

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 99	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2021 - * 006	Amendment No. (req. for Amendments *)
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Filing by NASDAQ BX, Inc.
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

A proposal to update the Exchanges books and records provisions; update obsolete references to NASD rules in the Exchange's rulebook; and make other related and cleanup changes.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Angela	Last Name * Dunn
Title * Principal Associate General Counsel	
E-mail * angela.dunn@nasdaq.com	
Telephone * (215) 496-5692	Fax <input type="text"/>

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 03/08/2021	EVP and Chief Legal Counsel
By John Zecca	<input type="text"/>
(Name *)	

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Nasdaq BX, Inc. (“BX” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to update the Exchange’s books and records provisions; update obsolete references to NASD rules in the Exchange’s rulebook (“Rulebook”); and make other related and cleanup changes.

A notice of the proposed rule change for publication in the Federal Register is attached as Exhibit 1. The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange (the “Board”) on November 5, 2020. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to:

Angela Saccomandi Dunn
Principal Associate General Counsel
Nasdaq, Inc.
(215) 496-5692

or

Alejandro Aguayo
Senior Surveillance Analyst
Nasdaq, Inc.
301-978-8417

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

a. Purpose

In 2008, the Financial Industry Regulatory Authority (FINRA) began a process to harmonize and streamline its rules by retiring, consolidating, and relocating NASD rules into the FINRA rulebook.³ Consistent with those changes, the Exchange is proposing to update the Exchange’s books and records provisions; replace outdated NASD references in its Rulebook; delete unnecessary or duplicative rule text; and consolidate certain Exchange rules. Additionally, the Exchange proposes to make some necessary cleanup changes to improve the readability of its Rulebook.

Generally, where appropriate, the Exchange will replace the term “Association” and the “NASD” acronym with the acronym “FINRA.” Specifically, the Exchange will provide cites to the updated FINRA rules and current internal references as provided in the relocated FINRA rules.

Additionally, the Exchange proposes to delete throughout its Rulebook the paragraphs that refer to the consolidation of NASD rules into the FINRA rulebook, since FINRA has completed the relocation of the NASD rules. Finally, the Exchange proposes to update internal cross-references as necessary.⁴

³ See Information Notice, March 28, 2008 (Rulebook Consolidation Process) at <https://www.finra.org/sites/default/files/NoticeDocument/p038121.pdf>

⁴ The Exchange will request an exemption from the rule filing requirements of Section 19(b) of the Exchange Act for those FINRA rules that it proposes to incorporate by reference. The proposed rule changes that are the subject of this filing will be operative upon the approval of the Exchange’s request for an exemption under Section 36 of the Exchange Act from filing proposed rule changes.

A. Books and Records Rules

The FINRA Books and Records Filing,⁵ amended prior NASD Rule 3110 (Books and Records) and adopted the FINRA Rule 4510 Series (Books and Records Requirements). This new Rule 4510 Series included FINRA Rules 4511 (General Requirements), 4512 (Customer Account Information), 4513 (Records of Written Customer Complaints), 4514 (Authorization Records for Negotiable Instruments Drawn From a Customer’s Account), and 4515 (Approval and Documentation of Changes in Account Name or Designation).

Nasdaq Books and Records Amendments

In 2012, The Nasdaq Stock Market’s (“Nasdaq”) filed a proposal to mirror the FINRA Books and Records filing.⁶ Nasdaq’s filing renumbered its then Rule 3110 as Rule 3110A (which was later relocated under Nasdaq General 9, Section 30⁷) and adopted the Nasdaq Rule 4510A Series to parallel the provisions in the FINRA rulebook, as shown in the chart below:

Nasdaq Books and Records	FINRA Books and Records
Rule 4511A (Now Nasdaq Gen. 9, Section 43)	FINRA Rule 4511
Rule 4512A (Now Nasdaq Gen. 9, Section 45)	FINRA Rule 4512
Rule 4513A (Now Nasdaq Gen. 9, Section 44)	FINRA Rule 4513

⁵ See Securities Exchange Act Release No. 63784 (January 27, 2011), 76 FR 5850 (February 2, 2011) (SR-FINRA-2010-052) (“FINRA Books and Records Filing”).

⁶ See Securities Exchange Act Release No. 68123 (October 31, 2012), 77 FR 66658 (November 6, 2012) (SR-NASDAQ-2012-123).

⁷ See Securities Exchange Act Release No. 87778 (December 17, 2019), 84 FR 70590 (December 23, 2019) (SR-NASDAQ-2019-098).

Nasdaq Books and Records	FINRA Books and Records
Rule 4514A (Now Nasdaq Gen. 9, Section 46)	FINRA Rule 4514
Rule 4515A (Now Nasdaq Gen. 9, Section 47)	FINRA Rule 4515

BX General 9, Section 30

Consistent with the 2012 Nasdaq filing and the Nasdaq rules listed above, the Exchange proposes to amend BX General 9, Section 30 and provide that Exchange members (and their associated persons) shall comply with FINRA Rule 4511 as if such rule were part of the Exchange's rules. Moreover as detailed below, the Exchange proposes to incorporate by reference FINRA Rules 4511 through 4515 under its respective General 9, Sections 43 through 47:

(1) General 9, Section 43

The Exchange proposes to incorporate the FINRA rule by reference, indicating that Exchange members and persons associated with a member shall comply with FINRA Rule 4511 as if such Rule were part of the Exchange rules. Additionally, the Exchange proposes that references to FINRA rules shall be construed as references to the rules of the Exchange rules, and that references to FINRA's books and records shall be construed as references to the Exchange's books and records.

(2) General 9, Section 44

The Exchange proposes to incorporate FINRA Rule 4513 by reference, indicating that Exchange members and persons associated with a member shall comply with FINRA Rule 4513 as if such Rule were part of the Exchange rules.

(3) General 9, Section 45

With the elimination of rule text within current General 9, Section 30, the Exchange proposes to adopt a new rule, similar to Nasdaq General 9, Section 45, which provides:

(a) Exchange members and persons associated with a member shall comply with FINRA Rule 4512 as if such Rule were part of the Exchange rules.

(b) For purposes of this Rule:

(1) references to Rule 3260 shall be construed as references to General 9, Section 19;

(2) references to Rules 2070, 2090, and 4512 shall be construed as references to General 9, Sections 29, 10, and this Rule, respectively;

(3) references to "a prior FINRA rule" shall be construed as references to "a FINRA or Exchange rule in effect prior to the effectiveness of FINRA Rule 4512";

(4) The Exchange and FINRA are parties to the Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange. Therefore, Exchange members are complying with this Rule by complying with FINRA Rule 4512 as written, including, for example, providing information required by FINRA staff. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under this Rule are being performed by FINRA on behalf of the Exchange.

(4) General 9, Section 46

The Exchange proposes to incorporate FINRA Rule 4514 by reference, indicating that Exchange members and persons associated with a member shall comply with FINRA Rule 4514 as if such Rule were part of the Exchange rules.

(5) General 9, Section 47

The Exchange proposes to incorporate FINRA Rule 4515 by reference, indicating that Exchange members and persons associated with a member shall comply with FINRA Rule 4515 as if such Rule were part of the Exchange rules. Furthermore, the Exchange

proposes that references to FINRA Rule 3260 shall be construed as references to Exchange's General 9, Section 19.

B. Global Changes

As previously indicated, the Exchange also proposes to replace the terms "Association" and/or "NASD" with the term "FINRA," without making other accompanying changes to the rules (this will also include a few, necessary grammatical changes, such as removing where appropriate the word "the"). Accordingly, the Exchange will update General 2, Section 5; General 9, Section 1(b); General 9, Section 3; General 9, Section 10; General 9, Section 21; General 9, Section 33; and Rules 2830; 2843; 2848; 11210; IM-11710; 11860; and 11870. The Exchange notes that it will not update references to NASD notices in its Rulebook. Specifically, the notices referenced in General 9, Section 20(e) ("NASD Notice to Members 97-19") and Rule 4630(d) ("NASD Notice to Members 91-45") will remain unchanged.

C. Specific NASD Rule Changes

The Exchange proposes the following changes to capture the amendments and relocation of rules in the FINRA rulebook. Additionally, the cross-references updates are intended to keep the Exchange's rules aligned with their corresponding FINRA rules:

General 2, Section 5. Regulation of the Exchange and Its Members

The Exchange proposes to update General 2, Section 5 ("Regulation of the Exchange and Its Members") by splitting its subsection (b) into two separate subsections and, thus, follow the same rule structure of equivalent General 2, Section 5 in Nasdaq rulebook.

Additionally, as previously informed, given that FINRA has already completed the consolidation and relocation of the NASD rules, the Exchange proposes to delete current subsection (c).

General 2, Section 15. Business Continuity Plans

The Exchange proposes to update the NASD Rule 3510 reference in this rule and replace it with a reference to FINRA Rule 4370 (“Business Continuity Plans and Emergency Contact Information”). FINRA Rule 4370 was adopted to include NASD Rules 3510 (“Business Continuity Plans”) and NASD Rule 3520 (“Emergency Contact Information”) without substantive changes to the rule text.⁸

Additionally, the Exchange proposes to include a new paragraph (b) that will indicate that references in FINRA Rule 4370 to Rule 4517 shall be construed as references to Exchange’s General 2, Section 16.

General 3, Section 1. Membership, Registration and Qualification Requirements

The Exchange proposes to make a cleanup change in General 3, Section 1. Specifically, the Exchange proposes to update the text in the rule’s introductory text by replacing the reference to BX Rule 0120 with a reference to the General 1 and Equity 1 title. This change is made pursuant to the relocation of Exchange Rules 0111, 0112, 0113, 0120, and 0121 to General 1 and Equity 1 in 2019.⁹

⁸ See Securities Exchange Act Release No. 60534 (August 19, 2009), 74 FR 44410 (August 28, 2009) (SR-FINRA-2009-036).

⁹ See Securities Exchange Act Release No. 87468 (November 5, 2019), 84 FR 61091 (November 12, 2019) (SR-BX-2019-039).

Additionally, the Exchange will update the reference to the BX Rule 1200 Series with a reference to General 4 (“Registration Requirements”),¹⁰ which currently incorporates by reference Nasdaq’s registration rules.

General 9, Section 1. General Standards

The Exchange proposes to update the title of current Section 1(b), “Trading Ahead of Customer Limit Order” with a title consistent with Nasdaq and FINRA rules: “Prohibition Against Trading Ahead of Customer Orders.”

Moreover, the Exchange proposes to update the introductory paragraph in Section 1(b), that currently points to NASD Interpretive Material 2110-2 with a reference to FINRA Rule 5320 (“Prohibition Against Trading Ahead of Customer Orders”). In 2009, FINRA proposed to integrate NASD IM-2110-2 and NASD Rule 2111 into FINRA Rule 5320, to govern members’ treatment of customer orders and apply the new Rule 5320 to all equity securities uniformly, and to extend the application of NASD Rule 2111 to OTC equity securities.¹¹ In regard to this FINRA rule consolidation, the Exchange proposes to merge the contents of its Sections 1(b) and (h), as some of their contents will be otherwise duplicative.

Therefore, the Exchange proposes to delete Section 1(b)(1), which currently points to the term “NASD Rules” and provides a cross-reference to NASD Interpretive Material 2110-2(a). This is because Section 1(b)’s opening paragraph already requires

¹⁰ See Securities Exchange Act Release No. 85726 (April 26, 2019), 84 FR 18908 (May 2, 2019) (SR-BX-2019-010).

¹¹ See Securities Exchange Act Release No. 63895 (February 11, 2011), 76 FR 9386 (February 17, 2011) (SR-FINRA-2009-090).

members to comply with FINRA Rule 5320 as if it was an Exchange rule and FINRA Rule 5320 does not use the term “NASD Rules.”

Similarly, because current FINRA Rule 5320 does not contain references to NASD’s Board of Directors, the Exchange proposes to delete the text under current Section 1(b)(2) and renumber the subsequent subsections.

