

Regulatory Notice 16-04

New and Amended Rule Text

New language is underlined; deletions are in brackets.

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**PLAN OF ALLOCATION AND DELEGATION OF FUNCTIONS BY
[NASD]FINRA TO [SUBSIDIARIES]FINRA REGULATION, INC.**

I. [NASD] FINRA, Inc.

[The NASD]FINRA, Inc. (referenced as ["NASD"]“FINRA”), the Registered Section 15A Association, is the parent company of [the Subsidiaries NASD]FINRA Regulation, Inc. (referenced [individually] as "[NASD]FINRA Regulation"), and NASD Dispute Resolution, Inc. (referenced individually as "NASD Dispute Resolution") (referenced collectively as the "Subsidiaries"). The term "Association" shall refer to [the NASD]FINRA and [the Subsidiaries]FINRA Regulation collectively.

A. Other Defined Terms—The terms "Industry Governors," "Non-Industry Governors," "Public Governors," "Industry Directors," "Non-Industry Directors," "Public Directors," "Industry committee members," "Non-Industry committee members," and "Public committee members," as used herein, shall have the meanings set forth in the By-Laws of [the NASD]FINRA and [NASD]FINRA Regulation, as applicable.

B. Functions and Authority of [the NASD]FINRA—[The NASD]FINRA shall have ultimate responsibility for the rules and regulations of the Association and its operation and administration. As set forth below in Section[s] II.A.[and III.A.], [the NASD]FINRA has delegated certain authority and functions to [its Subsidiaries]FINRA Regulation. Actions taken pursuant to delegated authority, however, remain subject to

review, ratification or rejection by the [NASD]FINRA Board in accordance with procedures established by that Board. Any function or responsibility as a registered securities association under the Securities Exchange Act of 1934 ("Act"), or as set forth in the Restated Certificate of Incorporation or the [b]By-[l]Laws is hereby reserved, except as expressly delegated to [the Subsidiaries]FINRA Regulation. In addition, [the NASD]FINRA expressly retains the following authority and functions:

1. To exercise overall responsibility for ensuring that the Association's statutory and self-regulatory obligations and functions are fulfilled.
2. To delegate authority to [the Subsidiaries]FINRA Regulation to take actions on behalf of [the NASD]FINRA.
3. To elect the [Subsidiary]FINRA Regulation Board[s] of Directors.
4. To review the rulemaking and disciplinary decisions of [the Subsidiaries]FINRA Regulation (See Section[s] II.B. [and III.B.]below).
- [5. To coordinate actions of the Subsidiary Boards as necessary.]
- [6. To resolve any disputes among the Subsidiaries.]
- [7.]5. To administer [common] overhead and technology of [the Subsidiaries]FINRA Regulation.
- [8.]6. To administer the Office of Internal [Review]Audit as provided in the [NASD]FINRA By-Laws.
- [9.]7. To manage external Association relations on major policy issues.
- [10.]8. To direct [the Subsidiaries]FINRA Regulation to take action necessary to effectuate the purposes and functions of the Association.

[11.]9. To take action *ab initio* in an area of responsibility delegated to [NASD]FINRA Regulation in Section II [or to NASD Dispute Resolution in Section III].

C. Management Compensation Committee

1. The Management Compensation Committee shall be a Committee of the [NASD]FINRA Board and shall have the following functions: To consider and recommend compensation policies, programs, and practices for employees of the Association.

2. Composition: The Management Compensation Committee shall consist of no fewer than four and no more than seven Governors. The number of Non-Industry committee members shall equal or exceed the number of Industry committee members. The Chief Executive Officer shall be an ex-officio, non-voting member of the Management Compensation Committee. Each member shall serve a term of office of one year.

3. Quorum: At all meetings of the Management Compensation Committee, a quorum for the transaction of business shall consist of a majority of the Management Compensation Committee, including not less than 50 percent of the Non-Industry committee members. In the absence of a quorum, a majority of the committee members present may adjourn the meeting until a quorum is present.

D. Market Regulation Committee

The Market Regulation Committee shall exercise the functions contained in the Rule [4000A] 6200 Series, among others, in accordance with the procedures specified therein.

E. Access to and Status of Officers, Directors, Employees, Books, Records, and Premises of [Subsidiaries]FINRA Regulation

Notwithstanding the delegation of authority to [the Subsidiaries]FINRA Regulation, as set forth in Section[s] II.A. [and III.A.]below, the staff, books, records, and premises of [the Subsidiaries]FINRA Regulation are the staff, books, records, and premises of [the NASD]FINRA subject to oversight pursuant to the Act, and all officers, directors, employees, and agents of [the Subsidiaries]FINRA Regulation are officers, directors, employees, and agents of [the NASD]FINRA for purposes of the Act.

II. [NASD]FINRA Regulation, Inc.

A. Delegation of Functions and Authority:

1. Subject to Section [I.B.11.]I.B.9., [the NASD]FINRA hereby delegates to [NASD]FINRA Regulation and [NASD]FINRA Regulation assumes the following responsibilities and functions as a registered securities association:

a. To establish and interpret rules and regulations and provide exemptions for [NASD]FINRA members including, but not limited to, fees, [and] membership requirements and dispute resolution programs.

b. To determine Association policy, including developing and adopting necessary or appropriate rule changes, relating to the business and sales practices of [NASD]FINRA members and associated persons with respect to, but not limited to, (i) public and private sale or distribution

of securities including underwriting arrangements and compensation, (ii) financial responsibility, (iii) qualifications for [NASD]FINRA membership and association with [NASD]FINRA members, (iv) clearance and settlement of securities transactions and other financial responsibility and operational matters affecting members in general and securities quoted or trade reported through [an NASD]a FINRA facility, (v) [NASD]FINRA member advertising practices, (vi) administration, interpretation, and enforcement of FINRA[Association] rules, (vii) administration and enforcement of Municipal Securities Rulemaking Board ("MSRB") rules, the federal securities laws, and other laws, rules and regulations that the Association has the authority to administer or enforce, [and] (viii) standards of proof for violations and sanctions imposed on [NASD]FINRA members and associated persons in connection with disciplinary actions, and (ix) arbitration, mediation or other resolution of disputes among and between FINRA members, associated persons and customers.

c. To take necessary or appropriate action to assure compliance with Association policy, FINRA[Association] and MSRB rules, the federal securities laws, and other laws, rules and regulations that the Association has the authority to administer or enforce, through examination, surveillance, investigation, enforcement, disciplinary, and other programs.

d. To administer programs and systems for the surveillance and enforcement of [NASD]FINRA rules governing members' conduct and trading activities.

e. To examine and investigate [NASD]FINRA members and associated persons to determine if they have violated FINRA[Association] or MSRB rules, the federal securities laws, and other laws, rules, and regulations that the Association has the authority to administer, interpret, or enforce.

f. To administer Association enforcement and disciplinary programs, including investigation, adjudication of cases and the imposition of fines and other sanctions.

g. To administer the Association's office of professional hearing officers.

h. To conduct qualification examinations and continuing education programs.

i. To operate the Central Registration Depository.

j. To determine whether applicants for [NASD]FINRA membership have met the requirements for membership established by the Association.

k. To place restrictions on the business activities of [NASD]FINRA members consistent with the public interest, the protection of investors, and the federal securities laws.

l. To determine whether persons seeking to register as associated persons of [NASD]FINRA members have met such qualifications for registration as may be established by the Association, including whether statutorily disqualified persons will be permitted to associate with particular [NASD]FINRA members and the conditions of such association.

m. To oversee all District Office activities.

n. To conduct arbitrations, mediations, and other dispute resolution programs.

[n.]o. To establish the annual budget and business plan for [NASD]FINRA Regulation.

[o.]p. To determine allocation of [NASD]FINRA Regulation resources.

[p.]q. To establish and assess fees and other charges on [NASD]FINRA members, persons associated with [NASD]FINRA members, and others using the services or facilities of [NASD]FINRA or [NASD]FINRA Regulation, which includes the dispute resolution forum.

[q.]r. To manage external relations on enforcement, regulatory, dispute resolution, and other policy issues with Congress, the Securities and Exchange Commission ("Commission"), state regulators, other self-regulatory organizations, business groups, and the public.

[r.]s. To establish internal procedures for considering complaints by members, associated persons, and members of the public who request an investigation or disciplinary action by the Association.

[s.]t. To develop and adopt rule changes (i) applicable to the collection, processing, and dissemination of quotation and transaction information for securities traded in the over-the-counter market, and (ii) establishing trading practices with respect to these securities.

[t.]u. To develop and adopt rules, interpretations, policies, and procedures and provide exemptions to maintain and enhance the integrity, fairness, efficiency, and competitiveness of the over-the-counter market.

2. All action taken pursuant to authority delegated pursuant to [(1)]A.1. shall be subject to the review, ratification, or rejection by the [NASD]FINRA Board in accordance with procedures established by the [NASD]FINRA Board.

B. [NASD]FINRA Regulation Board Procedures

1. Rule Filings—The [NASD]FINRA Board shall review and ratify a rule change adopted by the [NASD]FINRA Regulation Board before the rule change becomes the final action of the Association if the rule change: (a) imposes fees or other charges on persons or entities other than [NASD]FINRA members; (b) raises significant policy issues in the view of the [NASD]FINRA Regulation Board, and the [NASD]FINRA Regulation Board refers the rule change to the [NASD]FINRA Board; or (c) is materially inconsistent with a recommendation of the National Adjudicatory Council. If the [NASD]FINRA Regulation Board does not refer a rule change to the [NASD]FINRA Board for review, the

[NASD]FINRA Regulation Board action shall become the final action of the Association unless called for review by any member of the [NASD]FINRA Board not later than the [NASD]FINRA Board meeting next following the [NASD]FINRA Regulation Board's action.

