

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-60659; File No. SR-FINRA-2009-044)

September 11, 2009

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Approving Proposed Rule Change, as Modified by Amendment No. 1, to Adopt FINRA Rules 2262 (Disclosure of Control Relationship with Issuer), 2269 (Disclosure of Participation or Interest in Primary or Secondary Distribution) and 5260 (Prohibition on Transactions, Publication of Quotations, or Publication of Indications of Interest During Trading Halts) in the Consolidated FINRA Rulebook

On June 29, 2009, 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”)¹ and Rule 19b-4 thereunder,² a proposed rule change to adopt without material change NASD Rules 2240 (Disclosure of Control Relationship with Issuer), 2250 (Disclosure of Participation or Interest in Primary or Secondary Distribution) and 3340 (Prohibition on Transactions, Publication of Quotations, or Publication of Indications of Interest During Trading Halts) as FINRA rules in the Consolidated FINRA Rulebook and to delete NYSE Rules 312(f)(1) through 312(f)(3) and 321.24. The proposed rule change would renumber NASD Rules 2240, 2250 and 3340 as FINRA Rules 2262, 2269 and 5260, respectively, in the Consolidated FINRA Rulebook.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

The proposed rule change was published for comment in the Federal Register on July 24, 2009.³ FINRA filed Amendment No. 1 to the proposed rule change on September 11, 2009.⁴ The Commission received no comment letters on the proposed rule change. This order approves the proposed rule change, as modified by Amendment No. 1.

After careful review, 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.⁵ In particular, the Commission finds that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁶ 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 transferring NASD Rules 2240 and 2250 into the Consolidated FINRA Rulebook as FINRA Rules 2262 and 2269 will ensure that disclosures or notifications that member firms must provide to customers in connection with certain securities transactions will continue to be made. These rules are intended to provide disclosure to a customer about certain relationships involving the member that may present a conflict of interest. The Commission believes that repealing NYSE Rules 312(f) and 321.24 is appropriate because the purposes they serve are addressed by proposed FINRA Rules 2262 and 2269, other FINRA

³ See Securities Exchange Act Release No. 60330 (July 17, 2009), 74 FR 36787.

⁴ Amendment No. 1 is a technical amendment that clarifies that the proposed rule change would not change Incorporated NYSE Rule 312(h); therefore, Amendment No. 1 does not require notice and comment.

⁵ 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).

⁶ 15 U.S.C. 78q-3(b)(6).

rules or Commission Rules. The Commission believes that transferring NASD Rule 3340 into the Consolidated FINRA Rulebook as FINRA Rule 5260 will ensure that members are aware that the trading and quoting conduct prohibited by this rule when a trading halt is in effect will continue to be prohibited under the new FINRA rules. The proposed rule change makes non-material changes to NASD rules that have been useful in protecting investors.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁷ that the proposed rule change, as modified by Amendment No. 1 (SR-FINRA-2009-044) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁸

Florence E. Harmon
Deputy Secretary

⁷ 15 U.S.C. 78s(b)(2).

⁸ 17 CFR 200.30-3(a)(12).