Plan. See Letter from Participants to Brent J. Fields, Secretary, Commission, dated December 23, 2015.

Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth herein or in the CAT NMS Plan.

⁹ 17 CFR 242.613.

¹⁰ See Securities Exchange Act Release No. 77724 (April 27, 2016), 81 FR 30614 (May 17, 2016).

¹¹ See Securities Exchange Act Release No. 79318 (November 15, 2016), 81 FR 84696 (November 23, 2016) (“Approval Order”).

¹² See Securities Exchange Act Release No. 67457 (July 18, 2012), 77 FR 45722, 45775 (August 1, 2012) (“Rule 613 Adopting Release”).

Equity Securities, across all markets, from the time of order inception through routing, cancellation, modification, or execution.¹³

The Plan requires the Participants to select a Plan Processor to perform the CAT processing functions required by SEC Rule 613 and as set forth in the Plan.¹⁴ On February 1, 2019, CAT NMS, LLC confirmed that it would be transitioning the CAT project to a new Plan Processor, and on February 27, 2019, announced that it had selected FINRA as the Plan Processor.¹⁵ In its capacity as Plan Processor, FINRA is responsible for the development and operation of the CAT in accordance with the terms of the Plan.

In addition to serving in its capacity as Plan Processor of the CAT, FINRA is required to fulfill its obligations as a Participant of the Plan. To that end, FINRA CAT, LLC will further FINRA's compliance with its regulatory obligations under SEC Rule 613 with respect to the creation, operation and maintenance of a central repository. FINRA will fulfill its obligations as a Participant of the Plan, including among others, enforcing FINRA rules requiring its members to comply with the CAT NMS Plan, through FINRA (and FINRA Regulation, Inc.) and not through FINRA CAT, LLC.

FINRA believes that significant resources are required in order to meet its obligations as Plan Processor of the CAT. For example, FINRA has dedicated staff and financial resources in connection with serving as the Plan Processor and believes that it will be required to continue to allot resources to the CAT in this capacity. In addition,

¹³ See e.g., id., at 45722.

¹⁴ However, while the Participants select a Plan Processor to perform these functions, each Participant also remains responsible for compliance with the terms of the Plan. See SEC Rule 608(c) and SEC Rule 613(h).

¹⁵ See announcements dated February 1, 2019 and February 27, 2019 on the News Page at www.catnmsplan.com/news-page/index.html.

certain functions of the Plan Processor require consultation with or are subject to approval by the CAT NMS Plan Operating Committee. FINRA created FINRA CAT, LLC as a subsidiary of FINRA in order to dedicate resources solely to carrying out its obligations as Plan Processor and to underscore that FINRA CAT, LLC, while part of the self-regulatory organization (“SRO”), is separate and distinct from the other FINRA entities.

FINRA notes that as a subsidiary of FINRA, FINRA CAT, LLC is part of the registered securities association. As such, for purposes of SEC Regulation Systems Compliance and Integrity (“Regulation SCI”), FINRA CAT, LLC is an SCI SRO and therefore an SCI entity.¹⁶

Proposed Amendments

To account for the new subsidiary and codify the delegation by FINRA of certain regulatory responsibilities and functions to it, FINRA is proposing to make conforming amendments to the Delegation Plan to include FINRA CAT, LLC in the Delegation Plan; amend FINRA Regulation By-Laws to make relevant conforming amendments; and make conforming amendments to FINRA rules.

(1) Conforming Amendments to the Delegation Plan

FINRA is proposing to rename the Delegation Plan as the “Plan of Allocation and Delegation of Functions by FINRA to Subsidiaries.” FINRA also is proposing to make

¹⁶ 17 CFR 242.1000 through 242.1007. Under Regulation SCI, the term “SCI entity” means an SCI self-regulatory organization, SCI alternative trading system, plan processor, or exempt clearing agency subject to ARP. The term “SCI self-regulatory organization” or “SCI SRO” includes national securities exchanges registered under Section 6(b) of the Exchange Act, registered securities associations, registered clearing agencies, and the Municipal Securities Rulemaking Board. 17 CFR 242.1000.

conforming amendments throughout the Delegation Plan to replace references to “FINRA Regulation” with references to “the Subsidiaries” or “Subsidiary” to indicate that both FINRA Regulation, Inc. and FINRA CAT, LLC are subsidiaries of FINRA. In addition, the proposed rule change would reference FINRA Regulation, Inc. and FINRA CAT, LLC individually and define them collectively as “the Subsidiaries.” Finally, FINRA is proposing to amend Section I.B of the Delegation Plan to include a reference to new Section III pertaining to FINRA CAT, LLC.

