

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-61359; File No. SR-FINRA-2009-082)

January 14, 2010

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Approving a Proposed Rule Change Relating to Reporting of Trade Cancellations to FINRA

On November 24, 2009, the Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to: (1) amend FINRA trade reporting rules to permit members to report trade cancellations after 5:15 p.m. Eastern Time on the trade date to the FINRA/Nasdaq Trade Reporting Facility (“FINRA/Nasdaq TRF”) and the OTC Reporting Facility (“ORF”);<sup>3</sup> and (2) make certain conforming changes to the rules relating to the submission of trade cancellations to the Alternative Display Facility (“ADF”).<sup>4</sup> Notice of the proposed rule change was published for comment in the Federal Register on December 10, 2009.<sup>5</sup> The Commission received no comments on the proposal.

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

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> This change will allow members to submit reports of trade cancellations on the trade date until the close of the facilities at 8:00 p.m. Previously, FINRA rules prohibited members from reporting trade cancellations after 5:15 p.m. on the trade date for these two reporting facilities.

<sup>4</sup> Among other changes, the proposed amendments to Rule 6282(j)(2) provide that if a normal market hours trade is cancelled during market hours on trade date, the cancellation must be reported within 90 seconds.

<sup>5</sup> See Securities Exchange Act Release No. 61105 (December 3, 2009), 74 FR 65578.

securities association.<sup>6</sup> In particular, the Commission finds that the proposed rule change is consistent with the requirements of Section 15A(b)(6) of the Act,<sup>7</sup> which requires, among other things, that FINRA’s 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 proposed amendments are identical to the current rules relating to the FINRA/NYSE Trade Reporting Facility (“FINRA/NYSE TRF”) and would make FINRA rules governing the submission of trade cancellations consistent across the “FINRA Facilities.”<sup>8</sup> The Commission believes such consistency should enhance market transparency and eliminate systematically imposed delays in the reporting of trade cancellations to the FINRA/Nasdaq TRF and ORF.

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<sup>6</sup> In approving this proposed rule change, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>7</sup> 15 U.S.C. 78o-3(b)(6).

<sup>8</sup> The ADF, FINRA/Nasdaq TRF, FINRA/NYSE TRF and ORF are collectively referred to herein as the “FINRA Facilities.”

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR-FINRA-2009-082), be and hereby is approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

Florence E. Harmon  
Deputy Secretary

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<sup>9</sup> 17 CFR 200.30-3(a)(12).