Moreover, to be consistent with FINRA Rule 5320, the Exchange proposes to remove, update, and insert new cross-references under renumbered Section 1(b)(1). The Exchange will thus delete the cross reference that currently points to NASD Rules 2110 since no equivalent rule is provided under FINRA Rule 5320; relatedly, the Exchange will delete the reference to General 9, Section 1. The Exchange also proposes to replace the references to NASD Rules 2320 and 3110, respectively, with references to FINRA Rules 5310, and 4512 and provide the corresponding references in the Exchange rulebook. The Exchange proposes also to insert a cross-reference to FINRA Rule 7440 and the equivalent Exchange Rule 7440A.

The Exchange proposes to delete the text under renumbered Section 1(b)(3) and insert clarifying text indicating that FINRA Rule 5320.02(b) and the reference to Rule 6420 therein shall be disregarded. This is because the Exchange does not list or trade over the counter securities (“OTC”).

The Exchange proposes to update renumbered Section 1(b)(4) since the exemption referenced in it is now located in FINRA Rule 5320, Supplementary Material .03. Relatedly, the Exchange will insert in renumbered Section 1(b)(4) clarifying text indicating that members will comply with the rule’s reporting requirements.

The Exchange proposes to update Section 1(c) by replacing the reference to NASD Interpretive Material 2110-3 with a reference to FINRA Rule 5270 (“Front Running of Block Transactions”), which FINRA adopted to broaden the scope of the NASD rule and provide further clarity into activity that FINRA believes is inconsistent with just and equitable principles of trade.¹²

The Exchange also proposes to update Section 1(f) by replacing the reference to NASD Interpretive Material 2110-6 with a reference to FINRA Rule 2232 (“Customer Confirmations”). FINRA Rule 2232 was adopted to streamline and consolidate basic customer confirmation requirements in NASD Rule 2230, NASD IM-2110-6, and Incorporated NYSE Rule 409(f).¹³

The Exchange proposes to update Section 1(g) by replacing the reference to NASD Interpretive Material 2110-7 with a reference to FINRA Rule 2140 (“Interfering With the Transfer of Customer Accounts in the Context of Employment Disputes”). FINRA Rule 2140 was adopted without any material changes to the NASD rule text.¹⁴

Finally, following the deletion of Section 1(h), the Exchange proposes to re-letter current Section 1(i) (“Use of Manipulative, Deceptive or Other Fraudulent Devices”) as Section 1(h).

¹² See Securities Exchange Act Release No. 67774 (September 4, 2012), 77 FR 55519 (September 10, 2012) (SR-FINRA-2012-025).

¹³ See Securities Exchange Act Release No. 63150 (October 21, 2010), 75 FR 66173 (October 27, 2010) (SR-FINRA-2009-058).

¹⁴ See Securities Exchange Act Release No. 59495 (March 3, 2009), 74 FR 10632 (March 11, 2009) (SR-FINRA-2008-052).

General 9, Section 3. Communications with the Public and Section 4. Institutional Sales Material and Correspondence

In 2012, FINRA adopted Rule 2210 (“Communications with the Public”) to encompass, among other provisions, NASD Rules 2210 and 2211, and NASD Interpretive Materials 2210-1 and 2210-4.¹⁵ The Exchange proposes to consolidate the text of General 9, Sections 3 and 4 into current Section 3 and reserve current Section 4, as explained below.

Current General 9, Section 3(a) incorporates by reference NASD Rule 2210 (“Communications with the Public”). The Exchange proposes to update this reference with the name “FINRA.”

The Exchange also proposes to delete Section 3(b) which currently incorporates by reference NASD IM-2210-1 which, as explained above, was merged into FINRA Rule 2210. Updating current Section 3(b) to incorporate FINRA Rule 2210 will make Section 3(b) redundant. Therefore, Section 3(b) will be deleted as it is no longer necessary. Following the deletion of Section 3(b), the Exchange will re-letter current Section 3(c) as (b), without any changes to the rule text.

The Exchange proposes to delete General 9, Section 4 and relocate some of its contents under current General 9, Section 3. General 9, Section 4(a) will be deleted because Section 3(a) already incorporates the provisions from NASD Rule 2211 which were merged into current FINRA Rule 2210.

¹⁵ See Securities Exchange Act Release No. 66681 (March 29, 2012), 77 FR 20452 (April 4, 2012) (SR-FINRA-2011-035).

Furthermore, the Exchange believes that the exception in current Section 4(a) concerning NASD Rule 2211(d)(3) does not need to be added to General 9, Section 3(a), because that provision is no longer referenced in FINRA Rule 2210.

The Exchange also proposes to adopt current Section 4(b)(1) as Section 3(c), with a minor change. New Section 3(c) will provide that references to FINRA “membership” will be construed as references to membership with the Exchange.

Finally, the Exchange proposes to adopt part of the text in current Section 4(b)(2) as Section 3(d). New Section 3(d) will omit references to FINRA Rule 2210 (as such incorporation is already provided in Section 3(a)) and will state that references to FINRA Rules 4512¹⁶ and 3110¹⁷ shall be read, respectively, as references to General 9, Section 45 and Section 20.

General 9, Section 9. Fairness Opinions

The Exchange proposes to update the NASD Rule 2290 reference in this rule and replace it with a reference to FINRA Rule 5150 (“Fairness Opinions”). The aforementioned NASD rule was relocated to FINRA Rule 5150 with no changes to the rule text.¹⁸

General 9, Section 10. Recommendations to Customers (Suitability)

The Exchange proposes to update the NASD Rule 2310 reference in this rule and replace it with a reference to FINRA Rule 2111 (“Suitability”). The FINRA Suitability

¹⁶ See supra note 5.

¹⁷ See Securities Exchange Act Release No. 71179 (December 23, 2013), 79 FR 79542 (December 30, 2013) (SR-FINRA-2013-025).

¹⁸ See Securities Exchange Act Release No. 58643 (September 25, 2008), 73 FR 57174 (October 1, 2008) (SR-FINRA-2008-028).

rule was adopted in 2010 to include NASD Rule 2310 (Recommendations to Customers (Suitability)) and its related Interpretative Materials.¹⁹

As previously described, the Exchange will delete the paragraphs that refer to FINRA consolidating the NASD rules into a new FINRA rulebook, since such relocation has been completed. Concerning the second paragraph in Section 10(a), the Exchange notes that it will also delete the cross-reference to Rule 3110, since such reference was not relocated when NASD Rule 2310 was merged into FINRA Rule 2111.

The Exchange also proposes to delete Section 10(b) since, as already described, NASD Rule 2310's interpretive materials were merged into FINRA Rule 2111, which would make Section 10(b) duplicative.

Moreover, the Exchange proposes to assign the letter (b) to the text that begins with "For purposes of..." and make the following changes:

The Exchange will insert a new subsection (1) which will provide that any references to Rules 2111 and 4512 in FINRA Rule 2111 shall be construed, respectively, as references to Exchange's General 9, Section 10 and 45.

The Exchange will also renumber the next paragraph as (2) and replace the references to "Association's Rules" and "Association Rules" with the term "FINRA rules".

The Exchange will next delete the paragraph that refers to NASD's District Business Conduct Committees and Board of Governors, as such references are not provided in the current FINRA Suitability rule. Similarly, the Exchange will delete the paragraph that references the term "Association" since such term is not in the current

¹⁹ See Securities Exchange Act Release No. 63325 (November 17, 2010), 75 FR 71479 (November 23, 2010) (SR-FINRA-2010-039).

FINRA rule. Furthermore, the Exchange will also delete the reference to Rule 2840 as such rule is not referenced in FINRA Rule 2111.

The Exchange will insert a new subsection (3) which will clarify that references to Rule 2214 shall be disregarded, and no comparable Exchange Rule shall apply to activities of Exchange Members in connection with investment analysis tools.²⁰

Finally, the Exchange proposes to delete the rule text in current Section 10(c) since, as already explained, the Interpretive Materials of NASD Rule 2310 were merged into the FINRA Suitability rule. In its place, the Exchange proposes to adopt the same cross-reference found in Nasdaq's General 9, Section 10(c) to provide that Exchange members will comply with FINRA Rule 2090 ("Know Your Customer") as if such rule was part of the Rules of the Exchange.

General 9, Section 12. Customer Account Statements

The Exchange proposes to update the NASD Rule 2340 reference in this rule and replace it with a reference to FINRA Rule 2231 ("Customer Account Statements").

FINRA Rule 2231 was adopted without any substantive changes to the NASD rule text.²¹

Moreover, the Exchange proposes to amend Section 12(b) to provide that references in FINRA Rule 2231 to FINRA Rule 2310 ("Direct Participation Programs") shall be construed as a reference to the corresponding BX Rule 2310A. Additionally, the Exchange proposes to replace the reference to NASD Rule 3110 with FINRA Rule 4512 ("Customer Account Information") and insert its corresponding cross-reference to

²⁰ The Exchange notes that a correction shall be made in a future filing to current Nasdaq General 9, Section 10(b)(3), which currently points to NASD IM-2210-6, which has been relocated and should actually refer to FINRA Rule 2214.

²¹ See Securities Exchange Act Release No. 85589 (April 10, 2019), 84 FR 15646 (April 16, 2019) (SR-FINRA-2019-009).

General 9, Section 45. Finally, the Exchange proposes to delete the word “Equity” (used twice in the subsection) and re-arrange the rules in Section 12(b) to match their corresponding references in the Nasdaq rulebook.

General 9, Section 13. Margin Disclosure Statement

The Exchange proposes to update the NASD Rule 2341 reference in this rule and replace it with a reference to FINRA Rule 2264 (“Margin Disclosure Statement”).

FINRA Rule 2264 was adopted with only minor changes to the text of NASD Rule 2341, and those changes were intended to clarify the submission of disclosure statements.²²

The Exchange also proposes to amend Section 13(b) by updating the reference to NASD Rule 3110 with FINRA Rule 4512²³ and insert its corresponding cross-reference to General 9, Section 45.

General 9, Section 14. Approval Procedures for Day-Trading Accounts

The Exchange proposes to update the second sentence in Section 14(a) that currently refers to NASD Rule 2361 with FINRA Rule 2270. FINRA Rule 2270 was adopted with minor changes to the text of NASD Rule 2361.²⁴ The Exchange proposes to insert text indicating that a reference to FINRA Rule 2270 shall be construed as a reference to General 9, Section 14.

²² See Securities Exchange Act Release No. 60697 (September 21, 2009), 74 FR 49051 (September 25, 2009) (SR-FINRA-2009-052).

²³ See supra note 5.

²⁴ See Securities Exchange Act Release No. 61059 (November 24, 2009), 74 FR 62847 (December 1, 2009) (SR-FINRA-2009-059).

The Exchange also proposes to amend Section 14(a) by updating the reference to NASD Rule 3110 with FINRA Rules 4511 and 4512²⁵ and their corresponding references to General 9, Sections 30 and 45 (as indicated in the preceding paragraph, the Exchange is cross-referencing General 9, Section 14 with FINRA Rule 2270, and thus cross-referencing this Section 14 with FINRA's Books and Records rules is unnecessary). Finally, the Exchange will insert text indicating that references to FINRA Rules 4210 shall be construed as references to General 9, Section 38.

Similarly, the Exchange proposes to update the second paragraph in Section 14(b) that currently refers to NASD Rule 2360 with a reference to FINRA Rule 2130. FINRA Rule 2130 was adopted with minor changes to the text of NASD Rule 2360.²⁶ The Exchange also proposes to amend Section 14(b) by updating the reference to NASD Rule 3110 with FINRA Rule 4512²⁷ and the corresponding reference to General 9, Section 30 with Section 45, because it corresponds to FINRA Rule 4512.

General 9, Section 16. Charges for Services Performed

The Exchange proposes to update the NASD Rule 2430 reference in this rule and replace it with a reference to FINRA Rule 2122 ("Charges for Services Performed"). FINRA Rule 2122 was adopted without any substantive changes to the NASD rule text.²⁸

²⁵ See supra note 5.

²⁶ See supra note 24.

²⁷ See supra note 5.

²⁸ See Securities Exchange Act Release No. 73714 (December 2, 2014), 79 FR 72743 (December 8, 2014) (SR-FINRA-2014-049).