Section I – FINRA, Inc.

Section I of the Delegation Plan provides that FINRA shall have responsibility for the rules and regulations of the Association (defined in the FINRA Manual as FINRA and its Subsidiaries) and its operation and administration. Under Section I.B, the proposed rule change would include subsection 10 to provide that FINRA expressly retains authority and functions to resolve any disputes among the Subsidiaries. This subsection was included in the Delegation Plan prior to the merger of FINRA Dispute Regulation, Inc. into and with FINRA Regulation, Inc.,¹⁷ but was removed as it refers to disputes among the subsidiaries, and only FINRA Regulation, Inc. remained as a result of the merger of the two subsidiaries. In addition, in subsection three, FINRA proposes to add reference to selection of a Board of Managers, because FINRA CAT, LLC is governed by a Board of Managers. In subsection five, FINRA proposes to add the word “common” as FINRA Regulation, Inc. may now share overhead (including, for example, such back-office services as payroll and human resources) and technology with FINRA CAT, LLC as separate subsidiaries. Finally, FINRA is proposing to amend subsection nine to

¹⁷ See Securities Exchange Act Release No. 76670 (December 16, 2015) 80 FR 79632 (December 22, 2015) (Order Approving File No. SR-FINRA-2015-034).

provide for delegation to FINRA CAT, LLC, which, as discussed below, would be located in Section III of the Delegation Plan.

FINRA is proposing to expressly provide in amended Section I.E of the Delegation Plan that, notwithstanding the delegation of authority to FINRA CAT, LLC, the staff, books, records, and premises of FINRA CAT, LLC are the staff, books, records, and premises of FINRA subject to oversight pursuant to the Act, and all officers, directors, employees, and agents of FINRA CAT, LLC are officers, directors, employees, and agents of FINRA for purposes of the Act, subject to applicable provisions of the CAT NMS Plan.¹⁸ For example, the CAT NMS Plan expressly provides that the Plan Processor shall designate employees of the Plan Processor to serve, subject to the approval of the CAT NMS Plan Operating Committee, as the Chief Compliance Officer (“CCO”) and as the Chief Information Security Officer (“CISO”),¹⁹ and that the CCO and CISO shall be officers of CAT NMS, LLC.²⁰ The Plan further requires the Plan Processor to acknowledge that the officers of CAT NMS, LLC owe fiduciary duties to CAT NMS, LLC, and that, to the extent that the duties owed to CAT NMS, LLC conflict with any duties owed to the Plan Processor, the duties to CAT NMS, LLC will control.²¹ In addition, the Plan provides that all CAT Data and other books and records of CAT

¹⁸ Thus, the books and records and management and staff of FINRA CAT, LLC are deemed to be the books and records and management and staff of FINRA for purposes of the jurisdiction and oversight by the SEC of FINRA CAT, LLC as part of the registered securities association. Notwithstanding this provision, FINRA and FINRA CAT, LLC are separate legal entities under Delaware corporate law.

¹⁹ See Section 6.2 of the CAT NMS Plan.

²⁰ See Section 4.6 of the CAT NMS Plan.

²¹ Id.

NMS, LLC shall be the property of CAT NMS, LLC, rather than the Plan Processor, and, to the extent in the possession or control of the Plan Processor, shall be made available by the Plan Processor to the Commission upon request.²² The proposed rule change would not modify such provisions of the CAT NMS Plan.²³

Section III – FINRA CAT, LLC

FINRA is proposing to amend the Delegation Plan to include Section III of the Delegation Plan to delegate responsibilities and functions to FINRA CAT, LLC.

