

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-61542; File No. SR-FINRA-2009-093)

February 18, 2010

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Approving Proposed Rule Change to Repeal NASD Rule 2450 (Installment or Partial Sales), NASD Interpretive Material 2830-2 (“IM-2830-2”) (Maintaining the Public Offering Price) and Incorporated NYSE Rule 413 (Uniform Forms) as Part of the Process of Developing a Consolidated FINRA Rulebook

On December 23, 2009, the Financial Industry Regulatory Authority, Inc. (“FINRA”) (f/k/a National Association of Securities Dealers, Inc. (“NASD”)) filed with the Securities and Exchange Commission (“Commission”), 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> a proposed rule change to repeal NASD Rule 2450 (Installment or Partial Sales), NASD Interpretive Material 2830-2 (“IM-2830-2”) (Maintaining the Public Offering Price), and Incorporated NYSE Rule 413 (Uniform Forms), as part of the process of developing a consolidated FINRA rulebook. The proposed rule change was published for comment in the Federal Register on January 19, 2010.<sup>3</sup> The Commission received no comments on the proposal. This order approves the proposed rule change.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities association.<sup>4</sup> In particular, the Commission finds that the proposed rule change is consistent

---

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

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

<sup>3</sup> See Securities Exchange Act Release No. 61319 (January 8, 2010), 75 FR 2897 (“Notice”).

<sup>4</sup> In approving this proposal, the Commission has considered the proposed rule’s impact on efficiency, competition and capital formation. See 15 U.S.C. 78c(f).

with the provisions of Section 15A(b)(6) of the Act,<sup>5</sup> which requires, among other things, that FINRA rules 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 Commission believes that the proposed rule change is appropriate to eliminate confusion and reduce regulatory overlap by eliminating rules that are outdated, duplicative of other FINRA rules, or addressed by the federal rules or regulations. As further described in the Notice, FINRA stated that NASD Rule 2450 should be repealed in light of the explicit provisions in Regulation T requiring the deposit of sufficient funds within the specified payment period. FINRA also stated that the hypothecation prohibition in NASD Rule 2450 should be repealed because it would no longer be relevant as it is predicated on a partial or installment payment under the rule. In addition, FINRA noted that, since the adoption of NASD IM-2830-2, the laws governing broker-dealers have changed, and today virtually all broker-dealers doing business with the public are FINRA members. FINRA also noted that NASD IM-2830-2 largely duplicates the requirement in Section 22(d) of the Investment Company Act to sell mutual fund shares to investors at the current public offering price. As a result, FINRA stated that NASD IM-2830-2 no longer serves any useful purpose, and proposed not to incorporate its content into the consolidated FINRA rulebook. Furthermore, FINRA proposed to repeal Incorporated NYSE Rule 413, which requires members to adopt such uniform forms as the NYSE may prescribe to facilitate the orderly flow of transactions within the financial community. FINRA stated that its By-Laws contain several provisions by which FINRA may prescribe processes for members' activities, including the use of uniform forms. Thus, FINRA stated that Incorporated NYSE

---

<sup>5</sup> 15 U.S.C. 78q-3(b)(6).

Rule 413 is duplicative of these provisions and should be repealed. In approving this proposed rule change, the Commission notes that FINRA members and their associated persons are required to comply with all applicable federal securities laws and that FINRA, as a self-regulatory organization, has the obligation to have the capacity to enforce compliance by its members and their associated persons with the Act and the rules and regulations thereunder.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>6</sup> that the proposed rule change (SR-FINRA-2009-093) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

Florence E. Harmon  
Deputy Secretary

---

<sup>6</sup> 15 U.S.C. 78s(b)(2).

<sup>7</sup> 17 CFR 200.30-3(a)(12)