General 9, Section 17. Net Transactions with Customers

The Exchange proposes to update the NASD Rule 2441 reference in this rule and replace it with a reference to FINRA Rule 2124 (“Net Transactions with Customers”). FINRA Rule 2124 was adopted without any substantive changes to the NASD rule text.²⁹ The Exchange also proposes to update the a cross-reference to NASD Rule 3110 with references to FINRA Rules 4511 and 4512, which have a corresponding Exchange rule under General 9, Sections 30 and 45.

General 9, Section 19. Discretionary Accounts

The Exchange proposes to letter the first paragraph as subsection (a) and update the NASD Rule 2510 reference in this rule and replace it with a reference to FINRA Rule 3260 (“Discretionary Accounts”). FINRA Rule 3260 was adopted without any substantive changes to the NASD rule text.³⁰

Moreover, the Exchange will letter the last paragraph in Section 19 as subsection (b) and update the cross-references to NASD rules with their respective equivalent FINRA rules. Specifically, the Exchange will replace the NASD Rule 3010 reference with FINRA Rule 3110. Additionally, the Exchange will replace the NASD Rule 3110 reference with FINRA Rule 4512.³¹ Finally, the Exchange proposes to replace the reference to General 9, Section 30 with Section 45, because it corresponds to FINRA Rule 4512.

²⁹ See supra note 8.

³⁰ See supra note 21.

³¹ See supra note 5.

General 9, Section 21. Supervisory Control System and Section 22. Annual Certification of Compliance and Supervisory Processes

The Exchange proposes to consolidate Sections 21 and 22 into one rule, Section 21 (“Supervisory Control System, Annual Certification of Compliance and Supervisory Processes”), as explained below. First, the Exchange proposes to update the NASD Rule 3012 reference in this rule and replace it with a reference to FINRA Rule 3120 (“Supervisory Control System”). FINRA Rule 3120 retained the former NASD rule’s testing and verification requirements for the member’s supervisory procedures and provided requirements for members reporting \$200 million or more in gross revenue.³²

Second, the Exchange proposes to adopt as new Section 21(c) (“Annual Certification of Compliance and Supervisory Processes”) the text in current Section 22(c). Further, the Exchange will update in the relocated subsection the reference to NASD Rule 3013 and replace it with a reference to FINRA Rule 3130 (“Annual Certification of Compliance and Supervisory Processes”). FINRA Rule 3130 was adopted to streamline and combine the requirements of NASD Rule 3013 and IM-3013.³³

Third, the Exchange proposes to adopt the text under Section 22(c) that begins with the words: “For purposes of this Rule...” and letter them as new Section 21(d). In Section (d)(2), as previously explained, the Exchange will update the reference to NASD Rule 3013 with FINRA Rule 3130, which shall be read as a reference to Exchange’s corresponding rule under General 9, Section 21. Similarly, the Exchange proposes to update the cross-reference to NASD Rule 2110 with FINRA Rule 2010. In 2008, NASD

³² See supra note 17.

³³ See Securities Exchange Act Release No. 58661 (September 26, 2008), 73 FR 57395 (October 2, 2008) (SR-FINRA-2008-030).

Rule 2110 was renumbered as FINRA Rule 2010 with no changes to the rule text.³⁴

Additionally, the Exchange will change the General 9, Section 22 reference, which will be reserved, with a reference to Section 21. Moreover, the Exchange proposes to change the reference to General 9, Section 1 with Section 1(a), because it corresponds to FINRA Rule 2010.

Finally, the Exchange will delete and reserve current General 9, Section 22, since its subsections will be duplicative of subsections in Section 21 after the proposed changes.

General 9, Section 23. Outside Business Activities of an Associated Person

The Exchange proposes to update the NASD Rule 3030 reference in this rule and replace it with a reference to FINRA Rule 3270 (“Outside Business Activities of Registered Persons”). FINRA Rule 3270 was adopted to harmonize and simplify the events that constitute an outside business activity, expanding upon the obligations imposed in NASD Rule 3030, by prohibiting any registered person from doing business with another person as a result of any business activity outside the scope of the relationship with his or her member firm, unless prior written notice was provided to the member.³⁵

Moreover, the Exchange will update the duplicative cross-reference to NASD Rule 3030 in Section 23(b) (which should have been a reference to NASD Rule 3040)

³⁴ See supra note 18.

³⁵ See Securities Exchange Act Release No. 62762 (August 23, 2010), 75 FR 53362 (August 31, 2010) (SR-FINRA-2009-042).

and replace it with a reference to FINRA Rule 3280.³⁶ The Exchange proposes also to update the reference to General 9, Section 23 with Section 24 (“Private Securities Transactions of an Associated Person”), because it corresponds to FINRA Rule 3280.

General 9, Section 24. Private Securities Transactions of an Associated Person

The Exchange proposes to update the NASD Rule 3040 reference in this rule and replace it with a reference to FINRA Rule 3280 (“Private Securities Transactions of an Associated Person”). FINRA Rule 3280 was adopted without any substantive changes to the NASD rule text.³⁷

The Exchange will also update the duplicative cross-reference in Section 24(b)(1) to NASD Rule 3040 (which should have been actually a reference to NASD Rule 3050) with a reference to FINRA Rule 3210.³⁸ The Exchange proposes also to update the reference to General 9, Section 24 with Section 25 (“Transactions for or by Associated Persons”), because it incorporates FINRA Rule 3210.

Furthermore, the Exchange proposes to correct a typo in the quoted text in General 9, Section 24(b)(2). Specifically, the Exchange will substitute the word “immediately” with “immediate.”

³⁶ See Securities Exchange Act Release No. 75757 (August 25, 2015), 80 FR 52530 (August 31, 2015) (SR-FINRA-2015-030).

³⁷ Id. See also Securities Exchange Act Release No. 80105 (February 24, 2017), 82 FR 12387 (March 2, 2017) (SR-FINRA-2017-004).

³⁸ See Securities Exchange Act Release No. 77550 (April 7, 2016), 81 FR 21924 (April 13, 2016) (SR-FINRA-2015-029).

The Exchange proposes also to replace a reference to NASD Rule 2790 with FINRA Rule 5130.³⁹ The definition of “immediate family member,” cross-referenced in General 9, Section 24(b)(2), is currently located under FINRA Rule 5130(i)(5).

General 9, Section 25. Transactions for or by Associated Persons

The Exchange proposes to update the NASD Rule 3050 reference in this rule and replace it with a reference to FINRA Rule 3210 (“Accounts At Other Broker-Dealers and Financial Institutions”). FINRA Rule 3210 was adopted to consolidate NASD Rule 3050, Incorporated NYSE Rules 407 and 407A, and Incorporated NYSE Rule Interpretations 407/01 and 407/02. The rule was designed to streamline the provisions of the NASD and incorporated NYSE rules and to help facilitate effective oversight of the specified trading activities of associated persons of member firms.⁴⁰

General 9, Section 26. Influencing or Rewarding Employees of Others

The Exchange proposes to update the NASD Rule 3060 reference in this rule and replace it with a reference to FINRA Rule 3220 (“Influencing or Rewarding Employees of Others”). FINRA Rule 3220 was adopted without any material changes to the NASD rule text.⁴¹

General 9, Section 28. Disclosure to Associated Persons When Signing Form U4

The Exchange proposes to update the NASD Rule 3080 reference in this rule and replace it with a reference to FINRA Rule 2263 (“Arbitration Disclosure to Associated

³⁹ See Securities Exchange Act Release No. 58421 (August 25, 2008), 73 FR 51032 (August 29, 2008) (SR-FINRA-2008-025).

⁴⁰ See supra note 38.

⁴¹ See Securities Exchange Act Release No. 58660 (September 26, 2008), 73 FR 57393 (October 2, 2008) (SR-FINRA-2008-027).

Persons Signing or Acknowledging Form U4”). NASD Rule 3080 was transferred into FINRA Rule 2263 which was adopted to improve and clarify the disclosure requirement of Form U4.⁴²

General 9, Section 31. Use of Information Obtained in Fiduciary Capacity

The Exchange proposes to update the NASD Rule 3120 reference in this rule and replace it with a reference to FINRA Rule 2060 (“Use of Information Obtained in Fiduciary Capacity”). FINRA Rule 2060 was adopted without any changes to the NASD rule text.⁴³

General 9, Section 33. Reporting Requirements for Clearing Firms

The Exchange proposes to update the NASD Rule 3150 reference in this rule and replace it with a reference to FINRA Rule 4540 (“Reporting Requirements for Clearing Firms”). FINRA Rule 4540 was adopted without any substantive changes to the NASD rule text.⁴⁴

General 9, Section 34. Extensions of Time Under Regulation T and SEC Rule 15c3-3

The Exchange proposes to update the NASD Rule 3160 reference in this rule and replace it with a reference to FINRA Rule 4230 (“Required Submissions for Requests for Extensions of Time Under Regulation T and SEA Rule 15c3-3”). FINRA Rule 4230 was

⁴² See Securities Exchange Act Release No. 60348 (July 20, 2009), 74 FR 37077 (July 27, 2009) (SR-FINRA-2009-019).

⁴³ See Securities Exchange Act Release No. 61071 (November 30, 2009), 74 FR 64109 (December 7, 2009) (SR-FINRA-2009-067).

⁴⁴ See supra note 21.

adopted largely based on the text of NASD Rule 3160, with a clarification to the original rule text regarding the reporting obligations of clearing members.⁴⁵

General 9, Section 38. Margin Requirements

The Exchange proposes to update the NASD Rule 2520 references in this rule and replace it with references to FINRA Rule 4210 (“Margin Requirements”). In 2010, NASD Rules 2520, 2521, 2522, and IM-2522 were combined and consolidated into a single rule intended to improve the organization of margin rules and improve their readability.⁴⁶

General 9, Section 49. Payments Involving Publications that Influence the Market Price of a Security

The Exchange proposes to update the NASD Rule 2711 reference in this rule and replace it with a reference to FINRA Rule 2241 (“Research Analysts and Research Reports”). Specifically, the research report’s definition referenced in General 9, Section 49(b)(3) was relocated to current FINRA Rule 2241(a)(11). That definition was amended to exclude communications concerning open-end registered investment companies not listed or traded on an exchange.⁴⁷

⁴⁵ See Securities Exchange Act Release No. 62482 (July 12, 2010), 75 FR 41562 (July 16, 2010) (SR-FINRA-2010-024).

⁴⁶ Id.

⁴⁷ See Securities Exchange Act Release No. 75471 (July 16, 2015), 80 FR 43482 (July 22, 2015) (SR-FINRA-2014-047).

Exchange Rule 2830. Investment Company Securities

The Exchange proposes to update the NASD Rule 2830 reference in this rule and replace it with a reference to FINRA Rule 2341 (“Investment Company Securities”).

FINRA Rule 2341 was adopted without any substantive changes to the NASD rule text.⁴⁸

Moreover, to be consistent with cross-reference updates in current FINRA Rule 2341, the Exchange will update the cross-reference to NASD Rule 2820 with FINRA Rule 2320. Additionally, the Exchange will update Rule 2830(b)(3) by replacing the NASD Rule 2420 reference with FINRA Rule 2040 and update the rule text to track the text of FINRA Rule 2040(a). Finally, the Exchange will replace the NASD Rule 2230 reference with FINRA Rule 2232.

Exchange Rule 2843. Account Approval

The Exchange proposes to update the references to NASD Rules 2860(b)(16) and 2843 in this rule and replace them with references to FINRA Rules 2360(b)(16) (“Opening of Accounts”) and 2352 (“Account Approval”). FINRA Rule 2360(b)(16) was adopted with minor changes to its rule text and FINRA Rule 2352 was adopted without any substantive changes to its rule text.⁴⁹

Exchange Rule 2844. Suitability

The Exchange proposes to update the reference to NASD Rules 2860(b)(19) and 2844 in this rule and replace them with references to FINRA Rules 2360(b)(19)

⁴⁸ See Securities Exchange Act Release No. 78130 (June 22, 2016), 81 FR 42016 (June 28, 2016) (SR-FINRA-2016-019).

⁴⁹ See Securities Exchange Act Release No. 58932 (November 12, 2008), 73 FR 69696 (November 19, 2008) (SR-FINRA-2008-032).

