

Required fields are shown with yellow backgrounds and asterisks.

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No.* SR - 2020 - * 031

Amendment No. (req. for Amendments *) 2

Filing by Financial Industry Regulatory Authority

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *

☐

Amendment *

☒

Withdrawal

☐

Section 19(b)(2) *

☒

Section 19(b)(3)(A) *

☐

Section 19(b)(3)(B) *

☐

Rule

Pilot

☐Extension of Time Period
for Commission Action *☐

Date Expires *

☐ 19b-4(f)(1)☐ 19b-4(f)(4)☐ 19b-4(f)(2)☐ 19b-4(f)(5)☐ 19b-4(f)(3)☐ 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) *

☐

Section 806(e)(2) *

☐

Section 3C(b)(2) *

☐

Exhibit 2 Sent As Paper Document

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Exhibit 3 Sent As Paper Document

☐**Description**

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Contact InformationProvide 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 * Racquel

Last Name * Russell

Title * Associate General Counsel

E-mail *

Telephone *

Fax

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 06/01/2021

By Alan Lawhead

(Name *)

Vice President and Director - Appellate Group

Alan Lawhead,

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 EDFS 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

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Exhibit Sent As Paper Document

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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

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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.

On September 24, 2020, the Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (the “Commission” or “SEC”) proposed rule change SR-FINRA-2020-031 (the “Proposal”), pursuant to which FINRA proposed to delete the rules related to the OTC Bulletin Board[®] Service (“OTCBB”) and cease its operation, and to adopt new FINRA Rule 6439 (Requirements for Members Inter-Dealer Quotation Systems) to expand and enhance the obligations of member inter-dealer quotation systems. The Commission published the proposed rule change for public comment in the Federal Register on October 7, 2020,¹ and received three comments in response to the Proposal.² On November 20, 2020, FINRA submitted its response to comments on the Proposal.³ On November 4, 2020, the SEC extended the 45-day time period for SEC action on the proposed rule change to January 5, 2021.⁴

On December 21, 2020, FINRA filed Partial Amendment No. 1 to clarify the timing of effectiveness of the proposed rule change. Specifically, Partial Amendment No. 1 provided that FINRA would not cease operation of the OTCBB until proposed Rule 6439 (except for proposed Rule 6439(d)(1)(B)) is effective. On December 30, 2020, the SEC noticed Partial Amendment No. 1 and issued an order instituting proceedings to determine whether to approve or disapprove the proposed rule change, as amended by Partial Amendment No. 1.⁵ The Commission received one comment letter in response to the Order, which FINRA responded to on February 12, 2021.⁶ Subsequently,

¹ Securities Exchange Act Release No. 90067 (October 1, 2020), 85 FR 63314 (October 7, 2020) (Notice of Filing of File No. SR-FINRA-2020-031) (“Proposal”).

² See Letter from Christopher Bok, Chief Compliance Officer, OTC Link, LLC, to Jill M. Peterson, Assistant Secretary, SEC, dated October 28, 2020; Letter from Kimberly Unger, CEO & Executive Director, The Security Traders Association of New York, Inc., to Jill M. Peterson, Assistant Secretary, SEC, dated October 28, 2020; Letter from Sherry J. Sandler, Global OTC, to Jill M. Peterson, Assistant Secretary, SEC, dated November 9, 2020.

³ See Letter from Racquel L. Russell, Associate General Counsel, FINRA, to Vanessa Countryman, Secretary, SEC, dated November 20, 2020.

⁴ See Securities Exchange Act Release No. 90335 (November 4, 2020), 85 FR 71691 (November 10, 2020) (Notice of Designation of a Longer Period for Commission Action on File No. SR-FINRA-2020-031).

⁵ See Securities Exchange Act Release No. 90824 (December 30, 2020), 86 FR 653 (January 6, 2021) (Notice of Filing of Amendment No. 1 and Order Instituting Proceedings to Determine Whether to Approve or Disapprove SR-FINRA-2020-031, as Modified by Amendment No. 1) (“Order”).

