

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-78660; File No. SR-FINRA-2016-034)

August 24, 2016

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Extend the Effective Date of SR-FINRA-2016-028

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 August 19, 2016, 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 extend the effective date of SR-FINRA-2016-028 until October 24, 2016.

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 July 22, 2016, FINRA filed a proposed rule change (SR-FINRA-2016-028)⁴ to amend Rule 6121.01 (Trading Pauses) to clarify the operation of the Regulation NMS Plan to Address Extraordinary Volatility ("Plan")⁵ regarding the short period of time (generally up to three milliseconds) following the resumption of trading after a Trading Pause or Regulatory Halt and before the Price Bands are received from the Processor for securities that are subject to the Plan.

Specifically, SR-FINRA-2016-028 provided that, following a Trading Pause or Regulatory Halt in an NMS Stock that is subject to the Plan, a member may resume trading otherwise than on an exchange if trading has commenced on the primary listing exchange (or on another national securities exchange in the case of the resumption of trading following a ten-minute trading pause) and either: (1) the member has received the Price Bands from the Processor; or (2) if immediately following a Trading Pause or Regulatory Halt the member has not yet received the Price Bands from the Processor, the member has calculated an upper price

⁴ See Securities Exchange Act Release No. 78435 (July 28, 2016), 81 FR 51239 (August 3, 2016) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2016-028).

⁵ Unless otherwise specified, the capitalized terms used herein have the same meanings as set forth in the Plan.

band and lower price band consistent with the methodology provided for in Section V of the Plan and ensures that any transactions prior to the receipt of the Price Bands from the Processor are within the ranges provided for pursuant to the Plan, consistent with Section VI(A)(1) of the Plan.

In SR-FINRA-2016-028, FINRA established an effective date of August 22, 2016 for the proposed rule change. FINRA is filing the instant proposal to extend the effective date until October 24, 2016 to permit members additional time to make any technological changes necessary in connection with SR-FINRA-2016-028.

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. The operative date of the proposed rule change will be August 19, 2016 to extend the effective date of SR-FINRA-2016-028 until October 24, 2016.

2. Statutory Basis

FINRA believes 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 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. The proposed rule change also is designed to support the principles of Section 11A(a)(1) of the Act⁷ in that it seeks to assure fair competition among brokers and dealers and among exchange markets.

The proposed rule change is designed to provide members additional time to make any technological changes necessary in connection with SR-FINRA-2016-028, which was designed to better implement the goals of the Plan approved by the Commission as reasonably designed to prevent potentially harmful price volatility, including severe volatility of the kind that occurred

⁶ 15 U.S.C. 78o-3(b)(6).

⁷ 15 U.S.C. 78k-1(a)(1).

on May 6, 2010. Thus, FINRA believes that the proposed rule change seeks to help ensure that the goals of the Plan are met.

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 provides members additional time to take measures to ensure that their trading activity is in compliance with FINRA Rule 6190 and the Plan.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Commission received one comment letter in response to the Notice of Filing and Immediate Effectiveness of SR-FINRA-2016-028.⁸ FIF members expressed agreement with the intent of the rule change, but stated that members were concerned regarding the effective date of SR-FINRA-2016-028, particularly given the numerous regulatory initiatives currently scheduled for the third and fourth quarters of 2016. Among other things, FIF stated that feedback from its members indicated that three to four months would be a sufficient timeframe for technology changes. FINRA believes that the instant proposal, which provides a total of three months from the date of filing of SR-FINRA-2016-028, provides members with sufficient time to make any technological changes necessary in connection with SR-FINRA-2016-028.

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

⁸ See Letter from Christopher W. Bok, Financial Information Forum, to Brent J. Fields, Secretary, Commission, dated August 11, 2016 ("FIF"), available at <https://www.sec.gov/comments/sr-finra-2016-028/finra2016028-1.pdf>.

as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁹ and Rule 19b-4(f)(6) thereunder.¹⁰

A proposed rule change filed under Rule 19b-4(f)(6)¹¹ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹² the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that FINRA may implement the proposed rule change immediately. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because it will immediately extend the operative date of SR-FINRA-2016-028 from August 22, 2016 to October 24, 2016, which will allow FINRA members additional time to make any technological changes necessary in connection with SR-FINRA-2016-028. Therefore, the Commission hereby waives the 30-day operative delay and designates the proposed rule change to be operative upon filing with the Commission.¹³

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

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) 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. The Commission has waived the pre-filing requirement.

¹¹ 17 CFR 240.19b-4(f)(6).

¹² 17 CFR 240.19b-4(f)(6)(iii).

¹³ For purposes only of waiving the operative delay for this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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-2016-034 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-FINRA-2016-034. 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; 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-2016-034 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.¹⁴

Robert W. Errett
Deputy Secretary

¹⁴ 17 CFR 200.30-3(a)(12).