2. Petitions for Reconsideration

a. If the [NASD]FINRA Regulation Board or [NASD]FINRA Board takes action on a rule change relating to the business and sales practices of [NASD]FINRA members or associated persons or enforcement policies, including policies with respect to fines and other sanctions, and such action is materially inconsistent with the recommendation of the National Adjudicatory Council, the [NASD]FINRA Regulation Board or the [NASD]FINRA Board, as applicable, shall provide written notice of its action to the National Adjudicatory Council within one calendar day.

b. Within two calendar days after receipt of such notice, the National Adjudicatory Council, by majority vote, may petition the [NASD]FINRA Board for reconsideration. Such petition shall be in writing and include a statement explaining in detail why the National Adjudicatory Council believes that the [NASD]FINRA Regulation Board's or [NASD]FINRA Board's action should be set aside.

c. The [NASD]FINRA Executive Committee shall act on a timely and complete petition for reconsideration within three calendar days after its receipt. If the [NASD]FINRA Executive Committee grants

reconsideration, the matter shall be added to the agenda of the next regularly scheduled meeting of the [NASD]FINRA Board. If the [NASD]FINRA Executive Committee denies reconsideration, the [NASD]FINRA Regulation Board's or [NASD]FINRA Board's previous action on the Rule shall be final, and staff shall submit the necessary rule filing to the Commission.

C. Supplemental Delegation Regarding Committees

1. Market Regulation Committee

a. The Market Regulation Committee shall advise the [NASD]FINRA Regulation Board on regulatory proposals and industry initiatives relating to quotations, execution, trade reporting, and trading practices; advise the [NASD]FINRA Regulation Board in its administration of programs and systems for the surveillance and enforcement of rules governing [NASD]FINRA members' conduct and trading activities in the over-the-counter market; provide a pool of panelists for those hearing panels that the Chief Hearing Officer or his or her designee determines should include a member of the Market Regulation Committee pursuant to [the] FINRA [R]rules [of the Association]; participate in the training of hearing panelists on issues relating to quotations, executions, trade reporting, and trading practices; and review and recommend to the National Adjudicatory Council changes to the Association's Sanction Guidelines.

b. The [NASD]FINRA Regulation Board shall appoint the Market Regulation Committee by resolution. The members of the Market Regulation Committee shall be balanced between Industry and Non-Industry committee members.

c. At all meetings of the Market Regulation Committee, a quorum for the transaction of business shall consist of a majority of the Market Regulation Committee, including not less than 50 percent of the Non-Industry committee members. If at least 50 percent of the Non-Industry committee members are (i) present at or (ii) have filed a waiver of attendance for a meeting after receiving an agenda prior to such meeting, the requirement that not less than 50 percent of the Non-Industry committee members be present to constitute the quorum shall be waived.

2. Uniform Practice Code Committee

a. The Uniform Practice Code Committee shall have the following functions:

i. to issue interpretations or rulings with respect to the Uniform Practice Code ("UPC");

ii. to advise the [NASD]FINRA Regulation Board with respect to the clearance and settlement of securities transactions and other financial responsibility and operational matters that may require modifications to the UPC or other FINRA [R]rules[of the Association]; and

iii. to exercise the functions contained in the Rule
[11890]11000 Series of the Rules of the Association] in
accordance with the procedures specified therein.

b. The [NASD]FINRA Regulation Board shall appoint the
Uniform Practice Code Committee by resolution. The Uniform Practice
Code Committee shall have not more than 50 percent of its members
directly engaged in market-making activity or employed by a member firm
whose revenues from market-making activity exceed ten percent of its
total revenues.

3. National Arbitration and Mediation Committee

a. The National Arbitration and Mediation Committee shall have
the powers and authority pursuant to FINRA rules to advise the FINRA
Regulation Board on the development and maintenance of an equitable
and efficient system of dispute resolution that will equally serve the needs
of public investors and FINRA members, to monitor rules and procedures
governing the conduct of dispute resolution, and to have such other
powers and authority as is necessary to effectuate the purposes of FINRA
rules.

b. The FINRA Regulation Board shall appoint the National
Arbitration and Mediation Committee by resolution. The National
Arbitration and Mediation Committee shall consist of no fewer than ten
and no more than 25 members. The National Arbitration and Mediation
Committee shall have at least 50 percent Non-Industry members.

c. At all meetings of the National Arbitration and Mediation Committee, a quorum for the transaction of business shall consist of a majority of the National Arbitration and Mediation Committee, including not less than 50 percent of the Non-Industry committee members. If at least 50 percent of the Non-Industry committee members are either (i) present at or (ii) have filed a waiver of attendance for a meeting after receiving an agenda prior to such meeting, the requirement that not less than 50 percent of the Non-Industry committee members be present to constitute the quorum shall be waived.

[III. NASD Dispute Resolution, Inc.]

[A. Delegation of Functions and Authority:]

[1. Subject to Section I.B.11, the NASD hereby delegates to NASD Dispute Resolution and NASD Dispute Resolution assumes the following responsibilities and functions as a registered securities association:]

[a. To establish and interpret rules and regulations and provide exemptions for NASD members pertaining to dispute resolution programs including, but not limited to, dispute resolution fees and procedures.]

[b. To determine Association policy, including developing and adopting necessary or appropriate rule changes, relating to the arbitration, mediation, or other resolution of disputes among and between NASD members, associated persons and customers.]

[c. To conduct arbitrations, mediations, and other dispute resolution programs.]

[d. To establish the annual budget and business plan for NASD Dispute Resolution.]

[e. To determine allocation of NASD Dispute Resolution resources.]

[f. To establish and assess fees and other charges on NASD members, persons associated with NASD members, and others using the services or facilities of NASD Dispute Resolution.]

[g. To manage external relations on matters related to dispute resolution with Congress, the Commission, state regulators, other self-regulatory organizations, business groups, and the public.]

[2. All action taken pursuant to authority delegated pursuant to A.1. shall be subject to the review, ratification, or rejection by the NASD Board in accordance with procedures established by the NASD Board.]

[B. NASD Dispute Resolution Board Procedures]

[Rule Filings — The NASD Board shall review and ratify a rule change adopted by the NASD Dispute Resolution Board before the rule change becomes the final action of the Association if the rule change: (a) imposes fees or other charges on persons or entities other than NASD members; or (b) raises significant policy issues in the view of the NASD Dispute Resolution Board, and the NASD Dispute Resolution Board refers the rule change to the NASD Board. If the NASD Dispute Resolution Board does not refer a rule change to the NASD Board for review, the NASD Dispute Resolution Board action shall become the final action of the Association unless called for review by any member

of the NASD Board not later than the NASD Board meeting next following the NASD Dispute Resolution Board's action.]

[C. Supplemental Delegation Regarding Committees]

[1. National Arbitration and Mediation Committee]

[a. The National Arbitration and Mediation Committee shall have the powers and authority pursuant to the Rules of the Association to advise the NASD Dispute Resolution Board on the development and maintenance of an equitable and efficient system of dispute resolution that will equally serve the needs of public investors and Association members, to monitor rules and procedures governing the conduct of dispute resolution, and to have such other powers and authority as is necessary to effectuate the purposes of the Rules of the Association.]

[b. The NASD Dispute Resolution Board shall appoint the National Arbitration and Mediation Committee by resolution. The National Arbitration and Mediation Committee shall consist of no fewer than ten and no more than 25 members. The National Arbitration and Mediation Committee shall have at least 50 percent Non-Industry members.]

[c. At all meetings of the National Arbitration and Mediation Committee, a quorum for the transaction of business shall consist of a majority of the National Arbitration and Mediation Committee, including not less than 50 percent of the Non-Industry committee members. If at least 50 percent of the Non-Industry committee members are either (i)

present at or (ii) have filed a waiver of attendance for a meeting after receiving an agenda prior to such meeting, the requirement that not less than 50 percent of the Non-Industry committee members be present to constitute the quorum shall be waived.]

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BY-LAWS OF FINRA REGULATION, INC.

ARTICLE I DEFINITIONS

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(a) through (h) No Change.

(i) "Delegation Plan" means the "Plan of Allocation and Delegation of Functions by FINRA[NASD] to [Subsidiaries]FINRA Regulation, Inc." as approved by the Commission, and as amended from time to time;

(j) through (n) No Change.

(o) "Electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process;

(~~p~~) "Executive Representative" means the executive representative of a FINRA member appointed pursuant to Article IV, Section 3 of the FINRA By-Laws;

~~[(p)]~~(q) "FINRA" means the Financial Industry Regulatory Authority, Inc.;

~~[(q)]~~(r) "FINRA Board" means the FINRA Board of Governors;

~~[(r)]~~ "FINRA Dispute Resolution" means FINRA Dispute Resolution, Inc.;

(s) "FINRA member" means any broker or dealer admitted to membership in FINRA. For purposes of the Code of Arbitration Procedure for Customer Disputes or the Code of Arbitration Procedure for Industry Disputes, FINRA members include any broker or dealer admitted to membership in FINRA whether or not the membership has been terminated or cancelled; and any broker or dealer admitted to membership in a self-regulatory organization that, with FINRA consent, has required its members to arbitrate pursuant to the Code of Arbitration Procedure for Customer Disputes or the Code of Arbitration Procedure for Industry Disputes and/or to be treated as members of FINRA for purposes of the Codes of Arbitration Procedure, whether or not the membership has been terminated or cancelled;

(t) through (v) No Change.

(w) "Industry Director" means a Director of the Board (other than the Chairman of the FINRA Board and the Chief Executive Officer of FINRA) who (1) is or has served in the prior year as an officer, director (other than as an independent director), employee, or controlling person of a broker or dealer, or (2) has a consulting or employment relationship with or provides professional services to a self-regulatory organization registered under the Act, or has had any such relationship or provided any such services at any time within the prior year;

(x) "Industry Member" means a National Adjudicatory Council or committee member who (1) is or has served in the prior year as an officer, director, employee, or controlling person of a broker or dealer, excluding an independent director, an outside director, or a director not engaged in the day-to-day management of a broker or dealer; (2) is an officer, director (excluding an outside director), or employee of an entity that

owns more than ten percent of the equity of a broker or dealer, and the broker or dealer accounts for more than five percent of the gross revenues received by the consolidated entity; (3) owns more than five percent of the equity securities of any broker or dealer, whose investments in brokers or dealers exceed ten percent of his or her net worth, or whose ownership interest otherwise permits him or her to be engaged in the day-to-day management of a broker or dealer; (4) provides professional services to brokers or dealers, and such services constitute 20 percent or more of the professional revenues received by the member or 20 percent or more of the gross revenues received by the member's firm or partnership (for the purposes of determining membership on the National Arbitration and Mediation Committee, any services provided in the capacity as a mediator of disputes involving a broker or dealer and not representing any party in such mediations shall not be considered professional services provided to brokers or dealers); (5) provides professional services to a director, officer, or employee of a broker, dealer, or corporation that owns 50 percent or more of the voting stock of a broker or dealer, and such services relate to the director's, officer's, or employee's professional capacity and constitute 20 percent or more of the professional revenues received by the member or 20 percent or more of the gross revenues received by the member's firm or partnership (for the purposes of determining membership on the National Arbitration and Mediation Committee, any services provided in the capacity as a mediator of disputes involving a director, officer, or employee as described in this subsection (5) and not representing any party in such mediations shall not be considered professional services provided to such individuals); or (6) has a consulting or employment relationship with or provides

professional services to a self-regulatory organization registered under the Act, or has had any such relationship or provided any such services at any time within the prior year;

(y) through (ff) No Change.