⁶ See Letter from Racquel L. Russell, Associate General Counsel, FINRA, to Vanessa Countryman, Secretary, SEC, dated February 12, 2021.

on April 5, 2021, the SEC extended the period for Commission action on the proceedings to determine whether to approve or disapprove the rule change, as modified by Partial Amendment No. 1 until June 4, 2021.⁷ FINRA is filing this Partial Amendment No. 2 to further clarify the timing of effectiveness of the proposed rule change as it relates to the QEQS Designation Request Letter, as discussed below.

As stated in the original filing, FINRA separately intends to request that the Commission designate the FINRA OTC Reporting Facility, together with one or more member inter-dealer quotation system, as a Qualifying Electronic Quotation System (“QEQS”) for purposes of Exchange Act Rule 3a51-1(d)(1)(iii) and the penny stock rules adopted under Section 15(g) of the Exchange Act (“QEQS Designation Request Letter”). FINRA is filing this amendment to provide that the effective date for deleting the rules related to the OTCBB will not occur until: (1) proposed Rule 6439 (except for Rule 6439(d)(1)(B)) is effective; and (2) the SEC grants FINRA’s request set forth in the QEQS Designation Request Letter (or FINRA files a rule filing otherwise setting the implementation date for deleting the rules related to the OTCBB and the SEC approves such rule filing, if required). Thus, Rule 6439, with one exception related to the reporting to FINRA of order-level information, will become effective at the same time or prior to the deletion of the OTCBB rules. Paragraph (d)(1)(B) of proposed Rule 6439 (requiring reporting of specified order-level information) may be phased at a later date within the 365-day timeframe to allow FINRA to better coordinate with the timeline for reporting information in OTC Equity Securities to the Consolidated Audit Trail (“CAT”) under FINRA Rule 6830 (Industry Member Data Reporting).⁸ In addition, this Amendment No. 2 clarifies that the effective date for deleting the rules related to the OTCBB will not occur until the SEC grants FINRA’s request set forth in the QEQS Designation Request Letter, unless FINRA files a rule filing otherwise setting the implementation date for deleting the rules related to the OTCBB and the SEC approves such rule filing, if required.

⁷ See Securities Exchange Act Release No. 91474 (April 5, 2021), 86 FR 18583 (April 9, 2021) (Notice of Designation of a Longer Period for Commission Action on File No. SR-FINRA-2020-031).

⁸ Paragraph (d)(2) of proposed Rule 6439 provides that member inter-dealer quotation systems are not required to report to FINRA pursuant to Rule 6439 any of the items of information specified in paragraph (d)(1)(B) of proposed Rule 6439 if, at a minimum, the items specified in paragraph (d)(1)(B)(i) through (xi) are subject to reporting to the CAT under Rule 6830. To the extent that this information will be reportable to CAT within the 365-day implementation timeframe, FINRA intends to set an effective date for this paragraph that would seek to avoid the outcome of potentially requiring members to expend resources to prepare to report order-level data under Rule 6439 for only a relatively short period of time if CAT reporting will be forthcoming.

Thus, this Partial Amendment No. 2, which replaces and supersedes Partial Amendment No. 1 in its entirety, proposes to make clarifying changes to the following sentences that appear on pages 3 and 22 of the original filing, respectively:

The effective date(s) may be phased and will be no later than 365 days following Commission approval.

The effective date(s) may be phased, but will be no later than 365 days following Commission approval.

Accordingly, FINRA is proposing to replace both of the above-quoted sentences that appear on pages 3 and 22 of the original filing with the following sentences:

The effective date(s) may be phased, but will be no later than 365 days following Commission approval. Notwithstanding the foregoing, the effective date for deleting the rules related to the OTCBB will not occur until: (1) proposed Rule 6439 (except for Rule 6439(d)(1)(B)) is effective; and (2) the SEC grants FINRA's request set forth in the QEQS Designation Request Letter (or FINRA files a rule filing otherwise setting the implementation date for deleting the rules related to the OTCBB and the SEC approves such rule filing, if required).

This Partial Amendment No. 2 proposes no changes to the text of the proposed rule amendments.