

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-65442; File No. SR-FINRA-2011-055)

September 29, 2011

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Extension of the Implementation Date for Expansion of the Order Audit Trail System to All NMS Stocks

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 September 27, 2011, 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 “constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule” under Section 19(b)(3)(A)(i) of the Act³ and Rule 19b-4(f)(1) thereunder,⁴ 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 establish October 17, 2011, as the implementation date of the amendments to FINRA Rules 7410 and 7470 that the Commission approved on

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(i).

⁴ 17 CFR 240.19b-4(f)(1).

November 12, 2010.⁵

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

FINRA is filing the proposed rule change to establish October 17, 2011, as the implementation date for the amendments to the Order Audit Trail System ("OATS") rules expanding the OATS recording and reporting requirements to all NMS stocks.

On November 12, 2010, the SEC approved SR-FINRA-2010-044, which amended FINRA Rules 7410 and 7470 to expand the OATS recording and reporting requirements to include all NMS stocks.⁶ On January 11, 2011, FINRA published Regulatory Notice 11-03 announcing that the Commission approved the amendments and that FINRA was

⁵ See Securities Exchange Act Release No. 63311 (November 12, 2010), 75 FR 70757 (November 18, 2010) (SR-FINRA-2010-044).

⁶ See Securities Exchange Act Release No. 63311 (November 12, 2010), 75 FR 70757 (November 18, 2010) (SR-FINRA-2010-044).

publishing a new version of the OATS Reporting Technical Specifications. Pursuant to the SEC's approval of SR-FINRA-2010-044 and the timing set forth in Regulatory Notice 11-03, the amendments to the OATS Rules were originally scheduled to begin to be phased in on July 11, 2011, six months after the publication of Regulatory Notice 11-03 and the revised OATS Reporting Technical Specifications. On April 26, 2011, FINRA filed a proposed rule change delaying the beginning of the implementation period until October 3, 2011.⁷

The OATS test environment, which allows firms to voluntarily submit data to FINRA to test the adequacy of their reporting systems, was made available for members beginning on August 22, 2011, so that firms could begin testing the reporting of orders for all NMS stocks. After reviewing the results of firms' reporting in the test environment since that time, FINRA believes that firms, and the quality of the data submitted to OATS, would benefit from an additional two-week period during which firms can continue to test their systems changes. Consequently, FINRA is seeking to delay the implementation of the new OATS recording and reporting requirements for NMS stocks for an additional two weeks, until October 17, 2011, to give firms additional time to make necessary adjustments and changes to their systems, and to test those adjustments and changes in FINRA's test environment. FINRA believes that a two-week delay will help ensure that firms can comply with the expanded OATS recording and reporting requirements on the implementation date. Consequently, FINRA will begin to phase-in the new recording and reporting requirements beginning on October 17, 2011.

FINRA has filed the proposed rule change for immediate effectiveness.

⁷ See Securities Exchange Act Release No. 64369 (April 29, 2011), 76 FR 25399 (May 4, 2011).

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁸ 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. FINRA believes that extending the implementation date of the extension of the OATS Rules to all NMS stocks will ensure that firms have sufficient time to ensure that the necessary changes to their systems are implemented to enable the firms to comply with the new OATS recording and reporting requirements when they become effective. In addition, FINRA believes that extending the implementation date will improve the quality of the data submitted to FINRA once the proposed rule change is implemented.

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. 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)

⁸ 15 U.S.C. 78o-3(b)(6).

of the Act⁹ and paragraph (f)(1) of Rule 19b-4 thereunder.¹⁰ 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. Please include File Number

SR-FINRA-2011-055 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-FINRA-2011-055. This file number should be included on the subject line if e-mail is used. To help the Commission process

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(1).

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; 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-2011-055 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.¹¹

Elizabeth M. Murphy
Secretary

¹¹ 17 CFR 200.30-3(a)(12).