Specifically, FINRA is proposing to delegate to FINRA CAT, LLC the following responsibilities and functions: (1) to act as a Plan Processor under the CAT NMS Plan in accordance with SEC Rule 613 and the provisions of the Plan; (2) to create, operate and maintain the CAT and central repository pursuant to Rule 613 and the provisions of the Plan; (3) to develop and implement policies, procedures, and control structures related to the CAT System; (4) to ensure the effective management and operation of the CAT; and (5) to ensure the accuracy of the consolidation of the CAT Data reported to the Central Repository.

FINRA also proposes to provide that the responsibilities and functions delegated by FINRA to FINRA CAT, LLC in Section III include, but are not limited to, those specified above. FINRA notes that the specific responsibilities and functions of the Plan Processor are set forth in Section 6.1 of the CAT NMS Plan, many of which require consultation with or approval by the CAT NMS Plan Operating Committee. As such, FINRA is proposing to expressly provide that all action taken by FINRA CAT, LLC

²² See Section 9.1 of the CAT NMS Plan.

²³ FINRA is proposing a conforming amendment to FINRA Rule 0170 (Delegation, Authority and Access).

pursuant to authority delegated pursuant to the Delegation Plan shall be taken in accordance with the terms of the Plan and SEC Rule 613, and in consultation with the CAT NMS Plan Operating Committee, as applicable.

Finally, FINRA is proposing to include language providing that capitalized terms that are not defined in Section III shall have the meanings ascribed to them in the Plan.

(2) Conforming Amendments to the FINRA Regulation By-Laws

FINRA is proposing to make conforming amendments to the FINRA Regulation By-Laws. Specifically, FINRA is proposing to amend the definition of “Delegation Plan” in section (i) of Article I to replace “FINRA Regulation” with “Subsidiaries” to account for the fact that pursuant to the proposed rule change, the Delegation Plan also would pertain to FINRA CAT, LLC. In addition, FINRA is proposing to include reference to FINRA CAT, LLC in the last sentence of Section 4.14(b) (Conflicts of Interest; Contracts and Transactions Involving Directors) to indicate that the provisions in that subsection shall not apply to contracts or transactions between FINRA Regulation, Inc. and FINRA CAT, LLC.

(3) Conforming Amendments to FINRA Rules

FINRA also is proposing to amend several FINRA rules to reflect FINRA CAT, LLC as a FINRA subsidiary. The proposed rule change would amend Rule 0160 (Definitions) to include FINRA CAT, LLC in the definition of FINRA. In addition, FINRA is proposing a conforming amendment to Rule 0170 (Delegation, Authority and Access) to replace references to “FINRA Regulation” with the “Subsidiaries.”

FINRA notes that the proposed rule change would not amend the Rule 6800 Series (Consolidated Audit Trail Compliance Rule), pursuant to which FINRA requires

its members to comply with the provisions of the CAT NMS Plan. FINRA is not delegating any of its responsibilities or functions pertaining to the Rule 6800 Series to FINRA CAT, LLC.

FINRA has filed the proposed rule change for immediate effectiveness. The effective date will be the date of filing.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,²⁴ 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 amendments to include its subsidiary, FINRA CAT, LLC, in the FINRA Manual would reflect and bring transparency to FINRA's corporate organizational structure, and, in the process, would make the organization more efficient. In addition, FINRA believes that delegating regulatory responsibilities and functions to FINRA CAT, LLC to meet its CAT-related obligations enables FINRA to efficiently direct resources to ensure that it properly carries out its contractual obligations in its capacity as Plan Processor and its regulatory obligations under SEC Rule 613.

FINRA notes that the proposed rule change would not affect public investors, the goals of the Plan or fees associated with the CAT. FINRA believes that the proposed rule change reflects its commitment to serve as Plan Processor of the CAT and to comply with the provisions of the Plan. Thus, FINRA believes that the creation of FINRA CAT, LLC

²⁴ 15 U.S.C. 78o-3(b)(6).

and inclusion of FINRA CAT, LLC in the FINRA Manual would ensure that FINRA continues to protect investors and the public interest in an efficient manner.