(gg) "Public Director" means a Director of the Board who is not an Industry Director and who otherwise has no material business relationship with a broker or dealer or a self-regulatory organization registered under the Act (other than serving as a public director of such a self-regulatory organization);

(hh) "Public Member" means a National Adjudicatory Council or committee member who has no material business relationship with a broker or dealer or a self-regulatory organization registered under the Act (other than serving as a public director or a public member on a committee of such a self-regulatory organization or, for the purposes of determining membership on the National Arbitration and Mediation Committee, acting in the capacity as a mediator of disputes involving a broker or dealer and not representing any party in such mediations);

(ii) through (kk) No Change.

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ARTICLE II OFFICES

Location

Sec. 2.1 The address of the registered office of FINRA Regulation in the State of Delaware and the name of the registered agent at such address shall be: [Corporate Creations Network Inc., 3411 Silverside Road, Rodney Building #104, Wilmington, Delaware 19810] Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808. FINRA Regulation also may have

offices at such other places both within and without the State of Delaware as the Board may from time to time designate or the business of FINRA Regulation may require.

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ARTICLE IV BOARD OF DIRECTORS

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Number of Directors

Sec. 4.2 The Board shall consist of no fewer than five and no more than [fifteen] seventeen Directors, the exact number of Board members will be determined by resolution adopted by the stockholder of FINRA Regulation from time to time. Any new Director position created as a result of an increase in the size of the Board shall be filled pursuant to Section 4.4.

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Regulation

Sec. 4.10 The Board may adopt such rules, regulations, and requirements for the conduct of the business and management of FINRA Regulation not inconsistent with the law, the Restated Certificate of Incorporation, these By-Laws, the Delegation Plan, the Rules of the Corporation, or the By-Laws of FINRA, as the Board may deem proper. A Director shall, in the performance of such Director's duties, be fully protected in relying in good faith upon the books of account or reports made to FINRA Regulation by any of its officers, by an independent certified public accountant, by an appraiser selected with reasonable care by the Board or any committee of the Board or by any agent of FINRA Regulation, or in relying in good faith upon other records of FINRA Regulation.

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Conflicts of Interest; Contracts and Transactions Involving Directors

Sec. 4.14 (a) No Change.

(b) No contract or transaction between FINRA Regulation and one or more of its Directors or officers, or between FINRA Regulation and any other corporation, partnership, association, or other organization in which one or more of its Directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason if: (i) the material facts pertaining to such Director's or officer's relationship or interest and the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Directors; (ii) the material facts are disclosed or become known to the Board or committee after the contract or transaction is entered into, and the Board or committee in good faith ratifies the contract or transaction by the affirmative vote of a majority of the disinterested Directors; or (iii) the material facts pertaining to the Director's or officer's relationship or interest and the contract or transaction are disclosed or are known to the stockholder entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholder. Only disinterested Directors may be counted in determining the presence of a quorum at the portion of a meeting of the Board or of a committee that authorizes the contract or transaction. This subsection shall not apply to a contract or transaction between FINRA Regulation and FINRA [or FINRA Dispute Resolution].

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ARTICLE VIII DISTRICT COMMITTEES

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Definitions

Sec. 8.19 (a) When used in Article VIII of these By-Laws, the term “Notice” means a notice in writing or by electronic transmission[and the term “electronic transmission” means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process].

(b) No Change.

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ARTICLE XI CAPITAL STOCK

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Signatures

Sec. 11.3 (a) No Change.

(b) Any signature on the stock certificate may be a facsimile. In the event that any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a stock certificate shall cease to be such officer, transfer agent, or registrar before such certificate is issued, such certificate may be issued by FINRA Regulation with the same effect as if such person were such officer, transfer agent, or registrar at the date of issue.

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[BY-LAWS OF FINRA DISPUTE RESOLUTION, INC.]

[ARTICLE I DEFINITIONS]

[When used in these By-Laws, unless the context otherwise requires, the term:]

[(a) "Act" means the Securities Exchange Act of 1934, as amended;]

[(b) "Board" means the Board of Directors of FINRA Dispute Resolution;]

[(c) "broker" shall have the same meaning as in Section 3(a)(4) of the Act;]

[(d) "Commission" means the Securities and Exchange Commission;]

[(e) "Corporation" means the National Association of Securities Dealers, Inc., the Financial Industry Regulatory Authority, Inc., or any future name of the entity;]

[(f) "day" means calendar day;]

[(g) "dealer" shall have the same meaning as in Section 3(a)(5) of the Act;]

[(h) "Delaware law" means the General Corporation Law of the State of Delaware;]

[(i) "Delegation Plan" means the "Plan of Allocation and Delegation of Functions by NASD to Subsidiaries" as approved by the Commission, and as amended from time to time;]

[(j) "Director" means a member of the Board;]

[(k) "Electronic transmission" means communicating or disseminating information or documents to individuals or entities by telegraph, telefax, cable, radio, wireless or other device or method;]

[(l) "Executive Representative" means the executive representative of a FINRA member appointed pursuant to Article IV, Section 3 of the FINRA By-Laws;]

[(m) "FINRA" means the Financial Industry Regulatory Authority, Inc.;]

[(n) "FINRA Board" means the FINRA Board of Governors;]

[(o) "FINRA Dispute Resolution" means FINRA Dispute Resolution, Inc.;]

[(p) "FINRA member" means any broker or dealer admitted to membership in FINRA, whether or not the membership has been terminated or cancelled; and any broker or dealer admitted to membership in a self-regulatory organization that, with FINRA consent, has required its members to arbitrate pursuant to the Code of Arbitration Procedure for Customer Disputes or the Code of Arbitration Procedure for Industry Disputes and/or to be treated as members of FINRA for purposes of the Codes of Arbitration Procedure, whether or not the membership has been terminated or cancelled;]

[(q) "FINRA Regulation" means FINRA Regulation, Inc.;]

[(r) "Industry Director" means a Director of the Board (other than the Chairman of the FINRA Board and the Chief Executive Officer of FINRA) who: (1) is or has served in the prior year as an officer, director (other than as an independent director), employee or controlling person of a broker or dealer, or (2) has a consulting or employment relationship with or provides professional services to a self regulatory organization registered under the Act, or has had any such relationship or provided any such services at any time within the prior year;]

[(s) "Industry Member" means a committee member who (1) is or has served in the prior year as an officer, director, employee or controlling person of a broker or dealer, excluding an independent director, an outside director, or a director not engaged in the day-to-day management of a broker or dealer; (2) is an officer, director (excluding an outside director), or employee of an entity that owns more than ten percent of the equity of a broker or dealer, and the broker or dealer accounts for more than five percent of the

gross revenues received by the consolidated entity; (3) owns more than five percent of the equity securities of any broker or dealer, whose investments in brokers or dealers exceed ten percent of his or her net worth, or whose ownership interest otherwise permits him or her to be engaged in the day-to-day management of a broker or dealer; (4) provides professional services to brokers or dealers, and such services constitute 20 percent or more of the professional revenues received by the Director or member or 20 percent or more of the gross revenues received by the Director's or member's firm or partnership (except that any services provided in the capacity as a mediator of disputes involving a broker or dealer and not representing any party in such mediations shall not be considered professional services provided to brokers or dealers); (5) provides professional services to a director, officer, or employee of a broker, dealer, or corporation that owns 50 percent or more of the voting stock of a broker or dealer, and such services relate to the director's, officer's, or employee's professional capacity and constitute 20 percent or more of the professional revenues received by the Director or member or 20 percent or more of the gross revenues received by the Director's or member's firm or partnership (except that any services provided in the capacity as a mediator of disputes involving a director, officer, or employee as described in this subsection (5) and not representing any party in such mediations shall not be considered professional services provided to such individuals); or (6) has a consulting or employment relationship with or provides professional services to a self regulatory organization registered under the Act, or has had any such relationship or provided any such services at any time within the prior year;]

[(t) "Nominating Committee" means the Nominating Committee appointed pursuant to Article VII, Section 9 of the FINRA By-Laws;]

[(u) "Non-Industry Member" means a committee member who is: (1) a Public Member; (2) an officer or employee of an issuer of securities listed on a market for which FINRA provides regulation; (3) an officer or employee of an issuer of unlisted securities that are traded in the over-the-counter market; or (4) any other individual who would not be an Industry Member;]

[(v) "person associated with a member" or "associated person of a member" means: (1) a natural person who is registered or has applied for registration under the Rules of the Corporation; or (2) a sole proprietor, partner, officer, director, or branch manager of a member, or other natural person occupying a similar status or performing similar functions, or a natural person engaged in the investment banking or securities business who is directly or indirectly controlling or controlled by a member, whether or not any such person is registered or exempt from registration with FINRA under these By-Laws or the Rules of the Corporation;]

[(w) "Public Director" means a Director of the Board who is not an Industry Director and who otherwise has no material business relationship with a broker or dealer or a self regulatory organization registered under the Act (other than serving as a public director of such a self regulatory organization);]

[(x) "Public Member" means a committee member who has no material business relationship with a broker or dealer or a self regulatory organization registered under the Act (other than serving as a public director or public member on a committee of such a self regulatory organization or acting in the capacity as a mediator of disputes involving a broker or dealer and not representing any party in such mediations);]

[(y) "Rules of the Corporation" or "Rules" means the numbered rules set forth in the Manual of the Corporation beginning with the Rule 0100 Series, as adopted by the FINRA Board pursuant to the FINRA By-Laws, as hereafter amended or supplemented.]

