

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-57622; File No. SR-FINRA-2008-012)

April 4, 2008

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Technical Amendments to Incorporated NYSE Rule Interpretation 344/02

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 April 4, 2008, Financial Industry Regulatory Authority, Inc. (“FINRA”) (f/k/a National Association of Securities Dealers, Inc. (“NASD”)) filed with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change as described in Items I and II below, which items have been prepared substantially by FINRA. FINRA has designated the proposed rule change as constituting a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4 under the Act,³ 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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6).

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

FINRA is proposing to amend Incorporated NYSE Rule Interpretation 344/02 (Research Analysts and Supervisory Analysts) (the “Interpretation”) to make a non-substantive, technical change to the Interpretation text.⁴

Below is the text of the proposed rule change. Proposed deletions are in [brackets].

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Rule 344 RESEARCH ANALYSTS AND SUPERVISORY ANALYSTS

/01 No Change.

/02 Foreign Research Analysts

Exemption

No change.

Supervisory Review

No Change.

Disclosure

In publishing or otherwise distributing globally-branded research reports partially or entirely prepared by a foreign research analyst, a member organization must prominently disclose:

- (1) each affiliate contributing to the research report;

⁴ As part of the consolidation of NASD and NYSE Member Regulation, FINRA incorporated into its rulebook certain NYSE rules related to member firm conduct (“Incorporated NYSE Rules”). As a result, the current FINRA rulebook consists of two sets of rules: (1) NASD Rules and (2) the Incorporated NYSE Rules. While the NASD Rules generally apply to all FINRA members, the Incorporated

- (2) the names of the foreign research analysts employed by each contributing affiliate;
- (3) that such research analysts are not registered/qualified as research analysts with the NYSE and/or NASD; and
- (4) that such research analysts may not be associated persons of the member organization and therefore may not be subject to the NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities [company, public appearances and trading securities] held by a research analyst account.

The disclosures required by this Rule must be presented on the front page of the research report or the front page must refer to the page on which the disclosures can be found. In electronic research reports, a member may hyperlink to the disclosures. References and disclosures must be clear, comprehensive and prominent.

Record Keeping

No change.

Application of the Federal Securities Laws, Rules and Regulations and Self-Regulatory Organization Rules

No change.

Effect of Exemption on Associated Person Status

No change.

Globally-Branded Research Report

No change.

Mixed-Team Research Report

No change.

Affiliate

No change.

/03 - /04 No change.

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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

FINRA is proposing a non-substantive, technical rule change to Incorporated NYSE Rule Interpretation 344/02 (Research Analysts and Supervisory Analysts) to delete superfluous language from the Interpretation that should not be part of the text.

The

Dual Members.

Interpretation was approved by the Commission on February 6, 2008,⁵ and is scheduled to become effective upon publication of a Regulatory Notice announcing the approval. The superfluous language was inadvertently included in the rule text of the original proposed rule change.⁶

FINRA has filed the proposed rule change for immediate effectiveness. The effective date and the implementation date will be the date of filing, April 4, 2008.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A of the Act, including Section 15A(b)(6) of the Act,⁷ in that it is designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade and, in general, to protect investors and the public interest. FINRA believes that the proposed rule change will clarify the Interpretation by removing unnecessary language from the text.

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.

⁵ See Securities Exchange Act Release No. 57278 (February 6, 2008); 73 FR 8086 (February 12, 2008); Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of Proposed Rule Change as Modified by Amendment No. 1 to Amend an Exemption to NASD Rule 1050 and NYSE Rule Interpretation 344/02 for Certain Research Analysts Employed By a Member's Foreign Affiliate Who Contribute to the Preparation of a Member's Research Report; File No. SR-FINRA-2007-010.

⁶ See id.

⁷ 15 U.S.C. 78o-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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁸ and Rule 19b-4(f)(6) thereunder.⁹

A proposed rule change filed under 19b-4(f)(6) normally may not become operative prior to 30 days after the date of the filing.¹⁰ However, Rule 19b-4(f)(6)(iii)¹¹ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. FINRA has requested that the Commission waive the 30-day pre-operative delay and designate the proposed rule change to become operative upon filing.

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(6).

¹⁰ 17 CFR 240.19b-4(f)(6)(iii). Pursuant to Rule 19b-4(f)(6)(iii) under the Act, FINRA is required to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. FINRA has requested that the Commission waive the five-day pre-filing notice requirement. The Commission has determined to waive this requirement to allow FINRA to file the proposed technical amendment without delay.

¹¹ Id.

The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because the amendment merely removes duplicative language from the Interpretation that was inadvertently included in the February 2008 order. This duplicative language could only serve to confuse parties in attempting to comply with the Interpretation. Thus, the Commission designates the proposal to become operative upon filing.¹²

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate 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 the furtherance of the purposes of the Act.

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-2008-012 on the subject line.

¹² For purposes only of waiving the 30-day operative delay, the Commission has considered the impact of the proposed rule on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

Paper Comments:

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

All submissions should refer to File Number SR-FINRA-2008-012. 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, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. 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; 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-2008-012 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.¹³

Florence E. Harmon
Deputy Secretary

¹³ 17 CFR 200.30-3(a)(12).