

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-68692; File No. SR-FINRA-2013-004)

January 18, 2013

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Delay the Implementation Date of FINRA Rule 5350 (Stop Orders)

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 January 9, 2013, 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 and II below, which Items have been prepared 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.

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

FINRA is proposing to delay the implementation date of FINRA Rule 5350 (Stop Orders), as approved in SR-FINRA-2012-026, until March 4, 2013.

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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6).

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

On September 4, 2012, the Commission approved FINRA Rule 5350 (Stop Orders),⁴ a new rule that replaces the stop order provisions of FINRA Rule 6140(h) and that generally provides that any order labeled as a "stop order" or a "stop limit order" must be triggered based upon a transaction at the stop price, but permits firms to offer alternative order types with different triggers (e.g., a stop order triggered by a quotation at the stop price) so long as, among other things, the order type is not labeled as a stop order and is clearly distinguishable from a stop order.

In SR-FINRA-2012-026, FINRA stated that the implementation date of new Rule 5350 would be no more than 150 days following Commission approval,⁵ which requires FINRA to designate an effective date of no later than February 1, 2013. Consistent with this timeframe, on

⁴ See Securities Exchange Act Release No. 67778 (September 4, 2012), 77 FR 55517 (September 10, 2012) (Order Approving File No. SR-FINRA-2012-026).

⁵ See Securities Exchange Act Release No. 67085 (May 31, 2012), 77 FR 33537 (June 6, 2012) (Notice of Filing File No. SR-FINRA-2012-026).

November 2, 2012 and following industry consultation, FINRA announced an effective date for new Rule 5350 of January 21, 2013.⁶

FINRA recently has received requests from industry participants for additional time to prepare for compliance with the new rule. Members have indicated that, among other things, Hurricane Sandy and code freezes occurred during the preparation timeframe, which contributed to delays in members' efforts to finalize standard order nomenclature and order messaging standards. Thus, in light of recent events and in response to members' requests for additional time, FINRA is extending the January 21, 2013 effective date announced in Regulatory Notice 12-50 until March 4, 2013.⁷

FINRA has filed the proposed rule change for immediate effectiveness and has requested that the Commission waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing, such that FINRA may immediately announce a revised effective date of March 4, 2013.

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 understands that Hurricane Sandy and code freezes that occurred during the preparation timeframe contributed to delays in members' efforts to finalize standard order

⁶ See Regulatory Notice 12-50 (November 2012).

⁷ An effective date of March 4, 2013 is 181 days from Commission approval of SR-FINRA-2012-026.

⁸ 15 U.S.C. 78o-3(b)(6).

nomenclature and order messaging standards. Thus, in light of recent events and in response to members' requests for additional time, FINRA is extending the effective date until March 4, 2013. FINRA, therefore, believes that the proposed rule change will promote the orderly coordination and implementation of technological and other changes to facilitate compliance with new FINRA Rule 5350.

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

FINRA has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act⁹ and Rule 19b-4(f)(6) thereunder.¹⁰ Because the 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 prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹¹ and Rule 19b-4(f)(6)(iii) thereunder.¹²

⁹ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁰ 17 CFR 240.19b-4(f)(6).

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(6)(iii). FINRA has requested that the Commission waive the requirement that FINRA provide 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 on which FINRA filed the proposed rule change pursuant to Rule 19b-4(f)(6)(iii). The Commission hereby grants this request.

A proposed rule change filed under Rule 19b-4(f)(6)¹³ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹⁴ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. FINRA has indicated that its members have been delayed in their efforts to finalize standard order nomenclature and order messaging standards, and have requested additional time to prepare for compliance with the new rule. The Commission notes that the proposed rule change does not present any new, unique, or substantive issues, but rather is merely delaying the implementation date of a proposed rule change the Commission previously approved, and that waiver of the 30-day operative delay will allow FINRA to announce the delayed implementation date to members immediately. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest and, therefore, designates the proposed rule change as operative upon filing.¹⁵

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.

¹³ 17 CFR 240.19b-4(f)(6).

¹⁴ 17 CFR 240.19b-4(f)(6)(iii).

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

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-2013-004 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-2013-004. 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, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 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-2013-004 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.¹⁶

Kevin M. O'Neill
Deputy Secretary

¹⁶ 17 CFR 200.30-3(a)(12).