[ARTICLE II OFFICES]

[Location]

[Sec. 2.1 The address of the registered office of FINRA Dispute Resolution in the State of Delaware and the name of the registered agent at such address shall be: Corporate Creations Network Inc., 1308 Delaware Avenue, Wilmington, Delaware 19806. FINRA Dispute Resolution also may have offices at such other places both within and without the State of Delaware as the Board may from time to time designate or the business of FINRA Dispute Resolution may require.]

[Change of Location]

[Sec. 2.2 In the manner permitted by law, the Board or the registered agent may change the address of FINRA Dispute Resolution's registered office in the State of Delaware and the Board may make, revoke, or change the designation of the registered agent.]

[ARTICLE III MEETINGS OF THE STOCKHOLDER]

[Action by Consent of Stockholder]

[Sec. 3.1 Any action required or permitted by law to be taken at any meeting of the stockholder of FINRA Dispute Resolution may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by the holder of the outstanding stock.]

[ARTICLE IV BOARD OF DIRECTORS]

[General Powers]

[Sec. 4.1 The property, business, and affairs of FINRA Dispute Resolution shall be managed by or under the direction of the Board. The Board may exercise all such powers of FINRA Dispute Resolution and have the authority to perform all such lawful acts as are permitted by law, the Certificate of Incorporation, these By-Laws, or the Delegation Plan to assist FINRA in fulfilling its self-regulatory responsibilities as set forth in Section 15A of the Act, and to support such other initiatives as the Board may deem appropriate. To the fullest extent permitted by applicable law, the Certificate of Incorporation, and these By-Laws, the Board may delegate any of its powers to a committee appointed pursuant to Section 4.13 or to FINRA Dispute Resolution staff in a manner not inconsistent with the Delegation Plan.]

[Number of Directors]

[Sec. 4.2 The exact number of Board members will be determined by resolution adopted by the stockholder of FINRA Dispute Resolution from time to time. Any new Director position created as a result of an increase in the size of the Board shall be filled pursuant to Section 4.4.]

[Qualifications]

[Sec. 4.3 (a) The Board shall consist exclusively of members of the FINRA Board. The number of Public Directors shall exceed the number of Industry Directors. The Chairman of the FINRA Board and the Chief Executive Officer of FINRA shall be ex-officio non-voting members of the Board.]

[(b) Contemporaneously with the annual election of Directors, the stockholder of FINRA Dispute Resolution shall designate from the elected Directors a Chair and such other persons having such titles as it shall deem necessary or advisable to serve until the next annual election or until their successors are chosen and qualify. The persons so elected shall have such powers and duties as may be determined from time to time by the Board. The Board, by resolution adopted by a majority of Directors then in office, may remove any such person from such position at any time.]

[Election]

[Sec. 4.4 Except as otherwise provided by law, these By-Laws, or the Delegation Plan, Directors of FINRA Dispute Resolution shall be elected each year at the annual meeting of the stockholder, or at a special meeting called for such purpose in lieu of the annual meeting. If the annual election of Directors is not held on the date designated therefor, the Directors shall cause such election to be held as soon thereafter as convenient.]

[Resignation]

[Sec. 4.5 Any Director may resign at any time either upon written notice of resignation to the Chair of the Board or the Secretary. Any such resignation shall take effect at the time specified therein or, if the time is not specified, upon receipt thereof, and the acceptance of such resignation, unless required by the terms thereof, shall not be necessary to make such resignation effective.]

[Removal]

[Sec. 4.6 Any or all of the Directors may be removed from office at any time, with or without cause by the stockholder of FINRA Dispute Resolution.]

[Disqualification]

[Sec. 4.7] The term of office of a Director shall terminate immediately upon a determination by the Board, by a majority vote of the remaining Directors, that: (a) the Director no longer satisfies the classification for which the Director was elected; and (b) the Director's continued service as such would violate the compositional requirements of the Board set forth in Section 4.3. If the term of office of a Director terminates under this Section, and the remaining term of office of such Director at the time of termination is not more than six months, during the period of vacancy the Board shall not be deemed to be in violation of the provisions of Section 4.3 requiring that the number of Public Directors exceed the number of Industry Directors by virtue of such vacancy and no violation of the provisions of Section 4.3 regarding the number of Public Directors and Industry Directors shall be deemed to have occurred.]

[Filling of Vacancies]

[Sec. 4.8] If a Director position becomes vacant, whether because of death, disability, disqualification, removal, or resignation, the Nominating Committee shall nominate, and the FINRA Board shall by majority vote, cause the election of a person satisfying the qualifications for the directorship as provided in Section 4.3 to fill such vacancy, except that if the remaining term of office for the vacant Director position is not more than six months, no replacement shall be required.]

[Quorum and Voting]

[Sec. 4.9] (a) At all meetings of the Board, unless otherwise set forth in these By-Laws or required by law, a quorum for the transaction of business shall consist of a majority of the Board, including not less than 50 percent of the Public Directors. In the

absence of a quorum, a majority of the Directors present may adjourn the meeting until a quorum is present.]

[(b) The vote of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board.]

[Regulation]

[Sec. 4.10] The Board may adopt such rules, regulations, and requirements for the conduct of the business and management of FINRA Dispute Resolution not inconsistent with the law, the Certificate of Incorporation, these By-Laws, the Delegation Plan, the Rules of the Corporation, or the By-Laws of FINRA, as the Board may deem proper. A Director shall, in the performance of such Director's duties, be fully protected in relying in good faith upon the books of account or reports made to FINRA Dispute Resolution by any of its officers, by an independent certified public accountant, by an appraiser selected with reasonable care by the Board or any committee of the Board or by any agent of FINRA Dispute Resolution, or in relying in good faith upon other records of FINRA Dispute Resolution.]

[Meetings]

[Sec. 4.11] (a) An annual meeting of the Board shall be held for the purpose of organization, election of officers, and transaction of any other business. If such meeting is held promptly after and at the place specified for the annual meeting of the stockholder, no notice of the annual meeting of the Board need be given. Otherwise, such annual meeting shall be held at such time and place as may be specified in a notice given in accordance with Section 4.12.]

[(b) Regular meetings of the Board may be held at such time and place, within or without the State of Delaware, as determined from time to time by the Board. After such determination has been made, notice shall be given in accordance with Section 4.12.]

[(c) Special meetings of the Board may be called by the Chair of the Board or by at least one-third of the Directors then in office. Notice of any special meeting of the Board shall be given to each Director in accordance with Section 4.12.]

[(d) A Director or member of any committee appointed by the Board may participate in a meeting of the Board or of such committee through the use of a conference telephone or similar communications equipment by means of which all persons participating in the meeting may hear one another, and such participation in a meeting shall constitute presence in person at such meeting for all purposes.]

[Notice of Meetings; Waiver of Notice]

[Sec. 4.12 (a) Notice of any meeting of the Board shall be deemed to be duly given to a Director if: (i) mailed to the address last made known in writing to FINRA Dispute Resolution by such Director as the address to which such notices are to be sent, at least seven days before the day on which such meeting is to be held; (ii) sent to the Director at such address by electronic transmission, not later than the day before the day on which such meeting is to be held; or (iii) delivered to the Director personally or orally, by telephone or otherwise, not later than the day before the day on which such meeting is to be held. Each notice shall state the time and place of the meeting and the purpose(s) thereof.]

[(b) Notice of any meeting of the Board need not be given to any Director if waived by that Director in writing or by electronic transmission whether before or after

the holding of such meeting, or if such Director is present at such meeting, subject to Article IX, Section 9.3(b).]

[(c) Any meeting of the Board shall be a legal meeting without any prior notice if all Directors then in office shall be present thereat, subject to Article IX, Section 9.3(b).]

[Committees]

[Sec. 4.13 (a) The Board may, by resolution or resolutions adopted by a majority of the whole Board, appoint one or more committees. Except as herein provided, vacancies in membership of any committee shall be filled by the vote of a majority of the whole Board. The Board may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another Director to act at the meeting in the place of any such absent or disqualified member. Members of a committee shall hold office for such period as may be fixed by a resolution adopted by a majority of the whole Board. Any member of a committee may be removed from such committee only after a majority vote of the whole Board, after appropriate notice, for refusal, failure, neglect, or inability to discharge such member's duties.]

[(b) The Board may, by resolution or resolutions adopted by a majority of the whole Board, delegate to one or more committees the power and authority to act on behalf of the Board in carrying out the functions and authority delegated to FINRA Dispute Resolution by FINRA under the Delegation Plan. Such delegations shall be in

conformance with applicable law, the Certificate of Incorporation, these By-Laws, and the Delegation Plan. Action taken by a committee pursuant to such delegated authority shall be subject to review, ratification, or rejection by the Board. In all other matters, the Board may, by resolution or resolutions adopted by a majority of the whole Board, delegate to one or more committees that consist solely of one or more Directors the power and authority to act on behalf of the Board in the management of the business and affairs of FINRA Dispute Resolution to the extent permitted by law and not inconsistent with the Delegation Plan. A committee, to the extent permitted by law and provided in the resolution or resolutions creating such committee, may authorize the seal of FINRA Dispute Resolution to be affixed to all papers that may require it.]

[(c) Except as otherwise permitted by applicable law, no committee shall have the power or authority of the Board with regard to: amending the Certificate of Incorporation or the By-Laws of FINRA Dispute Resolution; adopting an agreement of merger or consolidation; recommending to the stockholder the sale, lease, or exchange of all or substantially all FINRA Dispute Resolution's property and assets; or recommending to the stockholder a dissolution of FINRA Dispute Resolution or a revocation of a dissolution. Unless the resolution of the Board expressly so provides, no committee shall have the power or authority to authorize the issuance of stock.]

[(d) Each committee may adopt its own rules of procedure and may meet at stated times or on such notice as such committee may determine. Each committee shall keep regular minutes of its proceedings and report the same to the Board when required.]

[(e) Unless otherwise provided by these By-Laws, a majority of a committee shall constitute a quorum for the transaction of business, and the vote of a majority of the

members of such committee present at a meeting at which a quorum is present shall be an act of such committee.]