(“Suitability”) and 2353 (“Suitability”). FINRA Rules 2360(b)(19) and 2353 were adopted without any substantive changes to their respective rule text.⁵⁰

Exchange Rule 2845. Discretionary Accounts

The Exchange proposes to update the reference to NASD Rules 2860(b)(18) and 2845 in this rule and replace them with references to FINRA Rules 2360(b)(18) (“Discretionary Accounts”) and 2354 (“Discretionary Accounts”). FINRA Rules 2360(b)(18) and 2354 were adopted without any substantive changes to their respective rule text.⁵¹

Moreover, to be consistent with cross-reference updates in current FINRA Rule 2360(b)(18), the Exchange proposes to update the cross-reference to NASD Rules 2510 and 3110(c)(4), respectively, with FINRA Rules 3260 and 4512(c). Relatedly, the Exchange proposes to update the references to Exchange Rules 2510 and 3110(c)(4), respectively, with a reference to General 9, Sections 19 and 45.⁵²

Exchange Rule 2846. Supervision of Accounts

The Exchange proposes to update the reference to NASD Rules 2860(b)(20) and 2846 in this rule and replace them with references to FINRA Rules 2360(b)(20) (“Supervision of Accounts”) and 2355 (“Supervision of Accounts”). FINRA Rules 2360(b)(20) and 2355 were adopted without any substantive changes to their respective rule text.⁵³

⁵⁰ Id.

⁵¹ Id.

⁵² See supra note 9.

⁵³ See supra note 49.

Moreover, to be consistent with cross-reference updates in current FINRA Rule 2360(b)(20), the Exchange proposes to update the cross-reference to NASD Rules 3010, 3012, and 3013, respectively, with FINRA Rules 3110, 3120, and 3130. Relatedly, the Exchange proposes to update the references to Exchange Rules 3010, 3012, and 3013 with respective references to General 9, Sections 20 and 21.⁵⁴

Exchange Rule 2847. Customer Complaints

The Exchange proposes to update the reference to NASD Rules 2860(b)(17)(A) and 2847 in this rule and replace them with references to FINRA Rules 2360(b)(17)(A) and 2356. FINRA Rules 2360(b)(17)(A) and 2356 were adopted without any substantive changes to their respective rule text.⁵⁵

Moreover, to be consistent with cross-reference updates in current FINRA Rule 2360(b)(17)(A), the Exchange proposes to update the cross-reference to NASD Rule 3110 with references to FINRA Rules 2268 and the Rule 4510 Series. Relatedly, the Exchange proposes to update the references to Exchange Rule 3110 with a reference to General 9, Section 30.⁵⁶ Finally, the Exchange proposes to add text indicating that the reference to Rule 5340 shall be disregarded as such rule does not apply to the Exchange, as the Exchange does not pre-time stamp order tickets in connection with block positioning.

⁵⁴ See supra note 9.

⁵⁵ See supra note 49.

⁵⁶ See supra note 9.

Exchange Rule 2848. Communications with the Public and Customers Concerning Index Warrants, Currency Index Warrants, and Currency Warrants

The Exchange proposes to update the reference to NASD Rule 2848 in this rule and replace it with a reference to FINRA Rule 2357 (“Communications with the Public and Customers Concerning Index Warrants, Currency Index Warrants and Currency Warrants”). FINRA Rule 2357 was adopted without any substantive changes to the NASD rule text.⁵⁷

Exchange Rule 2849. Maintenance of Records

The Exchange proposes to update the reference to NASD Rules 2860(b)(17)(B) and 2849 in this rule and replace them with references to FINRA Rules 2360(b)(17)(B) and 2358. FINRA Rules 2360(b)(17)(B) and 2358 were adopted without any substantive changes to their respective rule text.⁵⁸

Exchange Rule 3360. Short-Interest Reporting

In 2008, FINRA Rule 4560 was adopted to include the short interest reporting requirements of the substantially similar NASD Rule 3360 and Incorporated NYSE Rules 421(1) and 421.10 with non-substantive changes to the NASD rule text.⁵⁹ In 2010, FINRA made further amendments to the rule that were intended to eliminate the

⁵⁷ See supra note 49.

⁵⁸ See id.

⁵⁹ See Securities Exchange Act Release No. 58461 (September 4, 2008), 73 FR 52710 (September 10, 2008) (SR-FINRA-2008-033).

definition of “OTC Equity Security” in FINRA Rule 4560 (Short-Interest Reporting) and to clarify that the rule applied to all equity securities except restricted equity securities.⁶⁰

The Exchange proposes to update Rule 3360(a) by replacing the NASD Rule 3360 reference with FINRA Rule 4560 (“Short-Interest Reporting”). The Exchange will not update Rule 3360 to include the reference to “Restricted Equity Securities” found in FINRA Rule 4560 since such securities are not listed or traded in the Exchange; relatedly, the Exchange will omit the reference to FINRA Rule 6420 since a cross-reference to the definition of Restricted Equity Securities is not required. Further, the Exchange will add the word “all” before the word “securities” but, unlike the FINRA rule, will not insert the word “equities” because the Exchange also lists options securities. Finally, the Exchange will remove a sentence concerning the reporting obligations to reflect changes also made in the FINRA rule.⁶¹

The Exchange also proposes to amend current Rule 3360(b) and (c) and adopt the text of current FINRA Rule 4560(b) and (c).

Exchange Rule 4200. Definitions

The Exchange proposes to update the NASD Rule 2710(b)(11) reference in this rule and replace it with a reference to FINRA Rule 5190 (“Notification Requirements for Offering Participants”). In 2008, NASD Rules 2710(b)(10) and (11) were relocated into

⁶⁰ See Securities Exchange Act Release No. 61979 (April 23, 2010), 75 FR 23316 (May 3, 2010) (SR-FINRA-2010-003).

⁶¹ See Securities Exchange Act Release No. 66872 (April 27, 2012), 77 FR 26340 (May 3, 2012) (SR-FINRA-2012-001).

FINRA Rule 5190 to consolidate and streamline all Regulation M-related notice requirements.⁶²

The Exchange also proposes to replace in Rule 4200(a)(3) and (b) the cross-reference to Exchange Rule 4623 (“Alternative Trading Systems”) with Exchange Rule 4624. Consistent with FINRA Rule 5190(e), an Exchange member’s notification obligation, as described in Rule 4200, is detailed under Exchange Rule 4624 (“Penalty Bids and Syndicate Covering Transactions”).

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁶³ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁶⁴ in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest by bringing greater transparency to its rules by updating the references to the FINRA rules previously described. The Exchange’s proposal is consistent with the Act and will protect investors and the public interest by harmonizing its rules and clarifying outdated references so that Exchange members and the general public can readily locate FINRA rules that are incorporated by reference into the Rulebook.

The amendment to the books and records rules, reference and cross-reference updates, re-lettering, renumbering, deleting unnecessary or duplicative text, consolidating certain Exchange rules, and other minor technical changes will update the Exchange’s

⁶² See Securities Exchange Act Release No. 58514 (September 11, 2008), 73 FR 54190 (September 18, 2008) (SR-FINRA-2008-039).

⁶³ 15 U.S.C. 78f(b).

⁶⁴ 15 U.S.C. 78f(b)(5).

rules and bring greater transparency to the Exchange's Rulebook. The Exchange believes its proposal will benefit investors and the general public by increasing the transparency of its Rulebook.

4. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed amendments do not impose an undue burden on competition because the amendments to update the references and cross-references in its Rulebook are intended to bring greater clarity to the Exchange's rules. The amendment to the books and records rules, reference and cross-reference updates, re-lettering, renumbering, deleting unnecessary or duplicative text, consolidating certain Exchange rules, and other minor technical changes will update the Exchange's rules bring greater transparency to the Exchange's Rulebook.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)⁶⁵ of the Act and Rule 19b-4(f)(6) thereunder⁶⁶ in that it effects a change

⁶⁵ 15 U.S.C. 78s(b)(3)(A)(iii).

⁶⁶ 17 CFR 240.19b-4(f)(6).

that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange believes that this proposal does not significantly affect the protection of investors or the public interest because the rule changes are intended to update the Rulebook's references to FINRA rules and related internal cross-references, as well as to update the Exchange's books and records to mirror Nasdaq's. The proposed rule changes do not impose any significant burden on competition because the rule changes are intended to bring clarity to the Exchange's rules. The amendment to the books and records rules, reference and cross-reference updates, re-lettering, renumbering, deleting unnecessary or duplicative text, consolidating certain Exchange rules, and other minor technical changes will update the Exchange's rules and bring greater transparency to the Exchange's Rulebook.

Furthermore, Rule 19b-4(f)(6)(iii)⁶⁷ requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the

⁶⁷ 17 CFR 240.19b-4(f)(6)(iii).

protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

This rule filing is based on SR-NASDAQ-2012-123⁶⁸ and SR-NASDAQ-2020-045.⁶⁹

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

1. Notice of Proposed Rule Change for publication in the Federal Register.
5. Text of the proposed rule change.

⁶⁸ See supra note 6.

⁶⁹ See Securities Exchange Act Release No. 89623 (August 20, 2020), 85 FR 52645 (August 26, 2020) (SR-NASDAQ-2020-045).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-BX-2021-006)

March __, 2021

Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Exchange's Books and Records Rules and Update Obsolete NASD References in its Rulebook

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 8, 2021, Nasdaq BX, Inc. ("BX" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to update the Exchange's books and records provisions; update obsolete references to NASD rules in the Exchange's rulebook ("Rulebook"); and make other related and cleanup changes.

The text of the proposed rule change is available on the Exchange's Website at <https://listingcenter.nasdaq.com/rulebook/bx/rules>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

In 2008, the Financial Industry Regulatory Authority (FINRA) began a process to harmonize and streamline its rules by retiring, consolidating, and relocating NASD rules into the FINRA rulebook.³ Consistent with those changes, the Exchange is proposing to update the Exchange's books and records provisions; replace outdated NASD references in its Rulebook; delete unnecessary or duplicative rule text; and consolidate certain Exchange rules. Additionally, the Exchange proposes to make some necessary cleanup changes to improve the readability of its Rulebook.

Generally, where appropriate, the Exchange will replace the term "Association" and the "NASD" acronym with the acronym "FINRA." Specifically, the Exchange will provide cites to the updated FINRA rules and current internal references as provided in the relocated FINRA rules.

Additionally, the Exchange proposes to delete throughout its Rulebook the paragraphs that refer to the consolidation of NASD rules into the FINRA rulebook, since

³ See Information Notice, March 28, 2008 (Rulebook Consolidation Process) at <https://www.finra.org/sites/default/files/NoticeDocument/p038121.pdf>

FINRA has completed the relocation of the NASD rules. Finally, the Exchange proposes to update internal cross-references as necessary.⁴

A. Books and Records Rules

The FINRA Books and Records Filing,⁵ amended prior NASD Rule 3110 (Books and Records) and adopted the FINRA Rule 4510 Series (Books and Records Requirements). This new Rule 4510 Series included FINRA Rules 4511 (General Requirements), 4512 (Customer Account Information), 4513 (Records of Written Customer Complaints), 4514 (Authorization Records for Negotiable Instruments Drawn From a Customer's Account), and 4515 (Approval and Documentation of Changes in Account Name or Designation).

Nasdaq Books and Records Amendments

In 2012, The Nasdaq Stock Market's ("Nasdaq") filed a proposal to mirror the FINRA Books and Records filing.⁶ Nasdaq's filing renumbered its then Rule 3110 as Rule 3110A (which was later relocated under Nasdaq General 9, Section 30⁷) and

⁴ The Exchange will request an exemption from the rule filing requirements of Section 19(b) of the Exchange Act for those FINRA rules that it proposes to incorporate by reference. The proposed rule changes that are the subject of this filing will be operative upon the approval of the Exchange's request for an exemption under Section 36 of the Exchange Act from filing proposed rule changes.

⁵ See Securities Exchange Act Release No. 63784 (January 27, 2011), 76 FR 5850 (February 2, 2011) (SR-FINRA-2010-052) ("FINRA Books and Records Filing").

⁶ See Securities Exchange Act Release No. 68123 (October 31, 2012), 77 FR 66658 (November 6, 2012) (SR-NASDAQ-2012-123).