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 believes that the proposed amendments account for FINRA's subsidiary, FINRA CAT, LLC, and would align FINRA's corporate organizational structure with its organizational practice. The proposed rule change would allow FINRA to update its Manual to include FINRA CAT, LLC and make changes to its Manual to reflect the current corporate structure. Further, FINRA intends to allocate staff and financial resources directly to FINRA CAT, LLC to meet its obligations as Plan Processor. FINRA notes that the proposed rule change would not alter member and industry obligations related to the Plan, including regarding fees. FINRA believes that the proposed rule change demonstrates its commitment to fulfilling its contractual obligations in its capacity as Plan Processor and its regulatory obligations under SEC Rule 613.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act²⁵ and paragraph (f)(3) of Rule 19b-4 thereunder.²⁶ At any time within 60 days

²⁵ 15 U.S.C. 78s(b)(3)(A).

²⁶ 17 CFR 240.19b-4(f)(3).

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.

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-2019-015 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-2019-015. 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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FINRA-2019-015 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.²⁷

Robert W. Errett
Deputy Secretary

²⁷ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

* * * * *

**PLAN OF ALLOCATION AND DELEGATION OF FUNCTIONS BY FINRA TO
[FINRA REGULATION, INC.]SUBSIDIARIES**

I. FINRA, INC.

FINRA, Inc. (referenced as “FINRA”), the Registered Section 15A Association, is the parent company of FINRA Regulation, Inc. (referenced individually as “FINRA Regulation”) and FINRA CAT, LLC (referenced individually as “FINRA CAT”) (referenced collectively as the “Subsidiaries”). The term “Association” shall refer to FINRA and [FINRA Regulation]the Subsidiaries collectively.

A. No Change.

B. Functions and Authority of FINRA—FINRA shall have ultimate responsibility for the rules and regulations of the Association and its operation and administration. As set forth below in Sections II.A. and III, FINRA has delegated certain authority and functions to [FINRA Regulation]its Subsidiaries. Actions taken pursuant to delegated authority, however, remain subject to review, ratification or rejection by the FINRA Board in accordance with procedures established by that Board. Any function or responsibility as a registered securities association under the Securities Exchange Act of 1934 (“Act”), or as set forth in the Restated Certificate of Incorporation or the By-Laws is hereby reserved, except as expressly delegated to [FINRA Regulation]the Subsidiaries. In addition, FINRA expressly retains the following authority and functions:

1. To exercise overall responsibility for ensuring that the Association's statutory and self-regulatory obligations and functions are fulfilled.

2. To delegate authority to [FINRA Regulation]the Subsidiaries to take actions on behalf of FINRA.

3. To elect the FINRA Regulation Board of Directors and to select the FINRA CAT Board of Managers.

4. To review the rulemaking and disciplinary decisions of FINRA Regulation (See Section II.B. below).

5. To administer common overhead and technology of [FINRA Regulation]the Subsidiaries.

6. To administer the Office of Internal Audit as provided in the FINRA By-Laws.

7. To manage external Association relations on major policy issues.

8. To direct [FINRA Regulation]the Subsidiaries to take action necessary to effectuate the purposes and functions of the Association.

9. To take action *ab initio* in an area of responsibility delegated to FINRA Regulation in Section II or to FINRA CAT in Section III, subject to applicable provisions of the National Market System Plan Governing the Consolidated Audit Trail (“CAT NMS Plan”).

10. To resolve any disputes among the Subsidiaries.

C. through D. No Change.

E. Access to and Status of Officers, Directors, Employees, Books, Records, and Premises of [FINRA Regulation]Subsidiaries

Notwithstanding the delegation of authority to [FINRA Regulation]the Subsidiaries, as set forth in Sections II.A. and III below, the staff, books, records, and premises of [FINRA Regulation]the Subsidiaries are the staff, books, records, and premises of FINRA subject to oversight pursuant to the Act, and all officers, directors, employees, and agents of [FINRA Regulation]the Subsidiaries are officers, directors, employees, and agents of FINRA for purposes of the Act, subject to applicable provisions of the CAT NMS Plan.