[(f) The Board may appoint an Executive Committee, which shall, to the fullest extent permitted by Delaware law and other applicable law, have and be permitted to exercise all the powers and authority of the Board in the management of the business and affairs of FINRA Dispute Resolution between meetings of the Board, and which may authorize the seal of FINRA Dispute Resolution to be affixed to all papers that may require it. The Executive Committee shall consist of three or four Directors, including at least one Public Director. The number of Public Members shall exceed the number of Industry Members. An Executive Committee member shall hold office for a term of one year. At all meetings of the Executive Committee, a quorum for the transaction of business shall consist of a majority of the Executive Committee, including not less than 50 percent of the Public Members. In the absence of a quorum, a majority of the committee members present may adjourn the meeting until a quorum is present.]

[(g) The Board may appoint a Finance Committee. The Finance Committee shall advise the Board with respect to the oversight of the financial operations and conditions of FINRA Dispute Resolution, including recommendations for FINRA Dispute Resolution's annual operating and capital budgets and proposed changes to the rates and fees charged by FINRA Dispute Resolution. The Finance Committee shall consist of two or three Directors. A Finance Committee member shall hold office for a term of one year.]

[(h) If the Board appoints a non-Director to a committee, upon request of the Secretary of FINRA Dispute Resolution, each such prospective committee member shall

provide to the Secretary such information as is reasonably necessary to serve as the basis for a determination of the prospective committee member's classification as an Industry, Non-Industry, or Public Member. The Secretary of FINRA Dispute Resolution shall certify to the Board each prospective committee member's classification. Such committee members shall update the information submitted under this Section at least annually and upon request of the Secretary of FINRA Dispute Resolution, and shall report immediately to the Secretary any change in such classification.]

[Conflicts of Interest; Contracts and Transactions Involving Directors]

[Sec. 4.14 (a) A Director or a committee member shall not directly or indirectly participate in any determinations regarding the interests of any party if that Director or committee member has a conflict of interest or bias, or if circumstances otherwise exist where his or her fairness might reasonably be questioned. In any such case, the Director or committee member shall recuse himself or herself or shall be disqualified in accordance with the Rules of the Corporation.]

[(b) No contract or transaction between FINRA Dispute Resolution and one or more of its Directors or officers, or between FINRA Dispute Resolution and any other corporation, partnership, association, or other organization in which one or more of its Directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason if: (i) the material facts pertaining to such Director's or officer's relationship or interest and the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Directors; (ii) the material facts are disclosed or become known to the Board or committee after the

contract or transaction is entered into, and the Board or committee in good faith ratifies the contract or transaction by the affirmative vote of a majority of the disinterested Directors; or (iii) the material facts pertaining to the Director's or officer's relationship or interest and the contract or transaction are disclosed or are known to the stockholder entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholder. Only disinterested Directors may be counted in determining the presence of a quorum at the portion of a meeting of the Board or of a committee that authorizes the contract or transaction. This subsection shall not apply to a contract or transaction between FINRA Dispute Resolution and FINRA or FINRA Regulation.]

[Action Without Meeting]

[Sec. 4.15] Any action required or permitted to be taken at a meeting of the Board or of a committee may be taken without a meeting if all Directors or all members of such committee, as the case may be, consent thereto in accordance with applicable law.]

[Communication of Views Regarding Contested Election or Nomination]

[Sec. 4.16] FINRA Dispute Resolution, the Board, any committee, and FINRA Dispute Resolution staff shall not take any position publicly or with a FINRA member or person associated with or employed by a member with respect to any candidate in a contested election or nomination held pursuant to the FINRA By-Laws or the FINRA Regulation By-Laws. A Director or committee member may communicate his or her views with respect to a candidate if such individual acts solely in his or her individual capacity and disclaims any intention to communicate in any official capacity on behalf of FINRA Dispute Resolution, the Board, or any committee. FINRA Dispute Resolution,

the Board, any committee, and the FINRA Dispute Resolution staff shall not provide any administrative support to any candidate in a contested election or nomination conducted pursuant to the FINRA By-Laws or the FINRA Regulation By-Laws.]

[ARTICLE V OFFICERS, AGENTS, AND EMPLOYEES]

[Officers]

[Sec. 5.1 The Board shall elect the officers of FINRA Dispute Resolution, which shall include a President, a Secretary, and such other executive or administrative officers as it shall deem necessary or advisable, including, but not limited to: Executive Vice President, Senior Vice President, Vice President, General Counsel, and Treasurer of FINRA Dispute Resolution. All such officers shall have such titles, powers, and duties, and shall be entitled to such compensation, as shall be determined from time to time by the Board. The terms of office of such officers shall be at the pleasure of the Board, which by affirmative vote of a majority of the Board, may remove any such officer at any time. One person may hold the offices and perform the duties of any two or more of said offices, except the offices and duties of President and Vice President or of President and Secretary. None of the officers need be Directors of FINRA Dispute Resolution.]

[Absence of the President]

[Sec. 5.2 In the case of the absence or inability to act of the President of FINRA Dispute Resolution, or in the case of a vacancy in such office, the Board may appoint its Chair or such other person as it may designate to act as such officer pro tem, who shall assume all the functions and discharge all the duties of the President.]

[Agents and Employees]

[Sec. 5.3 In addition to the officers, FINRA Dispute Resolution may employ such agents and employees as the Board may deem necessary or advisable, each of whom shall hold office for such period and exercise such authority and perform such duties as the Board, the President, or any officer designated by the Board may from time to time determine. Agents and employees of FINRA Dispute Resolution shall be under the supervision and control of the officers of FINRA Dispute Resolution, unless the Board, by resolution, provides that an agent or employee shall be under the supervision and control of the Board.]

[Delegation of Duties of Officers]

[Sec. 5.4 The Board may delegate the duties and powers of any officer of FINRA Dispute Resolution to any other officer or to any Director for a specified period of time and for any reason that the Board may deem sufficient.]

[Resignation and Removal of Officers]

[Sec. 5.5 (a) Any officer may resign at any time upon written notice of resignation to the Board, the President, or the Secretary. Any such resignation shall take effect upon receipt of such notice or at any later time specified therein. The acceptance of a resignation shall not be necessary to make the resignation effective.]

[(b) Any officer of FINRA Dispute Resolution may be removed, with or without cause, by resolution adopted by a majority of the Directors then in office at any regular or special meeting of the Board or by a written consent signed by all of the Directors then in office. Such removal shall be without prejudice to the contractual rights of the affected officer, if any, with FINRA Dispute Resolution.]

[Bond]

[Sec. 5.6 FINRA Dispute Resolution may secure the fidelity of any or all of its officers, agents, or employees by bond or otherwise.]

[ARTICLE VI COMPENSATION]

[Compensation of Board, Council, and Committee Members]

[Sec. 6.1 The Board may provide for reasonable compensation of the Chair of the Board, the Directors, and the members of any committee of the Board. The Board may also provide for reimbursement of reasonable expenses incurred by such persons in connection with the business of FINRA Dispute Resolution.]

[ARTICLE VII INDEMNIFICATION]

[Indemnification of Directors, Officers, Employees, Agents, and Committee Members]

[Sec. 7.1 (a) FINRA Dispute Resolution shall indemnify, and hold harmless, to the fullest extent permitted by Delaware law as it presently exists or may thereafter be amended, any person (and the heirs, executors, and administrators of such person) who, by reason of the fact that he or she is or was a Director, officer, or employee of FINRA Dispute Resolution or a committee member, or is or was a Director, officer, or employee of FINRA Dispute Resolution who is or was serving at the request of FINRA Dispute Resolution as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, enterprise, or non-profit entity, including service with respect to employee benefit plans, is or was a party, or is threatened to be made a party to:]

[(i) any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of FINRA Dispute Resolution) against expenses (including attorneys'

fees and disbursements), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with any such action, suit, or proceeding; or]

[(ii) any threatened, pending, or completed action or suit by or in the right of FINRA Dispute Resolution to procure a judgment in its favor against expenses (including attorneys' fees and disbursements) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit.]

[(b) FINRA Dispute Resolution shall advance expenses (including attorneys' fees and disbursements) to persons described in subsection (a); provided, however, that the payment of expenses incurred by such person in advance of the final disposition of the matter shall be conditioned upon receipt of a written undertaking by that person to repay all amounts advanced if it should be ultimately determined that the person is not entitled to be indemnified under this Section or otherwise.]

[(c) FINRA Dispute Resolution may, in its discretion, indemnify and hold harmless, to the fullest extent permitted by Delaware law as it presently exists or may thereafter be amended, any person (and the heirs, executors, and administrators of such persons) who, by reason of the fact that he or she is or was an agent of FINRA Dispute Resolution or is or was an agent of FINRA Dispute Resolution who is or was serving at the request of FINRA Dispute Resolution as a director, officer, employee, or agent of another corporation, partnership, trust, enterprise, or non-profit entity, including service with respect to employee benefit plans, was or is a party, or is threatened to be made a party to any action or proceeding described in subsection (a).]

[(d) FINRA Dispute Resolution may, in its discretion, pay the expenses (including attorneys' fees and disbursements) reasonably and actually incurred by an agent in defending any action, suit, or proceeding in advance of its final disposition; provided, however, that the payment of expenses incurred by such person in advance of the final disposition of the matter shall be conditioned upon receipt of a written undertaking by that person to repay all amounts advanced if it should be ultimately determined that the person is not entitled to be indemnified under this Section or otherwise.]

[(e) Notwithstanding the foregoing or any other provision of these By-Laws, no advance shall be made by FINRA Dispute Resolution to an agent or non-officer employee if a determination is reasonably and promptly made by the Board by a majority vote of those Directors who have not been named parties to the action, even though less than a quorum, or, if there are no such Directors or if such Directors so direct, by independent legal counsel, that, based upon the facts known to the Board or such counsel at the time such determination is made: (1) the person seeking advancement of expenses (i) acted in bad faith, or (ii) did not act in a manner that he or she reasonably believed to be in or not opposed to the best interests of FINRA Dispute Resolution; (2) with respect to any criminal proceeding, such person believed or had reasonable cause to believe that his or her conduct was unlawful; or (3) such person deliberately breached his or her duty to FINRA Dispute Resolution.]