⁷ See Securities Exchange Act Release No. 87778 (December 17, 2019), 84 FR 70590 (December 23, 2019) (SR-NASDAQ-2019-098).

adopted the Nasdaq Rule 4510A Series to parallel the provisions in the FINRA rulebook, as shown in the chart below:

Nasdaq Books and Records	FINRA Books and Records
Rule 4511A (Now Nasdaq Gen. 9, Section 43)	FINRA Rule 4511
Rule 4512A (Now Nasdaq Gen. 9, Section 45)	FINRA Rule 4512
Rule 4513A (Now Nasdaq Gen. 9, Section 44)	FINRA Rule 4513
Rule 4514A (Now Nasdaq Gen. 9, Section 46)	FINRA Rule 4514
Rule 4515A (Now Nasdaq Gen. 9, Section 47)	FINRA Rule 4515

BX General 9, Section 30

Consistent with the 2012 Nasdaq filing and the Nasdaq rules listed above, the Exchange proposes to amend BX General 9, Section 30 and provide that Exchange members (and their associated persons) shall comply with FINRA Rule 4511 as if such rule were part of the Exchange's rules. Moreover as detailed below, the Exchange proposes to incorporate by reference FINRA Rules 4511 through 4515 under its respective General 9, Sections 43 through 47:

(1) General 9, Section 43

The Exchange proposes to incorporate the FINRA rule by reference, indicating that Exchange members and persons associated with a member shall comply with FINRA Rule 4511 as if such Rule were part of the Exchange rules. Additionally, the Exchange proposes that references to FINRA rules shall be construed as references to the rules of the Exchange rules, and that references to FINRA's books and records shall be construed as references to the Exchange's books and records.

(2) General 9, Section 44

The Exchange proposes to incorporate FINRA Rule 4513 by reference, indicating that Exchange members and persons associated with a member shall comply with FINRA Rule 4513 as if such Rule were part of the Exchange rules.

(3) General 9, Section 45

With the elimination of rule text within current General 9, Section 30, the Exchange proposes to adopt a new rule, similar to Nasdaq General 9, Section 45, which provides:

(a) Exchange members and persons associated with a member shall comply with FINRA Rule 4512 as if such Rule were part of the Exchange rules.

(b) For purposes of this Rule:

(1) references to Rule 3260 shall be construed as references to General 9, Section 19;

(2) references to Rules 2070, 2090, and 4512 shall be construed as references to General 9, Sections 29, 10, and this Rule, respectively;

(3) references to "a prior FINRA rule" shall be construed as references to "a FINRA or Exchange rule in effect prior to the effectiveness of FINRA Rule 4512";

(4) The Exchange and FINRA are parties to the Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange. Therefore, Exchange members are complying with this Rule by complying with FINRA Rule 4512 as written, including, for example, providing information required by FINRA staff. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under this Rule are being performed by FINRA on behalf of the Exchange.

(4) General 9, Section 46

The Exchange proposes to incorporate FINRA Rule 4514 by reference, indicating that Exchange members and persons associated with a member shall comply with FINRA Rule 4514 as if such Rule were part of the Exchange rules.

(5) General 9, Section 47

The Exchange proposes to incorporate FINRA Rule 4515 by reference, indicating that Exchange members and persons associated with a member shall comply with FINRA Rule 4515 as if such Rule were part of the Exchange rules. Furthermore, the Exchange proposes that references to FINRA Rule 3260 shall be construed as references to Exchange's General 9, Section 19.

B. Global Changes

As previously indicated, the Exchange also proposes to replace the terms "Association" and/or "NASD" with the term "FINRA," without making other accompanying changes to the rules (this will also include a few, necessary grammatical changes, such as removing where appropriate the word "the"). Accordingly, the Exchange will update General 2, Section 5; General 9, Section 1(b); General 9, Section 3; General 9, Section 10; General 9, Section 21; General 9, Section 33; and Rules 2830; 2843; 2848; 11210; IM-11710; 11860; and 11870. The Exchange notes that it will not update references to NASD notices in its Rulebook. Specifically, the notices referenced in General 9, Section 20(e) ("NASD Notice to Members 97-19") and Rule 4630(d) ("NASD Notice to Members 91-45") will remain unchanged.

C. Specific NASD Rule Changes

The Exchange proposes the following changes to capture the amendments and relocation of rules in the FINRA rulebook. Additionally, the cross-references updates are intended to keep the Exchange's rules aligned with their corresponding FINRA rules:

General 2, Section 5. Regulation of the Exchange and Its Members

The Exchange proposes to update General 2, Section 5 ("Regulation of the Exchange and Its Members") by splitting its subsection (b) into two separate subsections

and, thus, follow the same rule structure of equivalent General 2, Section 5 in Nasdaq rulebook.

Additionally, as previously informed, given that FINRA has already completed the consolidation and relocation of the NASD rules, the Exchange proposes to delete current subsection (c).

General 2, Section 15. Business Continuity Plans

The Exchange proposes to update the NASD Rule 3510 reference in this rule and replace it with a reference to FINRA Rule 4370 (“Business Continuity Plans and Emergency Contact Information”). FINRA Rule 4370 was adopted to include NASD Rules 3510 (“Business Continuity Plans”) and NASD Rule 3520 (“Emergency Contact Information”) without substantive changes to the rule text.⁸

Additionally, the Exchange proposes to include a new paragraph (b) that will indicate that references in FINRA Rule 4370 to Rule 4517 shall be construed as references to Exchange’s General 2, Section 16.

General 3, Section 1. Membership, Registration and Qualification Requirements

The Exchange proposes to make a cleanup change in General 3, Section 1. Specifically, the Exchange proposes to update the text in the rule’s introductory text by replacing the reference to BX Rule 0120 with a reference to the General 1 and Equity 1 title. This change is made pursuant to the relocation of Exchange Rules 0111, 0112, 0113, 0120, and 0121 to General 1 and Equity 1 in 2019.⁹

⁸ See Securities Exchange Act Release No. 60534 (August 19, 2009), 74 FR 44410 (August 28, 2009) (SR-FINRA-2009-036).

⁹ See Securities Exchange Act Release No. 87468 (November 5, 2019), 84 FR 61091 (November 12, 2019) (SR-BX-2019-039).

Additionally, the Exchange will update the reference to the BX Rule 1200 Series with a reference to General 4 (“Registration Requirements”),¹⁰ which currently incorporates by reference Nasdaq’s registration rules.

General 9, Section 1. General Standards

The Exchange proposes to update the title of current Section 1(b), “Trading Ahead of Customer Limit Order” with a title consistent with Nasdaq and FINRA rules: “Prohibition Against Trading Ahead of Customer Orders.”

Moreover, the Exchange proposes to update the introductory paragraph in Section 1(b), that currently points to NASD Interpretive Material 2110-2 with a reference to FINRA Rule 5320 (“Prohibition Against Trading Ahead of Customer Orders”). In 2009, FINRA proposed to integrate NASD IM-2110-2 and NASD Rule 2111 into FINRA Rule 5320, to govern members’ treatment of customer orders and apply the new Rule 5320 to all equity securities uniformly, and to extend the application of NASD Rule 2111 to OTC equity securities.¹¹ In regard to this FINRA rule consolidation, the Exchange proposes to merge the contents of its Sections 1(b) and (h), as some of their contents will be otherwise duplicative.

Therefore, the Exchange proposes to delete Section 1(b)(1), which currently points to the term “NASD Rules” and provides a cross-reference to NASD Interpretive Material 2110-2(a). This is because Section 1(b)’s opening paragraph already requires

¹⁰ See Securities Exchange Act Release No. 85726 (April 26, 2019), 84 FR 18908 (May 2, 2019) (SR-BX-2019-010).

¹¹ See Securities Exchange Act Release No. 63895 (February 11, 2011), 76 FR 9386 (February 17, 2011) (SR-FINRA-2009-090).

members to comply with FINRA Rule 5320 as if it was an Exchange rule and FINRA Rule 5320 does not use the term “NASD Rules.”

Similarly, because current FINRA Rule 5320 does not contain references to NASD’s Board of Directors, the Exchange proposes to delete the text under current Section 1(b)(2) and renumber the subsequent subsections.

Moreover, to be consistent with FINRA Rule 5320, the Exchange proposes to remove, update, and insert new cross-references under renumbered Section 1(b)(1). The Exchange will thus delete the cross reference that currently points to NASD Rules 2110 since no equivalent rule is provided under FINRA Rule 5320; relatedly, the Exchange will delete the reference to General 9, Section 1. The Exchange also proposes to replace the references to NASD Rules 2320 and 3110, respectively, with references to FINRA Rules 5310, and 4512 and provide the corresponding references in the Exchange rulebook. The Exchange proposes also to insert a cross-reference to FINRA Rule 7440 and the equivalent Exchange Rule 7440A.

The Exchange proposes to delete the text under renumbered Section 1(b)(3) and insert clarifying text indicating that FINRA Rule 5320.02(b) and the reference to Rule 6420 therein shall be disregarded. This is because the Exchange does not list or trade over the counter securities (“OTC”).

The Exchange proposes to update renumbered Section 1(b)(4) since the exemption referenced in it is now located in FINRA Rule 5320, Supplementary Material .03. Relatedly, the Exchange will insert in renumbered Section 1(b)(4) clarifying text indicating that members will comply with the rule’s reporting requirements.

The Exchange proposes to update Section 1(c) by replacing the reference to NASD Interpretive Material 2110-3 with a reference to FINRA Rule 5270 (“Front Running of Block Transactions”), which FINRA adopted to broaden the scope of the NASD rule and provide further clarity into activity that FINRA believes is inconsistent with just and equitable principles of trade.¹²

The Exchange also proposes to update Section 1(f) by replacing the reference to NASD Interpretive Material 2110-6 with a reference to FINRA Rule 2232 (“Customer Confirmations”). FINRA Rule 2232 was adopted to streamline and consolidate basic customer confirmation requirements in NASD Rule 2230, NASD IM-2110-6, and Incorporated NYSE Rule 409(f).¹³

The Exchange proposes to update Section 1(g) by replacing the reference to NASD Interpretive Material 2110-7 with a reference to FINRA Rule 2140 (“Interfering With the Transfer of Customer Accounts in the Context of Employment Disputes”). FINRA Rule 2140 was adopted without any material changes to the NASD rule text.¹⁴

Finally, following the deletion of Section 1(h), the Exchange proposes to re-letter current Section 1(i) (“Use of Manipulative, Deceptive or Other Fraudulent Devices”) as Section 1(h).

¹² See Securities Exchange Act Release No. 67774 (September 4, 2012), 77 FR 55519 (September 10, 2012) (SR-FINRA-2012-025).

¹³ See Securities Exchange Act Release No. 63150 (October 21, 2010), 75 FR 66173 (October 27, 2010) (SR-FINRA-2009-058).

¹⁴ See Securities Exchange Act Release No. 59495 (March 3, 2009), 74 FR 10632 (March 11, 2009) (SR-FINRA-2008-052).

General 9, Section 3. Communications with the Public and Section 4. Institutional Sales Material and Correspondence

In 2012, FINRA adopted Rule 2210 (“Communications with the Public”) to encompass, among other provisions, NASD Rules 2210 and 2211, and NASD Interpretive Materials 2210-1 and 2210-4.¹⁵ The Exchange proposes to consolidate the text of General 9, Sections 3 and 4 into current Section 3 and reserve current Section 4, as explained below.

Current General 9, Section 3(a) incorporates by reference NASD Rule 2210 (“Communications with the Public”). The Exchange proposes to update this reference with the name “FINRA.”

The Exchange also proposes to delete Section 3(b) which currently incorporates by reference NASD IM-2210-1 which, as explained above, was merged into FINRA Rule 2210. Updating current Section 3(b) to incorporate FINRA Rule 2210 will make Section 3(b) redundant. Therefore, Section 3(b) will be deleted as it is no longer necessary. Following the deletion of Section 3(b), the Exchange will re-letter current Section 3(c) as (b), without any changes to the rule text.

The Exchange proposes to delete General 9, Section 4 and relocate some of its contents under current General 9, Section 3. General 9, Section 4(a) will be deleted because Section 3(a) already incorporates the provisions from NASD Rule 2211 which were merged into current FINRA Rule 2210.

¹⁵ See Securities Exchange Act Release No. 66681 (March 29, 2012), 77 FR 20452 (April 4, 2012) (SR-FINRA-2011-035).