II. FINRA Regulation, Inc.

No Change.

III. FINRA CAT, LLC

Delegation of Functions and Authority:

A. Subject to Section I.B.9., FINRA hereby delegates to FINRA CAT and FINRA CAT assumes the following responsibilities and functions as a registered securities association:

1. To act as a Plan Processor in accordance with SEC Rule 613 and the provisions of the CAT NMS Plan.
2. To create, operate and maintain the consolidated audit trail (“CAT”) and central repository pursuant to Rule 613 and the provisions of the CAT NMS Plan.
3. To develop and implement policies, procedures, and control structures related to the CAT System.
4. To ensure the effective management and operation of the CAT.

5. To ensure the accuracy of the consolidation of the CAT Data reported to the Central Repository.

B. The responsibilities and functions delegated by FINRA to FINRA CAT include, but are not limited to, those specified in Section A. All action taken pursuant to authority delegated pursuant to Section A shall be taken in accordance with the terms of the CAT NMS Plan and SEC Rule 613, and in consultation with the CAT NMS Plan Operating Committee, as applicable.

C. Capitalized terms used herein, but not otherwise defined, shall have the meanings ascribed to them in the CAT NMS Plan.

* * * * *

BY-LAWS OF FINRA REGULATION, INC.

ARTICLE I DEFINITIONS

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When used in these By-Laws, unless the context otherwise requires, the term:

(a) through (h) No Change.

(i) “Delegation Plan” means the “Plan of Allocation and Delegation of Functions by FINRA to [FINRA Regulation, Inc.]Subsidiaries” as approved by the Commission, and as amended from time to time;

(j) through (kk) No Change.

* * * * *

ARTICLE IV BOARD OF DIRECTORS

* * * * *

Conflicts of Interest; Contracts and Transactions Involving Directors

Sec. 4.14

(a) No Change.

(b) No contract or transaction between FINRA Regulation and one or more of its Directors or officers, or between FINRA Regulation and any other corporation, partnership, association, or other organization in which one or more of its Directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason if: (i) the material facts pertaining to such Director's or officer's relationship or interest and the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Directors; (ii) the material facts are disclosed or become known to the Board or committee after the contract or transaction is entered into, and the Board or committee in good faith ratifies the contract or transaction by the affirmative vote of a majority of the disinterested Directors; or (iii) the material facts pertaining to the Director's or officer's relationship or interest and the contract or transaction are disclosed or are known to the stockholder entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholder. Only disinterested Directors may be counted in determining the presence of a quorum at the portion of a meeting of the Board or of a committee that authorizes the contract or transaction. This subsection shall not apply to a contract or transaction between FINRA Regulation and either FINRA or FINRA CAT, LLC.

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FINRA RULES

0100. GENERAL STANDARDS

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0160. Definitions

(a) No Change.

(b) When used in the Rules, unless the context otherwise requires:

(1) through (5) No Change.

(6) “FINRA”

The term “FINRA” means, collectively, FINRA Inc.[and]₂ FINRA Regulation, Inc. and FINRA CAT, LLC.

(7) through (17) No Change.

0170. Delegation, Authority and Access

(a) The Financial Industry Regulatory Authority, Inc. delegates to its subsidiaries, FINRA Regulation, Inc. and FINRA CAT, LLC (hereinafter “[FINRA Regulation]Subsidiaries”),₂ the authority to act on behalf of FINRA as set forth in a Plan of Allocation and Delegation adopted by the Board of Governors and approved by the SEC pursuant to its authority under the Exchange Act.

(b) Notwithstanding any delegation of authority to [FINRA Regulation]the Subsidiaries pursuant to this Rule, the staff, books, records and premises of [FINRA Regulation]the Subsidiaries are the staff, books, records and premises of FINRA subject to oversight pursuant to the Exchange Act, and all officers, directors, employees and agents of [FINRA Regulation]the Subsidiaries are the officers, directors, employees and

agents of FINRA for purposes of the Exchange Act, subject to applicable provisions of the National Market System Plan Governing the Consolidated Audit Trail.

* * * * *