[(f) The indemnification provided by this Section in a specific case shall not be deemed exclusive of any other rights to which a person seeking indemnification may be entitled, both as to action in his or her official capacity and as to action in another

capacity while holding such office, and shall continue as to a person who has ceased to be a Director, officer, or committee member, employee, or agent and shall inure to the benefit of such person's heirs, executors, and administrators.]

[(g) Notwithstanding the foregoing, but subject to subsection (j), FINRA Dispute Resolution shall be required to indemnify any person identified in subsection (a) in connection with a proceeding (or part thereof) initiated by such person only if the initiation of such proceeding (or part thereof) by such person was authorized by the Board.]

[(h) FINRA Dispute Resolution's obligation, if any, to indemnify or advance expenses to any person who is or was serving at its request as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, enterprise, or non-profit entity shall be reduced by any amount such person may collect as indemnification or advancement from such other corporation, partnership, joint venture, trust, enterprise, or non-profit entity.]

[(i) Any repeal or modification of the foregoing provisions of this Section shall not adversely affect any right or protection hereunder of any person respecting any act or omission occurring prior to the time of such repeal or modification.]

[(j) If a claim for indemnification or advancement of expenses under this Article is not paid in full within 60 days after a written claim therefor by an indemnified person has been received by FINRA Dispute Resolution, the indemnified person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action, FINRA Dispute Resolution shall have the burden of proving that the indemnified person is not

entitled to the requested indemnification or advancement of expenses under Delaware law.]

[Indemnification Insurance]

[Sec. 7.2 FINRA Dispute Resolution shall have power to purchase and maintain insurance on behalf of any person who is or was a Director, officer, committee member, employee, or agent of FINRA Dispute Resolution, or is or was serving at the request of FINRA Dispute Resolution as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, enterprise, or non-profit entity against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not FINRA Dispute Resolution would have the power to indemnify such person against such liability hereunder.]

[ARTICLE VIII CAPITAL STOCK]

[Sole Stockholder]

[Sec. 8.1 FINRA shall be the sole stockholder of the capital stock of FINRA Dispute Resolution.]

[Certificates]

[Sec. 8.2 The stockholder shall be entitled to a certificate or certificates in such form as shall be approved by the Board, certifying the number of shares of capital stock of FINRA Dispute Resolution owned by the stockholder.]

[Signatures]

[Sec. 8.3 (a) Certificates representing shares of capital stock of FINRA Dispute Resolution shall be signed in the name of FINRA Dispute Resolution by two officers with one being the President or a Vice President, and the other being the Secretary or

Treasurer. Such certificates may be sealed with the corporate seal of FINRA Dispute Resolution or a facsimile thereof.]

[(b) Any signature on the stock certificate may be a facsimile. In the event that any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall cease to be such officer, transfer agent, or registrar before such certificate is issued, such certificate may be issued by FINRA Dispute Resolution with the same effect as if such person were such officer, transfer agent, or registrar at the date of issue.]

[Stock Ledger]

[Sec. 8.4 (a)] A record of all certificates representing capital stock issued by FINRA Dispute Resolution shall be kept by the Secretary or any other officer, employee, or agent designated by the Board. Such record shall show the name and address of the person, firm, or corporation in which certificates representing capital stock are registered, the number of shares represented by each such certificate, the date of each such certificate, and in the case of certificates that have been canceled, the date of cancellation thereof.]

[(b) FINRA Dispute Resolution shall be entitled to treat the holder of record of shares of capital stock as shown on the stock ledger as the owner thereof and as the person entitled to vote such shares and to receive notice of meetings, and for all other purposes. Except as otherwise required by applicable law, FINRA Dispute Resolution shall not be bound to recognize any equitable or other claim to or interest in any share of capital stock on the part of any other person, whether or not FINRA Dispute Resolution shall have express or other notice thereof.]

[Transfers of Stock]

[Sec. 8.5 (a) The Board may make such rules and regulations as it may deem expedient, not inconsistent with law, the Certificate of Incorporation, or these By-Laws, concerning the issuance, transfer, and registration of shares of capital stock of FINRA Dispute Resolution. The Board may appoint, or authorize any principal officer to appoint, one or more transfer agents or one or more transfer clerks and one or more registrars and may require all certificates representing capital stock to bear the signature or signatures of any of them.]

[(b) Transfers of capital stock shall be made on the books of FINRA Dispute Resolution only upon delivery to FINRA Dispute Resolution or its transfer agent of: (i) a written direction of the registered holder named in the certificate or such holder's attorney lawfully constituted in writing; (ii) the certificate representing the shares of capital stock being transferred; and (iii) a written assignment of the shares of capital stock evidenced thereby.]

[Cancellation]

[Sec. 8.6 Each certificate representing capital stock surrendered to FINRA Dispute Resolution for exchange or transfer shall be canceled and no new certificate or certificates shall be issued in exchange for any existing certificate other than pursuant to Section 8.7 until such existing certificate shall have been canceled.]

[Lost, Stolen, Destroyed, and Mutilated Certificates]

[Sec. 8.7 In the event that any certificate representing shares of capital stock of FINRA Dispute Resolution shall be mutilated, FINRA Dispute Resolution shall issue a new certificate in place of such mutilated certificate. In the event that any such certificate

shall be lost, stolen, or destroyed FINRA Dispute Resolution may, in the discretion of the Board or a committee appointed thereby with power so to act, issue a new certificate representing shares of capital stock in the place of any such lost, stolen, or destroyed certificate. The applicant for any substituted certificate or certificates shall surrender any mutilated certificate or, in the case of any lost, stolen, or destroyed certificate, furnish satisfactory proof of such loss, theft, or destruction of such certificate and of the ownership thereof. The Board or such committee may, in its discretion, require the owner of a lost or destroyed certificate, or such owner's representatives, to furnish to FINRA Dispute Resolution a bond with an acceptable surety or sureties and in such sum as shall be sufficient to indemnify FINRA Dispute Resolution against any claim that may be made against it on account of the lost, stolen, or destroyed certificate or the issuance of such new certificate. A new certificate may be issued without requiring a bond when, in the judgment of the Board, it is proper to do so.]

[Fixing of Record Date]

[Sec. 8.8 The Board may fix a record date in accordance with Delaware law.]

[ARTICLE IX MISCELLANEOUS PROVISIONS]

[Corporate Seal]

[Sec. 9.1 The seal of FINRA Dispute Resolution shall be circular in form and shall bear, in addition to any other emblem or device approved by the Board, the name of FINRA Dispute Resolution, the year of its incorporation, and the words "Corporate Seal" and "Delaware." The seal may be used by causing it to be affixed or impressed, or a facsimile thereof may be reproduced or otherwise used in such manner as the Board may determine.]

[Fiscal Year]

[Sec. 9.2 The fiscal year of FINRA Dispute Resolution shall begin on the first day of January in each year, or such other month as the Board may determine by resolution.]

[Waiver of Notice]

[Sec. 9.3 (a) Whenever notice is required to be given by law, the Certificate of Incorporation, or these By-Laws, a written waiver thereof, signed by the person or persons entitled to such notice, or a waiver by electronic transmission by the person entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholder, Directors, or members of a committee of Directors need be specified in any written waiver of notice.]

[(b) Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.]

[Execution of Instruments, Contracts, Etc.]

[Sec. 9.4 (a) All checks, drafts, bills of exchange, notes, or other obligations or orders for the payment of money shall be signed in the name of FINRA Dispute Resolution by such officer or officers or person or persons as the Board, or a duly authorized committee thereof, may from time to time designate. Except as otherwise provided by law, the Board, any committee given specific authority in the premises by the Board, or any committee given authority to exercise generally the powers of the

Board during intervals between meetings of the Board, may authorize any officer, employee, or agent, in the name of and on behalf of FINRA Dispute Resolution, to enter into or execute and deliver deeds, bonds, mortgages, contracts, and other obligations or instruments, and such authority may be general or confined to specific instances.]

[(b) All applications, written instruments, and papers required by any department of the United States Government or by any state, county, municipal, or other governmental authority, may be executed in the name of FINRA Dispute Resolution by any principal officer or subordinate officer of FINRA Dispute Resolution, or, to the extent designated for such purpose from time to time by the Board, by an employee or agent of FINRA Dispute Resolution. Such designation may contain the power to substitute, in the discretion of the person named, one or more other persons.]

[Form of Records]

[Sec. 9.5] Any records maintained by FINRA Dispute Resolution in the regular course of business, including its stock ledger, books of account, and minute books, may be kept on, or be in the form of, magnetic tape, computer disk, or any other information storage device, provided that the records so kept can be converted into clearly legible form within a reasonable time.]

[ARTICLE X AMENDMENTS; EMERGENCY BY-LAWS]

[By Stockholder]

[Sec. 10.1] These By-Laws may be altered, amended, or repealed, or new By-Laws may be adopted, at any meeting of the stockholder, provided that, in the case of a special meeting, notice that an amendment is to be considered and acted upon shall be inserted in the notice or waiver of notice of said meeting.]

[By Directors]

[Sec. 10.2] To the extent permitted by the Certificate of Incorporation, these By-Laws may be altered, amended, or repealed, or new By-Laws may be adopted, at any regular or special meeting of the Board.]

[Emergency By-Laws]

[Sec. 10.3] The Board may adopt emergency By-Laws subject to repeal or change by action of the stockholder that shall, notwithstanding any different provision of law, the Certificate of Incorporation, or these By-Laws, be operative during any emergency resulting from any nuclear or atomic disaster, an attack on the United States or on a locality in which FINRA Dispute Resolution conducts its business or customarily holds meetings of the Board or stockholder, any catastrophe, or other emergency condition, as a result of which a quorum of the Board or a committee thereof cannot readily be convened for action. Such emergency By-Laws may make any provision that may be practicable and necessary under the circumstances of the emergency.]

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FINRA RULES

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0100. GENERAL STANDARDS

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0160. Definitions

- (a) No Change.
- (b) When used in the Rules, unless the context otherwise requires:
 - (1) through (5) No Change.

(6) “FINRA”

The term “FINRA” means, collectively, FINRA, Inc.[,] and FINRA Regulation, Inc.[and FINRA Dispute Resolution, Inc.]

(7) “FINRA Regulation”

The term “FINRA Regulation” means FINRA Regulation, Inc.

