

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-58215; File No. SR-FINRA-2008-035)

July 23, 2008

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change Relating to the Addition of Fees Imposed for the Series 14 and Series 16 Examinations to FINRA's Fee Schedule

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 June 26, 2008, Financial Industry Regulatory Authority, Inc. ("FINRA") (f/k/a National Association of Securities Dealers, Inc. ("NASD")) filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been substantially prepared by FINRA. This order provides notice of the proposed rule change and approves the proposed rule change on an accelerated basis.

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

FINRA is proposing to amend Section 4(c) of Schedule A to the FINRA By-Laws ("Schedule A") to add the fees charged for the Series 14 and Series 16 examinations. The text of the proposed rule change is available at FINRA, the Commission's Public Reference Room, and <http://www.finra.org/RulesRegulation/RuleFilings/index.htm>.

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 III

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

On July 30, 2007, NASD and the New York Stock Exchange (“NYSE”) consolidated their member firm regulation operations into a combined organization, FINRA. As part of the consolidation, FINRA assumed ownership of the Series 14 (Compliance Official) and Series 16 (Supervisory Analyst) examinations.³ Thus, as of July 30, 2007, these two examinations became FINRA examinations and ceased being NYSE examinations, and FINRA retained the entire fee for those examinations.⁴ The proposed rule change would add the fee for these two examinations to the fee table in Schedule A. The proposed rule change does not change the fee

³ As part of the consolidation, FINRA also assumed sole ownership of the Series 7 (General Securities Representative), Series 86 (Research Analyst – Analysis), and Series 87 (Research Analyst – Regulatory) examinations. Before the consolidation, the Series 7 examination was owned by NYSE, and the Series 86 and Series 87 examinations were jointly owned by NASD and NYSE. The fees for the Series 7, Series 86, and Series 87 examinations are already listed in Schedule A as required fees to be paid by FINRA members because, prior to the closing of the consolidation, the examination was either owned in part by NASD or required by NASD rules.

⁴ Prior to the consolidation, NASD, which administered the examinations and collected the entire fee for the examinations, and NYSE, which owned or co-owned the examinations, each received a portion of the examination fee for the Series 7, Series 14, Series 16, Series 86, and Series 87 examinations. Following the consolidation, as the sole owner of these examinations, FINRA has retained the entire examination fee.

charged for either of these examinations. The fee for the Series 14 examination remains \$300,⁵ and the fee for the Series 16 examination remains \$200.⁶

Because the proposed rule change does not change the amount of the examination fees for the Series 14 or Series 16, FINRA believes that it is appropriate for the amendments to Schedule A to have a retroactive effective date of July 30, 2007, the date FINRA assumed ownership of the two examinations. As noted above, the proposed rule change will have no effect on the amount of the fee for either the Series 14 or the Series 16 examination. Moreover, the retroactive effective date will not affect the fee paid by individuals who have already taken the exams.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(5) of the Act,⁷ which require, among other things, that FINRA rules provide for the equitable allocation of reasonable dues, fees, and other charges among members and issuers and other persons using any facility or system that FINRA operates or controls. Because FINRA now owns the Series 14 and Series 16 examinations, FINRA believes that it is appropriate to reflect the fees charged in connection with those examinations in the fee table in Schedule A.

⁵ The \$300 fee for the Series 14 examination has been in place since 2001. See Securities Exchange Act Release No. 44296 (May 11, 2001), 66 FR 27714 (May 18, 2001) (SR-NYSE-2001-09).

⁶ The \$200 fee for the Series 16 examination has been in place since 1998. See Securities Exchange Act Release No. 40731 (December 1, 1998), 63 FR 67964 (December 9, 1998) (SR-NYSE-98-39).

⁷ 15 U.S.C. 78q-3(b)(5).

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.

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. 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-2008-035 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-FINRA-2008-035. 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 Web site (<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 inspection and copying in the Commission's Public Reference Room, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the 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-2008-035 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

IV. Commission's Findings and Order Granting Accelerated Approval

After careful consideration, the Commission finds that the proposed rule change is consistent with the requirements of the Section 15 of the Act⁸ and the rules and regulations thereunder applicable to a national securities association.⁹ In particular, the Commission finds that the proposed rule change is consistent with Section 15A(b)(5) of the Act,¹⁰ which requires that FINRA rules provide for the equitable allocation of reasonable dues, fees, and other charges among members and issuers and other persons using any facility or system which FINRA operates or controls.

The Commission believes that FINRA's proposed rule change is consistent with Section 15A(b)(5) of the Act¹¹ because it would clarify in FINRA's fee schedule the fees that FINRA charges for the Series 14 and Series 16 examinations. The Commission notes that the proposal,

⁸ 15 U.S.C. 78o-3.

⁹ In approving this rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁰ 15 U.S.C. 78o-3(b)(5).

¹¹ 15 U.S.C. 78o-3(b)(5).

while adding references to the fees for the Series 14 and Series 16 examinations to FINRA's Schedule A, would not change the amount of the fees charged to persons who take these exams. Rather, the Commission notes, the proposed rule change simply would reflect the fact that FINRA, and not NYSE, is now the owner of these examinations and therefore it must incorporate the fees in its fee schedule. The Commission also believes that it is appropriate to approve these changes retroactive to July 30, 2007, because that is the date on which FINRA assumed ownership of these examinations as a result of the consolidation. The Commission notes that FINRA has represented that the retroactive effective date would not affect the fees paid by individuals who have already taken these examinations.

FINRA has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after publication of the notice thereof in the Federal Register. As noted above, the proposed rule change would not change the amount charged for either the Series 14 or 16 examinations, but would clarify the fees charged by FINRA for these examinations by including these fees on FINRA's fee schedule. The Commission believes that granting accelerated approval of the proposed rule change would reduce any possible confusion about the applicable fees for these examinations and would allow persons currently seeking to take these examinations to determine more easily the applicable fees. Accordingly, the Commission believes that there is good cause, consistent with Sections 15A(b)(5) and 19(b) of the Act,¹² to approve the proposed rule change on an accelerated basis.

¹² 15 U.S.C. 78o-3(b)(5), and 78s(b).

V. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,¹³ that the proposed rule change (File No. SR-FINRA-2008-035) be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Florence E. Harmon
Acting Secretary

¹³ 15 U.S.C. 78s(b)(2).

¹⁴ 17 CFR 200.30-3(a)(12).