

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-86328; File No. SR-FINRA-2019-018)

July 8, 2019

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Make a Technical Correction and Other Non-Substantive Changes to FINRA Rules

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 27, 2019, 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. 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 make technical and other non-substantive changes within FINRA rules.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 April 10, 2019, the SEC announced the immediate effectiveness of the adoption of the remaining legacy NASD rules as FINRA rules in the consolidated FINRA rulebook and the remaining Incorporated NYSE Rules and Incorporated NYSE Rule Interpretations in the consolidated FINRA rulebook as a separate Temporary Dual FINRA-NYSE Member Rules Series.³ Among other things, the rule change, File No. SR-FINRA-2019-009, was intended to move, without any substantive changes, specified Incorporated NYSE Rules, including their supplementary materials, to the Temporary Dual FINRA-NYSE Member Rules Series.⁴ These rules now bear a “T” modifier after the rule and interpretation number to denote their placement in the Temporary Dual FINRA-NYSE Member Rules Series. In File No. SR-FINRA-2019-009, Supplementary Material .10 (Exceptions to Rule 409(b)) under Incorporated NYSE Rule 409 (Statements of Accounts to Customers) was inadvertently omitted from the set of Incorporated

³ See Securities Exchange Act Release No. 85589 (April 10, 2019), 84 FR 15646 (April 16, 2019) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2019-009).

⁴ File No. SR-FINRA-2019-009 specified some Incorporated NYSE Rule definitions and Incorporated NYSE Rule 375 and the related Interpretation to be deleted. Some of the then existing set of Incorporated NYSE Rules that also had supplementary materials and were moved to the Temporary Dual FINRA-NYSE Member Rules Series included: NYSE Rule 311T (Formation and Approval of Member Organization); NYSE Rule 313T (Submission of Partnership Articles—Submission of Corporate Documents); NYSE Rule 321T (Formation or Acquisition of Subsidiaries); NYSE Rule 408T (Discretionary Power in Customers’ Accounts); and NYSE Rule 416T (Questionnaires and Reports).

NYSE Rules described in the rule change.⁵ Neither Exhibit 4 nor Exhibit 5 to File No. SR-FINRA-2019-009 included this supplementary material as rule text. Consequently, Supplementary Material .10 to Incorporated NYSE Rule 409 does not appear in Temporary Dual FINRA-NYSE Rule 409T as was originally intended. The proposed rule change would correct this technical error by restoring Supplementary Material .10 from Incorporated NYSE Rule 409 to Temporary Dual FINRA-NYSE Rule 409T.

In addition, the proposed rule change would update a rule reference in FINRA CAT, LLC Delegation Plan to clarify that the SEC Rule 613 referenced in the Delegation Plan refers to Rule 613 of SEC Regulation NMS and to reflect FINRA Manual style convention changes. The FINRA CAT, LLC Delegation Plan was filed for immediate effectiveness on April 24, 2019.⁶

FINRA has filed the proposed rule change for immediate effectiveness and has requested that the SEC waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing, so FINRA can implement the proposed rule change immediately.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁷ 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 the

⁵ See supra note 4. See also retired Incorporated NYSE Rule 409.10 located at: http://finra.complinet.com/en/display/display_main.html?rbid=2403&record_id=13957. Retired Incorporated NYSE Rule 409.10 includes a reference to “[¶2409],” which FINRA is proposing to eliminate on the basis that the cross-reference is obsolete.

⁶ See Securities Exchange Act Release No. 85764 (May 2, 2019), 84 FR 20173 (May 8, 2019) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2019-015).

⁷ 15 U.S.C. 78o-3(b)(6).

proposed rule change will provide greater clarity to members and the public regarding FINRA rules by restoring the text of Incorporated NYSE Rule 409.10 to the consolidated FINRA rulebook as Temporary Dual FINRA-NYSE Rule 409T.10 and by making technical updates to FINRA CAT, LLC Delegation Plan.

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 brings clarity and consistency to FINRA rules without adding any burden on firms.

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 Act and Rule 19b-4(f)(6) thereunder.⁸

A proposed rule change filed under Rule 19b-4(f)(6)⁹ normally does not become operative for 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹⁰

⁸ In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file 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 satisfied this requirement.

⁹ 17 CFR 240.19b-4(f)(6).

¹⁰ 17 CFR 240.19b-4(f)(6)(iii).

the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. In its filing with the Commission, FINRA has asked the Commission to waive the 30-day operative delay to allow FINRA to immediately implement the proposed conforming and corrective changes, including restoring the text of Incorporated NYSE Rule 409.10 to the consolidated FINRA rulebook as Temporary Dual FINRA-NYSE Rule 409T.10. The Commission notes that FINRA has stated that the proposed rule change is non-substantive in that it would correct a technical error and update a rule reference. For this reason, the Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest and hereby waives the 30-day operative delay and designates the proposed rule change operative upon filing.¹¹

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.

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

¹¹ For purposes only of waiving the operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-FINRA-2019-018 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.

All submissions should refer to File Number SR-FINRA-2019-018. 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-2019-018 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.¹²

Eduardo A. Aleman
Deputy Secretary

¹² 17 CFR 200.30-3(a)(12).