[(7)][(8) “Investment Advisers Act”

The term “Investment Advisers Act” means the Investment Advisers Act of 1940, as amended.

[(8)][(9) “Investment Company Act”

The term “Investment Company Act” means the Investment Company Act of 1940, as amended.

[(9)][(10) “Member”

The term “member” means any individual, partnership, corporation or other legal entity admitted to membership in FINRA under the provisions of Articles III and IV of the FINRA By-Laws.

(11) “Office of Dispute Resolution”

The term “Office of Dispute Resolution” means the office within FINRA Regulation that assumes the responsibilities and functions relating to dispute resolution programs including, but not limited to, the arbitration, mediation, or other resolution of disputes among and between members, associated persons and customers.

~~[(10)](12)~~ “Person”

The term “person” shall include any natural person, partnership, corporation, association, or other legal entity.

~~[(11)](13)~~ “SEC”

The term “SEC” means the Securities and Exchange Commission.

~~[(12)](14)~~ “Securities Act”

The term “Securities Act” means the Securities Act of 1933, as amended.

~~[(13)](15)~~ “Selling Group”

The term “selling group” means any group formed in connection with a public offering, to distribute all or part of an issue of securities by sales made directly to the public by or through members of such selling group, under an agreement which imposes no financial commitment on the members of such group to purchase any such securities except as they may elect to do so.

~~[(14)](16)~~ “Selling Syndicate”

The term “selling syndicate” means any syndicate formed in connection with a public offering, to distribute all or part of an issue of securities by sales made directly to the public by or through participants in such syndicate under an agreement which imposes a financial commitment upon participants in such syndicate to purchase any such securities.

~~[(15)](17)~~ “State”

The term “State” shall mean any state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, or any other possession of the United States.

0170. Delegation, Authority and Access

(a) The Financial Industry Regulatory Authority, Inc. delegates to [its subsidiaries (]FINRA Regulation, Inc.[, and FINRA Dispute Resolution, Inc.,] (hereinafter "[Subsidiaries]FINRA Regulation") the authority to act on behalf of FINRA as set forth in a Plan of Allocation and Delegation adopted by the Board of Governors and approved by the SEC pursuant to its authority under the Exchange Act.

(b) Notwithstanding any delegation of authority to [the Subsidiaries]FINRA Regulation pursuant to this Rule, the staff, books, records and premises of [the Subsidiaries]FINRA Regulation are the staff, books, records and premises of FINRA subject to oversight pursuant to the Exchange Act, and all officers, directors, employees and agents of [the Subsidiaries]FINRA Regulation are the officers, directors, employees and agents of FINRA for purposes of the Exchange Act.

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6000. QUOTATION AND TRANSACTION REPORTING FACILITIES

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6250. Quote and Order Access Requirements

(a) through (e) No Change.

(f) Minimum Performance Standards

(1) through (2) No Change.

(3) Officers of FINRA or [its subsidiaries]FINRA Regulation designated by the Chief Executive Officer of FINRA shall, pursuant to the procedures set forth in paragraph (f) below, have the authority to review any system outage to determine whether the system outage should be excused. An officer may deem a

system outage excused upon proof by the ADF Trading Center that the system outage resulted from circumstances not within the control of the ADF Trading Center. The burden shall rest with the ADF Trading Center to demonstrate that a system outage should be excused.

(4) No Change.

(g) through (h) No Change.

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6740. Termination of TRACE Service

FINRA may, upon notice, terminate TRACE service to a member in the event that a member fails to abide by any of the rules or operating procedures of the TRACE service or FINRA, or fails to honor contractual agreements entered into with FINRA or [its subsidiaries]FINRA Regulation, or fails to pay promptly for services rendered by the TRACE service.

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7000. CLEARING, TRANSACTION AND ORDER DATA REQUIREMENTS, AND FACILITY CHARGES

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7180. Termination of Access

FINRA may, upon notice, terminate access to the trade reporting service of the System as to a Participant in the event that a Participant fails to abide by any of the rules or operating procedures of the trade reporting service of the System or FINRA, or fails to honor contractual agreements entered into with FINRA or [its subsidiaries]FINRA

Regulation, or fails to pay promptly for services rendered by the trade reporting service of the System.

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7200. TRADE REPORTING FACILITIES

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7280A. Termination of Access

FINRA may, upon notice, terminate access to the trade reporting service of the System as to a Participant in the event that a Participant fails to abide by any of the rules or operating procedures of the trade reporting service of the System or FINRA, or fails to honor contractual agreements entered into with FINRA or [its subsidiaries]FINRA Regulation, or fails to pay promptly for services rendered by the trade reporting service of the System.

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7280B. Termination of Access

FINRA may, upon notice, terminate access to the trade reporting service of the System as to a Participant in the event that a Participant fails to abide by any of the rules or operating procedures of the trade reporting service of the System or FINRA, or fails to honor contractual agreements entered into with FINRA or [its subsidiaries]FINRA Regulation or the Participant Application Agreement, or fails to pay promptly for services rendered by the trade reporting service of the System.

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7300. OTC REPORTING FACILITY

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7380. Termination of Access

FINRA may, upon notice, terminate access to the trade reporting service of the System as to a Participant in the event that a Participant fails to abide by any of the rules or operating procedures of the trade reporting service of the System or FINRA, or fails to honor contractual agreements entered into with FINRA or [its subsidiaries]FINRA Regulation, or fails to pay promptly for services rendered by the trade reporting service of the System.

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7500. CHARGES FOR ALTERNATIVE DISPLAY FACILITY SERVICES AND EQUIPMENT

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7530. Other Services

(a) Daily Reports to Newspapers

Reports for regular public release, such as a list of closing quotations or market summary information for newspaper publication, shall be produced in a format acceptable to most publishers without charge. Should such information be transmitted to another location at the request of any firm, a charge may be imposed for such services by FINRA or [a subsidiary]FINRA Regulation.

(b) Other Requests for Data

FINRA or [a subsidiary]FINRA Regulation may impose and collect compensatory charges for data supplied upon request, where there is no provision elsewhere in this Rule 7500 Series for charges for such service or sale.

(c) No Change.

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9000. CODE OF PROCEDURE

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**9700. PROCEDURES ON GRIEVANCES CONCERNING THE AUTOMATED
SYSTEMS**

9710. Purpose

The purpose of this Rule 9700 Series is to provide, where justified, redress for persons aggrieved by the operations of any automated quotation, execution, or communication system owned or operated by FINRA, or [any subsidiary thereof]FINRA Regulation, and approved by the SEC, not otherwise provided for by the FINRA rules.

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10000. CODE OF ARBITRATION PROCEDURE

10100. ADMINISTRATIVE PROVISIONS

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10102. National Arbitration and Mediation Committee

(a) The FINRA [Dispute Resolution] Regulation Board of Directors, following the annual election of its members by the FINRA Board of Governors, shall appoint a National Arbitration and Mediation Committee of such size and composition, including representation from the public at large, as it shall deem appropriate and in the public interest. The Chairman of the Committee shall be named by the Chairman of the FINRA [Dispute Resolution] Regulation Board. The said Committee shall establish and maintain rosters of neutrals composed of persons from within and without the securities industry.

(b) The Committee shall have the authority to recommend to the FINRA [Dispute Resolution] Regulation Board appropriate Rules, regulations, and procedures to govern the conduct of all arbitration matters, mediation, and other dispute resolution before FINRA. All Rules, regulations, and procedures and amendments thereto presented by the Committee must be by a majority vote of all the members of the said Committee. It also shall have such other power and authority as is necessary to effectuate the purposes of this Code.

(c) No Change.

10103. Director of Arbitration

The FINRA Board of Governors shall appoint a Director of Arbitration (Director) who shall be charged with the performance of all administrative duties and functions in connection with matters submitted for arbitration pursuant to this Code. The Director shall be directly responsible to the National Arbitration and Mediation Committee and shall report to it at periodic intervals established by the Committee and at such other times as called upon by the Committee to do so. The duties and functions of the Director may be delegated by the Director, as appropriate. In the event of the incapacitation, resignation, removal, or other permanent or indefinite inability of the Director to perform the duties and responsibilities of the Director, the President [or an Executive Vice President] of FINRA [Dispute Resolution]Regulation may appoint an interim Director.

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10300. UNIFORM CODE OF ARBITRATION

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10312. Disclosures Required of Arbitrators and Director's Authority to Disqualify

(a) through (c) No Change.

(d) Removal by Director

(1) No Change.

(2) After the commencement of the earlier of (A) the first pre-hearing conference or (B) the first hearing, the Director may remove an arbitrator based only on information not known to the parties when the arbitrator was selected.

The Director's authority under this subparagraph (2) may be exercised only by the Director [or the President] of [FINRA] the Office of Dispute Resolution.

(3) No Change.

(e) No Change.

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10314. Initiation of Proceedings

Except as otherwise provided herein, an arbitration proceeding under this Code shall be instituted as follows:

(a) Statement of Claim

(1) No Change.

(2) A Claimant or counsel (referred to herein collectively as "Claimant") may use the online claim notification and filing procedure to complete part of the arbitration claim filing process through the Internet. To commence this process, a Claimant may complete a Claim Information Form that can be accessed through the FINRA Web site. In completing the Claim Information Form, the Claimant may attach an electronic version of the Statement of Claim to the form, provided it does not exceed 50 pages. Once this online form has been completed, [a

FINRA] an Office of Dispute Resolution Tracking Form will be generated and displayed for the Claimant to reproduce as necessary. The Claimant shall then file with the Director of Arbitration the rest of the materials required in subparagraph (1), above, along with a hard copy of the [FINRA] Office of Dispute Resolution Tracking Form.

(b) through (e) No Change.