Furthermore, the Exchange believes that the exception in current Section 4(a) concerning NASD Rule 2211(d)(3) does not need to be added to General 9, Section 3(a), because that provision is no longer referenced in FINRA Rule 2210.

The Exchange also proposes to adopt current Section 4(b)(1) as Section 3(c), with a minor change. New Section 3(c) will provide that references to FINRA “membership” will be construed as references to membership with the Exchange.

Finally, the Exchange proposes to adopt part of the text in current Section 4(b)(2) as Section 3(d). New Section 3(d) will omit references to FINRA Rule 2210 (as such incorporation is already provided in Section 3(a)) and will state that references to FINRA Rules 4512¹⁶ and 3110¹⁷ shall be read, respectively, as references to General 9, Section 45 and Section 20.

General 9, Section 9. Fairness Opinions

The Exchange proposes to update the NASD Rule 2290 reference in this rule and replace it with a reference to FINRA Rule 5150 (“Fairness Opinions”). The aforementioned NASD rule was relocated to FINRA Rule 5150 with no changes to the rule text.¹⁸

General 9, Section 10. Recommendations to Customers (Suitability)

The Exchange proposes to update the NASD Rule 2310 reference in this rule and replace it with a reference to FINRA Rule 2111 (“Suitability”). The FINRA Suitability

¹⁶ See supra note 5.

¹⁷ See Securities Exchange Act Release No. 71179 (December 23, 2013), 79 FR 79542 (December 30, 2013) (SR-FINRA-2013-025).

¹⁸ See Securities Exchange Act Release No. 58643 (September 25, 2008), 73 FR 57174 (October 1, 2008) (SR-FINRA-2008-028).

rule was adopted in 2010 to include NASD Rule 2310 (Recommendations to Customers (Suitability)) and its related Interpretative Materials.¹⁹

As previously described, the Exchange will delete the paragraphs that refer to FINRA consolidating the NASD rules into a new FINRA rulebook, since such relocation has been completed. Concerning the second paragraph in Section 10(a), the Exchange notes that it will also delete the cross-reference to Rule 3110, since such reference was not relocated when NASD Rule 2310 was merged into FINRA Rule 2111.

The Exchange also proposes to delete Section 10(b) since, as already described, NASD Rule 2310's interpretive materials were merged into FINRA Rule 2111, which would make Section 10(b) duplicative.

Moreover, the Exchange proposes to assign the letter (b) to the text that begins with "For purposes of..." and make the following changes:

The Exchange will insert a new subsection (1) which will provide that any references to Rules 2111 and 4512 in FINRA Rule 2111 shall be construed, respectively, as references to Exchange's General 9, Section 10 and 45.

The Exchange will also renumber the next paragraph as (2) and replace the references to "Association's Rules" and "Association Rules" with the term "FINRA rules".

The Exchange will next delete the paragraph that refers to NASD's District Business Conduct Committees and Board of Governors, as such references are not provided in the current FINRA Suitability rule. Similarly, the Exchange will delete the paragraph that references the term "Association" since such term is not in the current

¹⁹ See Securities Exchange Act Release No. 63325 (November 17, 2010), 75 FR 71479 (November 23, 2010) (SR-FINRA-2010-039).

FINRA rule. Furthermore, the Exchange will also delete the reference to Rule 2840 as such rule is not referenced in FINRA Rule 2111.

The Exchange will insert a new subsection (3) which will clarify that references to Rule 2214 shall be disregarded, and no comparable Exchange Rule shall apply to activities of Exchange Members in connection with investment analysis tools.²⁰

Finally, the Exchange proposes to delete the rule text in current Section 10(c) since, as already explained, the Interpretive Materials of NASD Rule 2310 were merged into the FINRA Suitability rule. In its place, the Exchange proposes to adopt the same cross-reference found in Nasdaq's General 9, Section 10(c) to provide that Exchange members will comply with FINRA Rule 2090 ("Know Your Customer") as if such rule was part of the Rules of the Exchange.

General 9, Section 12. Customer Account Statements

The Exchange proposes to update the NASD Rule 2340 reference in this rule and replace it with a reference to FINRA Rule 2231 ("Customer Account Statements").

FINRA Rule 2231 was adopted without any substantive changes to the NASD rule text.²¹

Moreover, the Exchange proposes to amend Section 12(b) to provide that references in FINRA Rule 2231 to FINRA Rule 2310 ("Direct Participation Programs") shall be construed as a reference to the corresponding BX Rule 2310A. Additionally, the Exchange proposes to replace the reference to NASD Rule 3110 with FINRA Rule 4512 ("Customer Account Information") and insert its corresponding cross-reference to

²⁰ The Exchange notes that a correction shall be made in a future filing to current Nasdaq General 9, Section 10(b)(3), which currently points to NASD IM-2210-6, which has been relocated and should actually refer to FINRA Rule 2214.

²¹ See Securities Exchange Act Release No. 85589 (April 10, 2019), 84 FR 15646 (April 16, 2019) (SR-FINRA-2019-009).

General 9, Section 45. Finally, the Exchange proposes to delete the word “Equity” (used twice in the subsection) and re-arrange the rules in Section 12(b) to match their corresponding references in the Nasdaq rulebook.

General 9, Section 13. Margin Disclosure Statement

The Exchange proposes to update the NASD Rule 2341 reference in this rule and replace it with a reference to FINRA Rule 2264 (“Margin Disclosure Statement”).

FINRA Rule 2264 was adopted with only minor changes to the text of NASD Rule 2341, and those changes were intended to clarify the submission of disclosure statements.²²

The Exchange also proposes to amend Section 13(b) by updating the reference to NASD Rule 3110 with FINRA Rule 4512²³ and insert its corresponding cross-reference to General 9, Section 45.

General 9, Section 14. Approval Procedures for Day-Trading Accounts

The Exchange proposes to update the second sentence in Section 14(a) that currently refers to NASD Rule 2361 with FINRA Rule 2270. FINRA Rule 2270 was adopted with minor changes to the text of NASD Rule 2361.²⁴ The Exchange proposes to insert text indicating that a reference to FINRA Rule 2270 shall be construed as a reference to General 9, Section 14.

²² See Securities Exchange Act Release No. 60697 (September 21, 2009), 74 FR 49051 (September 25, 2009) (SR-FINRA-2009-052).

²³ See supra note 5.

²⁴ See Securities Exchange Act Release No. 61059 (November 24, 2009), 74 FR 62847 (December 1, 2009) (SR-FINRA-2009-059).

The Exchange also proposes to amend Section 14(a) by updating the reference to NASD Rule 3110 with FINRA Rules 4511 and 4512²⁵ and their corresponding references to General 9, Sections 30 and 45 (as indicated in the preceding paragraph, the Exchange is cross-referencing General 9, Section 14 with FINRA Rule 2270, and thus cross-referencing this Section 14 with FINRA's Books and Records rules is unnecessary). Finally, the Exchange will insert text indicating that references to FINRA Rules 4210 shall be construed as references to General 9, Section 38.

Similarly, the Exchange proposes to update the second paragraph in Section 14(b) that currently refers to NASD Rule 2360 with a reference to FINRA Rule 2130. FINRA Rule 2130 was adopted with minor changes to the text of NASD Rule 2360.²⁶ The Exchange also proposes to amend Section 14(b) by updating the reference to NASD Rule 3110 with FINRA Rule 4512²⁷ and the corresponding reference to General 9, Section 30 with Section 45, because it corresponds to FINRA Rule 4512.

General 9, Section 16. Charges for Services Performed

The Exchange proposes to update the NASD Rule 2430 reference in this rule and replace it with a reference to FINRA Rule 2122 ("Charges for Services Performed"). FINRA Rule 2122 was adopted without any substantive changes to the NASD rule text.²⁸

²⁵ See supra note 5.

²⁶ See supra note 24.

²⁷ See supra note 5.

²⁸ See Securities Exchange Act Release No. 73714 (December 2, 2014), 79 FR 72743 (December 8, 2014) (SR-FINRA-2014-049).

General 9, Section 17. Net Transactions with Customers

The Exchange proposes to update the NASD Rule 2441 reference in this rule and replace it with a reference to FINRA Rule 2124 (“Net Transactions with Customers”). FINRA Rule 2124 was adopted without any substantive changes to the NASD rule text.²⁹ The Exchange also proposes to update the a cross-reference to NASD Rule 3110 with references to FINRA Rules 4511 and 4512, which have a corresponding Exchange rule under General 9, Sections 30 and 45.

General 9, Section 19. Discretionary Accounts

The Exchange proposes to letter the first paragraph as subsection (a) and update the NASD Rule 2510 reference in this rule and replace it with a reference to FINRA Rule 3260 (“Discretionary Accounts”). FINRA Rule 3260 was adopted without any substantive changes to the NASD rule text.³⁰

Moreover, the Exchange will letter the last paragraph in Section 19 as subsection (b) and update the cross-references to NASD rules with their respective equivalent FINRA rules. Specifically, the Exchange will replace the NASD Rule 3010 reference with FINRA Rule 3110. Additionally, the Exchange will replace the NASD Rule 3110 reference with FINRA Rule 4512.³¹ Finally, the Exchange proposes to replace the reference to General 9, Section 30 with Section 45, because it corresponds to FINRA Rule 4512.

²⁹ See supra note 8.

³⁰ See supra note 21.

³¹ See supra note 5.

General 9, Section 21. Supervisory Control System and Section 22. Annual Certification of Compliance and Supervisory Processes

The Exchange proposes to consolidate Sections 21 and 22 into one rule, Section 21 (“Supervisory Control System, Annual Certification of Compliance and Supervisory Processes”), as explained below. First, the Exchange proposes to update the NASD Rule 3012 reference in this rule and replace it with a reference to FINRA Rule 3120 (“Supervisory Control System”). FINRA Rule 3120 retained the former NASD rule’s testing and verification requirements for the member’s supervisory procedures and provided requirements for members reporting \$200 million or more in gross revenue.³²

Second, the Exchange proposes to adopt as new Section 21(c) (“Annual Certification of Compliance and Supervisory Processes”) the text in current Section 22(c). Further, the Exchange will update in the relocated subsection the reference to NASD Rule 3013 and replace it with a reference to FINRA Rule 3130 (“Annual Certification of Compliance and Supervisory Processes”). FINRA Rule 3130 was adopted to streamline and combine the requirements of NASD Rule 3013 and IM-3013.³³

Third, the Exchange proposes to adopt the text under Section 22(c) that begins with the words: “For purposes of this Rule...” and letter them as new Section 21(d). In Section (d)(2), as previously explained, the Exchange will update the reference to NASD Rule 3013 with FINRA Rule 3130, which shall be read as a reference to Exchange’s corresponding rule under General 9, Section 21. Similarly, the Exchange proposes to update the cross-reference to NASD Rule 2110 with FINRA Rule 2010. In 2008, NASD

³² See supra note 17.

³³ See Securities Exchange Act Release No. 58661 (September 26, 2008), 73 FR 57395 (October 2, 2008) (SR-FINRA-2008-030).

Rule 2110 was renumbered as FINRA Rule 2010 with no changes to the rule text.³⁴

Additionally, the Exchange will change the General 9, Section 22 reference, which will be reserved, with a reference to Section 21. Moreover, the Exchange proposes to change the reference to General 9, Section 1 with Section 1(a), because it corresponds to FINRA Rule 2010.

Finally, the Exchange will delete and reserve current General 9, Section 22, since its subsections will be duplicative of subsections in Section 21 after the proposed changes.

General 9, Section 23. Outside Business Activities of an Associated Person

The Exchange proposes to update the NASD Rule 3030 reference in this rule and replace it with a reference to FINRA Rule 3270 (“Outside Business Activities of Registered Persons”). FINRA Rule 3270 was adopted to harmonize and simplify the events that constitute an outside business activity, expanding upon the obligations imposed in NASD Rule 3030, by prohibiting any registered person from doing business with another person as a result of any business activity outside the scope of the relationship with his or her member firm, unless prior written notice was provided to the member.³⁵

Moreover, the Exchange will update the duplicative cross-reference to NASD Rule 3030 in Section 23(b) (which should have been a reference to NASD Rule 3040)

³⁴ See supra note 18.

