

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-90344; File No. SR-FINRA-2020-039)

November 4, 2020

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend FINRA Rules to Reflect Name Changes to Two FINRA Departments: the Office of Dispute Resolution and the Department of Registration and Disclosure

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on October 29, 2020, the 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 Act<sup>3</sup> and Rule 19b-4(f)(3) thereunder,<sup>4</sup> 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 rules to reflect name changes to two FINRA departments: (1) the Office of Dispute Resolution and (2) the Department of Registration and Disclosure. Specifically, the proposed rule change would amend the General Standards, the Code of Arbitration Procedure, the Code of Arbitration Procedure for Customer Disputes, the

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>4</sup> 17 CFR 240.19b-4(f)(3).

Code of Arbitration Procedure for Industry Disputes, and the Code of Mediation Procedure to replace any references to “Office of Dispute Resolution” with “FINRA Dispute Resolution Services.” The proposed rule change would also amend the Books, Records and Reports, the Code of Procedure, and the Funding Portal Rules to replace any references to “Department of Registration and Disclosure” (also referred to as “RAD” in FINRA rules) with “Credentialing, Registration, Education and Disclosure” (also referred to as “CRED” in FINRA rules). The proposed rule change would also replace any references to “RAD” with “CRED.”

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

In March 2017, FINRA launched FINRA360, a comprehensive self-evaluation and organizational improvement initiative to ensure that FINRA is operating as the most effective self-regulatory organization it can be, working to protect investors and promote market integrity in a manner that supports strong and vibrant capital markets. In connection with this ongoing

initiative, FINRA has sought feedback from its members, as well as investors, investor advocates, regulators, trade associations and FINRA employees. FINRA has analyzed the feedback received from these stakeholders and as a result has made significant changes across the organization.<sup>5</sup>

The Office of Dispute Resolution administers an arbitration and mediation forum for investors and brokerage firms and their registered employees while RAD manages, among other matters, the registration of these firms and their employees. As part of FINRA360, FINRA refined the name of its arbitration and mediation forum to FINRA Dispute Resolution Services to more closely describe its key functions, to highlight the customer service it provides, and to feature the independence and impartiality of the forum. FINRA also refined the name of RAD to Credentialing, Registration, Education and Disclosure to better describe the totality of functions it performs on behalf of FINRA for its stakeholders.

The proposed rule change would amend FINRA rules to reflect these name changes.

#### Proposed Amendments

The proposed rule change would amend FINRA Rules 0160 (Definitions), 10308 (Selection of Arbitrators), 10312 (Disclosures Required of Arbitrators and Director's Authority to Disqualify), 10314 (Initiation of Proceedings), 12100 (Definitions), 12103 (Director of Office of Dispute Resolution), 12701 (Settlement), 13100 (Definitions), 13103 (Director of Office of Dispute Resolution), 13701 (Settlement) and 14100 (Definitions) to replace references to "Office of Dispute Resolution" with "FINRA Dispute Resolution Services."

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<sup>5</sup> See FINRA, Progress Report on FINRA360 (June 2019), <https://www.finra.org/sites/default/files/finra360-progress-report.pdf>.

The proposed rule change would also amend FINRA Funding Portal Rule 900 (Code of Procedure) and FINRA Rules 4530 (Reporting Requirements), 9521 (Purpose and Definitions), 9522 (Initiation of Eligibility Proceeding: Member Regulation Consideration), and 9524 (National Adjudicatory Council Consideration) to replace references to “Department of Registration and Disclosure” with “Credentialing, Registration, Education and Disclosure” and any references to “RAD” with “CRED.”

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

## 2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>6</sup> 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. The proposed rule change will update FINRA rules to reflect recent name changes to two FINRA departments, thereby bringing clarity and consistency to FINRA rules.

### 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. The proposed rule change would bring clarity and consistency to FINRA rules without affecting the numerous services and benefits provided by the forum or the cost to any party to use it.

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<sup>6</sup> 15 U.S.C. 78q-3(b)(6).

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 Act<sup>7</sup> and paragraph (f)(3) of Rule 19b-4 thereunder.<sup>8</sup> 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.

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](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2020-039 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.

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<sup>7</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>8</sup> 17 CFR 240.19b-4(f)(3).

All submissions should refer to File Number SR-FINRA-2020-039. 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-2020-039 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.<sup>9</sup>

J. Matthew DeLesDernier  
Assistant Secretary

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<sup>9</sup> 17 CFR 200.30-3(a)(12).