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11800. CLOSE-OUT PROCEDURES

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11890. Clearly Erroneous Transactions

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11892. Clearly Erroneous Transactions in Exchange-Listed Securities

(a) Procedures for Reviewing Transactions

(1) An Executive Vice President of FINRA's Market Regulation Department or Transparency Services Department, or any officer designated by such Executive Vice President (FINRA officer), may, on his or her own motion, review any over-the-counter transaction involving an exchange-listed security arising out of or reported through a trade reporting system owned or operated by FINRA or [its subsidiaries]FINRA Regulation and authorized by the Commission, provided that the transaction meets the thresholds set forth in paragraph (b), except as provided for in paragraphs (c) and (d) below. A FINRA officer acting pursuant to this subparagraph may declare any such transaction null and void if the officer determines that (A) the transaction is clearly erroneous, or (B) such

actions are necessary for the maintenance of a fair and orderly market or the protection of investors and the public interest, consistent with the thresholds set forth in paragraph (b), except as provided for in paragraphs (c) and (d) below. Absent extraordinary circumstances, the officer shall take action pursuant to this paragraph generally within 30 minutes after becoming aware of the transaction. When extraordinary circumstances exist, any such action of the officer must be taken no later than the start of trading on the day following the date of execution(s) under review.

(2) No Change.

(b) through (d) No Change.

• • • **Supplementary Material:** -----

.01 through .03 No Change.

11893. Clearly Erroneous Transactions in OTC Equity Securities

(a) Procedures for Reviewing Transactions

An Executive Vice President of FINRA's Market Regulation Department or Transparency Services Department, or any officer designated by such Executive Vice President, may, on his or her own motion, review any transaction involving an OTC Equity Security arising out of or reported through a trade reporting system owned or operated by FINRA or [its subsidiaries]FINRA Regulation and authorized by the Commission. A FINRA officer acting pursuant to this paragraph may declare any such transaction null and void if the officer determines that (A) the transaction is clearly erroneous, or (B) such actions are necessary for the maintenance of a fair and orderly market or the protection of

investors and the public interest; provided, however, that the officer shall take action pursuant to this paragraph as soon as possible after becoming aware of the transaction, but in all cases by 3:00 p.m., Eastern Time, on the next trading day following the date of the transaction(s) at issue. If a FINRA officer acting pursuant to this paragraph declares any transaction null and void, each party involved in the transaction shall be notified as soon as practicable by FINRA, and the party aggrieved by the action may appeal such action in accordance with Rule 11894, unless the officer making the determination also determines that the number of the affected transactions is such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest.

(b) through (c) No Change.

• • • **Supplementary Material:** -----

.01 No Change.

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12000. CODE OF ARBITRATION PROCEDURE FOR CUSTOMER DISPUTES

PART I INTERPRETIVE MATERIAL, DEFINITIONS, ORGANIZATION AND

AUTHORITY

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12100. Definitions

Unless otherwise defined in the Code, terms used in the Rules and interpretive material, if defined in the FINRA By-Laws, shall have the meaning as defined in the FINRA By-Laws.

(a) through (b) No Change.

(c) Board

The term "Board" means the Board of Directors of FINRA [Dispute Resolution, Inc.]Regulation.

(d) through (j) No Change.

(k) Director

The term "Director" means the Director of [FINRA] the Office of Dispute Resolution. Unless the Code provides that the Director may not delegate a specific function, the term includes FINRA staff to whom the Director has delegated authority.

(l) through (y) No Change.

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12102. National Arbitration and Mediation Committee

(a) Pursuant to Section [III]II of the Plan of Allocation and Delegation of Functions by FINRA to [Subsidiaries]FINRA Regulation, Inc. ("Delegation Plan"), the Board shall appoint a National Arbitration and Mediation Committee ("NAMC").

(1) through (2) No Change.

(b) through (c) No Change.

12103. Director of the Office of Dispute Resolution

(a) The Board shall appoint a Director of the Office of Dispute Resolution. The Director shall perform all the administrative duties relating to arbitrations submitted under the Code. The Director may delegate his or her duties when it is appropriate, unless the Code provides otherwise.

(b) No Change.

(c) [The President of FINRA Dispute Resolution may perform the Director's duties.] If the Director is unable to perform his or her duties, the President of FINRA [Dispute Resolution]Regulation may appoint an interim Director.

12104. Effect of Arbitration on FINRA Regulatory Activities; Arbitrator Referral During or at Conclusion of Case

(a) through (c) No Change.

(d) The [President of FINRA Dispute Resolution or the] Director will evaluate the arbitrator referral to determine whether to transmit it to other divisions of FINRA. Only the [President or the] Director shall have the authority to act under this paragraph (d).

(e) No Change.

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PART II GENERAL ARBITRATION RULES

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12203. Denial of FINRA Forum

(a) The Director may decline to permit the use of the FINRA arbitration forum if the Director determines that, given the purposes of FINRA and the intent of the Code, the subject matter of the dispute is inappropriate, or that accepting the matter would pose a risk to the health or safety of arbitrators, staff, or parties or their representatives. Only the Director [or the President of FINRA Dispute Resolution] may exercise the [Director's] authority under this [r]Rule.

(b) No Change.

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PART IV APPOINTMENT, DISQUALIFICATION, AND AUTHORITY OF ARBITRATORS

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12407. Removal of Arbitrator by Director

(a) No Change.

(b) After First Hearing Session Begins

After the first hearing session begins, the Director may remove an arbitrator based only on information required to be disclosed under Rule 12405 that was not previously known by the parties. The Director may exercise this authority upon request of a party or on the Director's own initiative. Only the Director [or the President of FINRA Dispute Resolution] may exercise the [Director's] authority under this paragraph (b).

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PART VII TERMINATION OF AN ARBITRATION BEFORE AWARD

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12701. Settlement

(a) Parties to an arbitration may agree to settle their dispute at any time. Parties who settle must notify the Director. The Director will continue to administer the arbitration, and fees may continue to accrue, until the Director receives written notice of the settlement. The parties do not need to disclose the terms of the settlement agreement to the Director or to [FINRA] the Office of Dispute Resolution, but members and associated persons may have reporting obligations under the rules of FINRA.

(b) No Change.

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13000. CODE OF ARBITRATION PROCEDURE FOR INDUSTRY DISPUTES
PART I INTERPRETIVE MATERIAL, DEFINITIONS, ORGANIZATION AND
AUTHORITY

* * * * *

13100. Definitions

(a) through (b) No Change.

(c) Board

The term "Board" means the Board of Directors of FINRA [Dispute Resolution, Inc.]Regulation.

(d) through (j) No Change.

(k) Director

The term "Director" means the Director of [FINRA] the Office of Dispute Resolution. Unless the Code provides that the Director may not delegate a specific function, the term includes FINRA staff to whom the Director has delegated authority.

(l) through (bb) No Change.

13102. National Arbitration and Mediation Committee

(a) Pursuant to Section [III]II of the Plan of Allocation and Delegation of Functions by FINRA to [Subsidiaries]FINRA Regulation, Inc. ("Delegation Plan"), the Board shall appoint a National Arbitration and Mediation Committee ("NAMC").

(1) through (2) No Change.

(b) through (c) No Change.

13103. Director of the Office of Dispute Resolution

(a) The Board shall appoint a Director of the Office of Dispute Resolution. The Director shall perform all the administrative duties relating to arbitrations submitted under the Code. The Director may delegate his or her duties when it is appropriate, unless the Code provides otherwise.

(b) No Change.

(c) [The President of FINRA Dispute Resolution may perform the Director's duties.] If the Director is unable to perform his or her duties, the President of FINRA [Dispute Resolution]Regulation may appoint an interim Director.

13104. Effect of Arbitration on FINRA Regulatory Activities; Arbitrator Referral During or at Conclusion of Case

(a) through (c) No Change.

(d) The [President of FINRA Dispute Resolution or the] Director will evaluate the arbitrator referral to determine whether to transmit it to other divisions of FINRA. Only the [President or the] Director shall have the authority to act under this paragraph (d).

(e) No Change.

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PART II GENERAL ARBITRATION RULES

* * * * *

13203. Denial of FINRA Forum

(a) The Director may decline to permit the use of the FINRA arbitration forum if the Director determines that, given the purposes of FINRA and the intent of the Code, the subject matter of the dispute is inappropriate, or that accepting the matter would pose a

risk to the health or safety of arbitrators, staff, or parties or their representatives. Only the Director [or the President of FINRA Dispute Resolution] may exercise the [Director's] authority under this [r]Rule.

(b) No Change.

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PART IV APPOINTMENT, DISQUALIFICATION, AND AUTHORITY OF ARBITRATORS

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13410. Removal of Arbitrator by Director

(a) No Change.

(b) After First Hearing Session Begins

After the first hearing session begins, the Director may remove an arbitrator based only on information required to be disclosed under Rule 13408 that was not previously known by the parties. The Director may exercise this authority upon request of a party or on the Director's own initiative. Only the Director [or the President of FINRA Dispute Resolution] may exercise the [Director's] authority under this paragraph (b).

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PART VII TERMINATION OF AN ARBITRATION BEFORE AWARD

* * * * *

13701. Settlement

(a) Parties to an arbitration may agree to settle their dispute at any time. Parties who settle must notify the Director. The Director will continue to administer the arbitration, and fees may continue to accrue, until the Director receives written notice of

the settlement. The parties do not need to disclose the terms of the settlement agreement to the Director or to [FINRA] the Office of Dispute Resolution, but members and associated persons may have reporting obligations under the rules of FINRA.

(b) No Change.

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14000. CODE OF MEDIATION PROCEDURE

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14100. Definitions

Unless otherwise defined in the Code, terms used in the Code and interpretive material, if defined in the FINRA By-Laws, shall have the meaning as defined in the FINRA By-Laws.

(a) Board

The term "Board" means the Board of Directors of FINRA [Dispute Resolution]Regulation, Inc.

(b) No Change.

(c) Director

The term "Director" in the Rule 14000 Series refers to the Director of Mediation at [FINRA] the Office of Dispute Resolution. Unless the Code or any other FINRA rule provides otherwise, the term includes FINRA staff to whom the Director of Mediation has delegated authority.

(d) through (e) No Change.

(f) FINRA

Unless the Code specifies otherwise, the term "FINRA" includes FINRA, Inc. and FINRA [Dispute Resolution]Regulation, Inc.

(g) through (i) No Change.

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14102. National Arbitration and Mediation Committee

(a) Pursuant to Section [III]II of the Plan of Allocation and Delegation of Functions by FINRA to [Subsidiaries]FINRA Regulation, Inc. ("Delegation Plan"), the Board shall appoint a National Arbitration and Mediation Committee ("NAMC").

(1) through (2) No Change.

(b) through (c) No Change.

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