³⁵ See Securities Exchange Act Release No. 62762 (August 23, 2010), 75 FR 53362 (August 31, 2010) (SR-FINRA-2009-042).

and replace it with a reference to FINRA Rule 3280.³⁶ The Exchange proposes also to update the reference to General 9, Section 23 with Section 24 (“Private Securities Transactions of an Associated Person”), because it corresponds to FINRA Rule 3280.

General 9, Section 24. Private Securities Transactions of an Associated Person

The Exchange proposes to update the NASD Rule 3040 reference in this rule and replace it with a reference to FINRA Rule 3280 (“Private Securities Transactions of an Associated Person”). FINRA Rule 3280 was adopted without any substantive changes to the NASD rule text.³⁷

The Exchange will also update the duplicative cross-reference in Section 24(b)(1) to NASD Rule 3040 (which should have been actually a reference to NASD Rule 3050) with a reference to FINRA Rule 3210.³⁸ The Exchange proposes also to update the reference to General 9, Section 24 with Section 25 (“Transactions for or by Associated Persons”), because it incorporates FINRA Rule 3210.

Furthermore, the Exchange proposes to correct a typo in the quoted text in General 9, Section 24(b)(2). Specifically, the Exchange will substitute the word “immediately” with “immediate.”

³⁶ See Securities Exchange Act Release No. 75757 (August 25, 2015), 80 FR 52530 (August 31, 2015) (SR-FINRA-2015-030).

³⁷ Id. See also Securities Exchange Act Release No. 80105 (February 24, 2017), 82 FR 12387 (March 2, 2017) (SR-FINRA-2017-004).

³⁸ See Securities Exchange Act Release No. 77550 (April 7, 2016), 81 FR 21924 (April 13, 2016) (SR-FINRA-2015-029).

The Exchange proposes also to replace a reference to NASD Rule 2790 with FINRA Rule 5130.³⁹ The definition of “immediate family member,” cross-referenced in General 9, Section 24(b)(2), is currently located under FINRA Rule 5130(i)(5).

General 9, Section 25. Transactions for or by Associated Persons

The Exchange proposes to update the NASD Rule 3050 reference in this rule and replace it with a reference to FINRA Rule 3210 (“Accounts At Other Broker-Dealers and Financial Institutions”). FINRA Rule 3210 was adopted to consolidate NASD Rule 3050, Incorporated NYSE Rules 407 and 407A, and Incorporated NYSE Rule Interpretations 407/01 and 407/02. The rule was designed to streamline the provisions of the NASD and incorporated NYSE rules and to help facilitate effective oversight of the specified trading activities of associated persons of member firms.⁴⁰

General 9, Section 26. Influencing or Rewarding Employees of Others

The Exchange proposes to update the NASD Rule 3060 reference in this rule and replace it with a reference to FINRA Rule 3220 (“Influencing or Rewarding Employees of Others”). FINRA Rule 3220 was adopted without any material changes to the NASD rule text.⁴¹

General 9, Section 28. Disclosure to Associated Persons When Signing Form U4

The Exchange proposes to update the NASD Rule 3080 reference in this rule and replace it with a reference to FINRA Rule 2263 (“Arbitration Disclosure to Associated

³⁹ See Securities Exchange Act Release No. 58421 (August 25, 2008), 73 FR 51032 (August 29, 2008) (SR-FINRA-2008-025).

⁴⁰ See supra note 38.

⁴¹ See Securities Exchange Act Release No. 58660 (September 26, 2008), 73 FR 57393 (October 2, 2008) (SR-FINRA-2008-027).

Persons Signing or Acknowledging Form U4”). NASD Rule 3080 was transferred into FINRA Rule 2263 which was adopted to improve and clarify the disclosure requirement of Form U4.⁴²

General 9, Section 31. Use of Information Obtained in Fiduciary Capacity

The Exchange proposes to update the NASD Rule 3120 reference in this rule and replace it with a reference to FINRA Rule 2060 (“Use of Information Obtained in Fiduciary Capacity”). FINRA Rule 2060 was adopted without any changes to the NASD rule text.⁴³

General 9, Section 33. Reporting Requirements for Clearing Firms

The Exchange proposes to update the NASD Rule 3150 reference in this rule and replace it with a reference to FINRA Rule 4540 (“Reporting Requirements for Clearing Firms”). FINRA Rule 4540 was adopted without any substantive changes to the NASD rule text.⁴⁴

General 9, Section 34. Extensions of Time Under Regulation T and SEC Rule 15c3-3

The Exchange proposes to update the NASD Rule 3160 reference in this rule and replace it with a reference to FINRA Rule 4230 (“Required Submissions for Requests for Extensions of Time Under Regulation T and SEA Rule 15c3-3”). FINRA Rule 4230 was

⁴² See Securities Exchange Act Release No. 60348 (July 20, 2009), 74 FR 37077 (July 27, 2009) (SR-FINRA-2009-019).

⁴³ See Securities Exchange Act Release No. 61071 (November 30, 2009), 74 FR 64109 (December 7, 2009) (SR-FINRA-2009-067).

⁴⁴ See supra note 21.

adopted largely based on the text of NASD Rule 3160, with a clarification to the original rule text regarding the reporting obligations of clearing members.⁴⁵

General 9, Section 38. Margin Requirements

The Exchange proposes to update the NASD Rule 2520 references in this rule and replace it with references to FINRA Rule 4210 (“Margin Requirements”). In 2010, NASD Rules 2520, 2521, 2522, and IM-2522 were combined and consolidated into a single rule intended to improve the organization of margin rules and improve their readability.⁴⁶

General 9, Section 49. Payments Involving Publications that Influence the Market Price of a Security

The Exchange proposes to update the NASD Rule 2711 reference in this rule and replace it with a reference to FINRA Rule 2241 (“Research Analysts and Research Reports”). Specifically, the research report’s definition referenced in General 9, Section 49(b)(3) was relocated to current FINRA Rule 2241(a)(11). That definition was amended to exclude communications concerning open-end registered investment companies not listed or traded on an exchange.⁴⁷

⁴⁵ See Securities Exchange Act Release No. 62482 (July 12, 2010), 75 FR 41562 (July 16, 2010) (SR-FINRA-2010-024).

⁴⁶ Id.

⁴⁷ See Securities Exchange Act Release No. 75471 (July 16, 2015), 80 FR 43482 (July 22, 2015) (SR-FINRA-2014-047).

Exchange Rule 2830. Investment Company Securities

The Exchange proposes to update the NASD Rule 2830 reference in this rule and replace it with a reference to FINRA Rule 2341 (“Investment Company Securities”).

FINRA Rule 2341 was adopted without any substantive changes to the NASD rule text.⁴⁸

Moreover, to be consistent with cross-reference updates in current FINRA Rule 2341, the Exchange will update the cross-reference to NASD Rule 2820 with FINRA Rule 2320. Additionally, the Exchange will update Rule 2830(b)(3) by replacing the NASD Rule 2420 reference with FINRA Rule 2040 and update the rule text to track the text of FINRA Rule 2040(a). Finally, the Exchange will replace the NASD Rule 2230 reference with FINRA Rule 2232.

Exchange Rule 2843. Account Approval

The Exchange proposes to update the references to NASD Rules 2860(b)(16) and 2843 in this rule and replace them with references to FINRA Rules 2360(b)(16) (“Opening of Accounts”) and 2352 (“Account Approval”). FINRA Rule 2360(b)(16) was adopted with minor changes to its rule text and FINRA Rule 2352 was adopted without any substantive changes to its rule text.⁴⁹

Exchange Rule 2844. Suitability

The Exchange proposes to update the reference to NASD Rules 2860(b)(19) and 2844 in this rule and replace them with references to FINRA Rules 2360(b)(19)

⁴⁸ See Securities Exchange Act Release No. 78130 (June 22, 2016), 81 FR 42016 (June 28, 2016) (SR-FINRA-2016-019).

⁴⁹ See Securities Exchange Act Release No. 58932 (November 12, 2008), 73 FR 69696 (November 19, 2008) (SR-FINRA-2008-032).

(“Suitability”) and 2353 (“Suitability”). FINRA Rules 2360(b)(19) and 2353 were adopted without any substantive changes to their respective rule text.⁵⁰

Exchange Rule 2845. Discretionary Accounts

The Exchange proposes to update the reference to NASD Rules 2860(b)(18) and 2845 in this rule and replace them with references to FINRA Rules 2360(b)(18) (“Discretionary Accounts”) and 2354 (“Discretionary Accounts”). FINRA Rules 2360(b)(18) and 2354 were adopted without any substantive changes to their respective rule text.⁵¹

Moreover, to be consistent with cross-reference updates in current FINRA Rule 2360(b)(18), the Exchange proposes to update the cross-reference to NASD Rules 2510 and 3110(c)(4), respectively, with FINRA Rules 3260 and 4512(c). Relatedly, the Exchange proposes to update the references to Exchange Rules 2510 and 3110(c)(4), respectively, with a reference to General 9, Sections 19 and 45.⁵²

Exchange Rule 2846. Supervision of Accounts

The Exchange proposes to update the reference to NASD Rules 2860(b)(20) and 2846 in this rule and replace them with references to FINRA Rules 2360(b)(20) (“Supervision of Accounts”) and 2355 (“Supervision of Accounts”). FINRA Rules 2360(b)(20) and 2355 were adopted without any substantive changes to their respective rule text.⁵³

⁵⁰ Id.

⁵¹ Id.

⁵² See supra note 9.

⁵³ See supra note 49.

Moreover, to be consistent with cross-reference updates in current FINRA Rule 2360(b)(20), the Exchange proposes to update the cross-reference to NASD Rules 3010, 3012, and 3013, respectively, with FINRA Rules 3110, 3120, and 3130. Relatedly, the Exchange proposes to update the references to Exchange Rules 3010, 3012, and 3013 with respective references to General 9, Sections 20 and 21.⁵⁴

Exchange Rule 2847. Customer Complaints

The Exchange proposes to update the reference to NASD Rules 2860(b)(17)(A) and 2847 in this rule and replace them with references to FINRA Rules 2360(b)(17)(A) and 2356. FINRA Rules 2360(b)(17)(A) and 2356 were adopted without any substantive changes to their respective rule text.⁵⁵

Moreover, to be consistent with cross-reference updates in current FINRA Rule 2360(b)(17)(A), the Exchange proposes to update the cross-reference to NASD Rule 3110 with references to FINRA Rules 2268 and the Rule 4510 Series. Relatedly, the Exchange proposes to update the references to Exchange Rule 3110 with a reference to General 9, Section 30.⁵⁶ Finally, the Exchange proposes to add text indicating that the reference to Rule 5340 shall be disregarded as such rule does not apply to the Exchange, as the Exchange does not pre-time stamp order tickets in connection with block positioning.

⁵⁴ See supra note 9.

⁵⁵ See supra note 49.

⁵⁶ See supra note 9.

Exchange Rule 2848. Communications with the Public and Customers Concerning Index Warrants, Currency Index Warrants, and Currency Warrants

The Exchange proposes to update the reference to NASD Rule 2848 in this rule and replace it with a reference to FINRA Rule 2357 (“Communications with the Public and Customers Concerning Index Warrants, Currency Index Warrants and Currency Warrants”). FINRA Rule 2357 was adopted without any substantive changes to the NASD rule text.⁵⁷

Exchange Rule 2849. Maintenance of Records

The Exchange proposes to update the reference to NASD Rules 2860(b)(17)(B) and 2849 in this rule and replace them with references to FINRA Rules 2360(b)(17)(B) and 2358. FINRA Rules 2360(b)(17)(B) and 2358 were adopted without any substantive changes to their respective rule text.⁵⁸

Exchange Rule 3360. Short-Interest Reporting

In 2008, FINRA Rule 4560 was adopted to include the short interest reporting requirements of the substantially similar NASD Rule 3360 and Incorporated NYSE Rules 421(1) and 421.10 with non-substantive changes to the NASD rule text.⁵⁹ In 2010, FINRA made further amendments to the rule that were intended to eliminate the

⁵⁷ See supra note 49.

⁵⁸ See id.

⁵⁹ See Securities Exchange Act Release No. 58461 (September 4, 2008), 73 FR 52710 (September 10, 2008) (SR-FINRA-2008-033).

definition of “OTC Equity Security” in FINRA Rule 4560 (Short-Interest Reporting) and to clarify that the rule applied to all equity securities except restricted equity securities.⁶⁰

The Exchange proposes to update Rule 3360(a) by replacing the NASD Rule 3360 reference with FINRA Rule 4560 (“Short-Interest Reporting”). The Exchange will not update Rule 3360 to include the reference to “Restricted Equity Securities” found in FINRA Rule 4560 since such securities are not listed or traded in the Exchange; relatedly, the Exchange will omit the reference to FINRA Rule 6420 since a cross-reference to the definition of Restricted Equity Securities is not required. Further, the Exchange will add the word “all” before the word “securities” but, unlike the FINRA rule, will not insert the word “equities” because the Exchange also lists options securities. Finally, the Exchange will remove a sentence concerning the reporting obligations to reflect changes also made in the FINRA rule.⁶¹

The Exchange also proposes to amend current Rule 3360(b) and (c) and adopt the text of current FINRA Rule 4560(b) and (c).

Exchange Rule 4200. Definitions

The Exchange proposes to update the NASD Rule 2710(b)(11) reference in this rule and replace it with a reference to FINRA Rule 5190 (“Notification Requirements for Offering Participants”). In 2008, NASD Rules 2710(b)(10) and (11) were relocated into

⁶⁰ See Securities Exchange Act Release No. 61979 (April 23, 2010), 75 FR 23316 (May 3, 2010) (SR-FINRA-2010-003).

⁶¹ See Securities Exchange Act Release No. 66872 (April 27, 2012), 77 FR 26340 (May 3, 2012) (SR-FINRA-2012-001).

FINRA Rule 5190 to consolidate and streamline all Regulation M-related notice requirements.⁶²

The Exchange also proposes to replace in Rule 4200(a)(3) and (b) the cross-reference to Exchange Rule 4623 (“Alternative Trading Systems”) with Exchange Rule 4624. Consistent with FINRA Rule 5190(e), an Exchange member’s notification obligation, as described in Rule 4200, is detailed under Exchange Rule 4624 (“Penalty Bids and Syndicate Covering Transactions”).

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁶³ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁶⁴ in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest by bringing greater transparency to its rules by updating the references to the FINRA rules previously described. The Exchange’s proposal is consistent with the Act and will protect investors and the public interest by harmonizing its rules and clarifying outdated references so that Exchange members and the general public can readily locate FINRA rules that are incorporated by reference into the Rulebook.

The amendment to the books and records rules, reference and cross-reference updates, re-lettering, renumbering, deleting unnecessary or duplicative text, consolidating certain Exchange rules, and other minor technical changes will update the Exchange’s

⁶² See Securities Exchange Act Release No. 58514 (September 11, 2008), 73 FR 54190 (September 18, 2008) (SR-FINRA-2008-039).

⁶³ 15 U.S.C. 78f(b).

⁶⁴ 15 U.S.C. 78f(b)(5).

rules and bring greater transparency to the Exchange's Rulebook. The Exchange believes its proposal will benefit investors and the general public by increasing the transparency of its Rulebook.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed amendments do not impose an undue burden on competition because the amendments to update the references and cross-references in its Rulebook are intended to bring greater clarity to the Exchange's rules. The amendment to the books and records rules, reference and cross-reference updates, re-lettering, renumbering, deleting unnecessary or duplicative text, consolidating certain Exchange rules, and other minor technical changes will update the Exchange's rules bring greater transparency to the Exchange's Rulebook.

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

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant

to Section 19(b)(3)(A)(iii) of the Act⁶⁵ and subparagraph (f)(6) of Rule 19b-4 thereunder.⁶⁶

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-BX-2021-006 on the subject line.

⁶⁵ 15 U.S.C. 78s(b)(3)(A)(iii).

⁶⁶ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

Paper comments:

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

All submissions should refer to File Number SR-BX-2021-006. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-BX-2021-006 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶⁷

J. Matthew DeLesDernier
Assistant Secretary

⁶⁷ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Deleted text is [bracketed]. New text is underlined.

Nasdaq BX, Inc. Rules

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GENERAL 2 ORGANIZATION AND ADMINISTRATION

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Section 5. Regulation of the Exchange and Its Members

(a) The Exchange and FINRA are parties to the FINRA Regulatory Contract, pursuant to which FINRA has agreed to perform certain functions described in the Equity Rules on behalf of the Exchange. Equity Rules that refer to the Exchange's Regulation Department, Regulation Department staff, Exchange staff, and Exchange departments should be understood as also referring to FINRA staff and FINRA departments acting on behalf of the Exchange pursuant to the FINRA Regulatory Contract.

(b) Notwithstanding the fact that the Exchange has entered into the FINRA Regulatory Contract with FINRA to perform some of the Exchange's functions, the Exchange shall retain ultimate legal responsibility for, and control of, such functions.

(c) In addition, the Exchange has incorporated by reference certain [NASD]FINRA rules. Exchange members shall comply with these rules and interpretations as if such rules and interpretations were part of the General Equity and Options Rules.

[(c) FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If an NASD rule that is incorporated by reference in a rule of the Exchange is transferred into the FINRA rulebook, then the Exchange rule shall be construed to require Exchange members to comply with the FINRA rule corresponding to the NASD rule (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

* * * * *

Section 15. Business Continuity Plans

(a) Exchange Members shall comply with [NASD]FINRA Rule [3510]4370 as if such Rule were part of the Exchange's Rules. The Exchange and FINRA are parties to the Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange. Therefore, Exchange members are complying with this Rule by complying with [NASD]FINRA Rule [3510]4370 as written, including, for example, filing requirements and notifications. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under this Rule are being performed by FINRA on behalf of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 3510 are transferred into the FINRA rulebook, then Equity Rule 3510 shall be construed to require Exchange members to comply with the FINRA rule corresponding to NASD Rule 3510 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.](b) For purposes of this rule references to Rule 4517 shall be construed as references to General 2, Section 16.

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GENERAL 3 MEMBERSHIP AND ACCESS

* * * * *

Section 1. Membership, Registration and Qualification Requirements

Series 1000 of the Rules of the Nasdaq Stock Market, LLC ("Nasdaq"), as such rules may be in effect from time to time (the "Nasdaq Rule 1000 Series"), are hereby incorporated by reference into this Nasdaq BX Rule 1000 Series (other than Nasdaq Rules 1031, 1050, 1090, 1130, 1150, 1160, and 1170), and are thus Nasdaq BX Rules and thereby applicable to Nasdaq BX Members, Associated Persons, and other persons subject to the Exchange's jurisdiction. Nasdaq BX Members, Associated Persons, and other persons subject to the Exchange's jurisdiction shall comply with the Nasdaq Rule 1000 Series as though such rules were fully set forth herein. All defined terms, including any variations thereof, contained in the Nasdaq Rule 1000 Series shall be read to refer to the Nasdaq BX-related meaning of such term. The defined terms "Exchange" or "Nasdaq" shall be read to refer to the Nasdaq BX Exchange; "Rule" or "Exchange Rule" shall be read to refer to the Exchange Rules; the defined term "Applicant" in the Nasdaq Rule 1000 Series shall be read to refer to an Applicant to the Nasdaq BX Exchange; the defined terms "Board" or "Exchange Board" in the Nasdaq Rule 1000 Series shall be read to refer to the Nasdaq BX Board of Directors; the defined term "Director" in the Nasdaq Rule 1000 Series shall be read to refer to a Director of the Board of the Nasdaq BX Exchange; the defined term "Exchange Review Council" in the Nasdaq Rule 1000 Series shall be read to refer to the Nasdaq BX Exchange Review Council; the defined term "Subcommittee" in the Nasdaq Rule 1000 Series shall be read to refer to a Subcommittee of the Nasdaq BX Exchange Review Council; the defined term "Interested Staff" in the Nasdaq Rule 1000 Series shall be read to refer to Interested Staff of Nasdaq BX; the defined term "Member" in the Nasdaq Rule 1000 Series shall be read to refer to a Nasdaq BX Member; the defined term "Associated Person" shall be read to refer to a Nasdaq BX Associated Person; the defined terms "Exchange Membership Department" or "Membership Department" shall be read to refer to the Nasdaq BX Membership Department; and the defined term "Exchange Regulation Department" shall be read to refer to the Nasdaq BX Regulation Department.

Additionally, cross references in the Nasdaq Rule 1000 Series to "Rule 0120" shall refer to Nasdaq BX [Rule 0120]General 1 and Equity 1, cross references in the Nasdaq Rule 1000 Series to Rule 3010 shall refer to Nasdaq BX Rule 3010; cross references in the Nasdaq Rule 1000 Series to Rule 3011 shall refer to Nasdaq BX Rule 3011; and cross

references to "General 4, Section [1.]1200 Series" shall be read to refer to [the]Nasdaq BX [Rule 1200]General 4, Section 1[Series].

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GENERAL 9 REGULATION

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Section 1. General Standards

(a) No change.

(b) **[Trading Ahead of Customer Limit Order]Prohibition Against Trading Ahead of Customer Orders**

Exchange members and persons associated with a member shall comply with [NASD Interpretive Material 2110-2]FINRA Rule 5320 as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Interpretive Material 2110-2 are transferred into the FINRA rulebook, then Equity Interpretive Material 2110-2 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rule corresponding to NASD Interpretive Material 2110-2 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

For purposes of subparagraph (b):

(1) [the reference to "NASD Rules" in NASD Interpretive Material 2110-2(a) shall be construed as a reference to "the Rules of the Exchange",

(2) references to "NASD's Board of Governors" shall be construed as references to "the Exchange Board",

(3)]references to [Rule 2110,]Rule [2320,]5310, [and]Rule [3110]4512, and Rule 7440 shall be construed as references to General 9, Sections [1,]11 and [30]45, and Rule 7440A; and[.]

([4]2) references to "[NASD]FINRA" shall be construed as references to "the Exchange", and

([5]3) [references to Rule 6610 shall be construed as references to NASD Rule 6610]Rule 5320.02(b) and the reference to Rule 6420 therein shall be disregarded.

([6]4) Exchange members and persons associated with a member relying upon the exemption set forth in [NASD Interpretive Material 2110-2(c)]FINRA Rule 5320.03

shall comply with the reporting requirements stated[the provisions of the NASD Rule 4600 Series cited] therein as if such Rules were part of the Rules of the Exchange. The Exchange and FINRA are parties to the FINRA Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange. Therefore, Exchange members are complying with this subparagraph (b) by complying with [NASD Interpretive Material 2110-2]FINRA Rule 5320.03 as written, including, for example, filing requirements and notifications. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under this subparagraph (b) are being performed by FINRA on behalf of the Exchange.

(c) Front Running Policy

Exchange members and persons associated with a member shall comply with [NASD Interpretive Material 2110-3]FINRA Rule 5270 as if such Rule were part of the Rules of the Exchange. [FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Interpretive Material 2110-3 are transferred into the FINRA rulebook, then this subparagraph (c) shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rule corresponding to NASD Interpretive Material 2110-3 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

(d) No change.

(e) No change.

(f) Confirmation of Callable Common Stock. Exchange members and persons associated with a member shall comply with [NASD Interpretive Material 2110-6]FINRA Rule 2232 as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Interpretive Material 2110-6 are transferred into the FINRA rulebook, then this subparagraph (f) shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rule corresponding to NASD Interpretive Material 2110-6 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

(g) Interfering With the Transfer of Customer Accounts in the Context of Employment Disputes. Exchange members and persons associated with a member shall comply with [NASD Interpretive Material 2110-7]FINRA Rule 2140 as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Interpretive Material 2110-7 are transferred into the FINRA rulebook, then this subparagraph (g) shall be construed to require Exchange members and persons associated with a member to comply with the FINRA

rule corresponding to NASD Interpretive Material 2110-7 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

For purposes of this subparagraph (g), references to Rule 11870 shall be construed as references to Equity Rule 11870.

[(h) Trading Ahead of Customer Market Orders

Exchange members and persons associated with a member shall comply with NASD Rule 2111 as if such Rule were part of the Rules of the Exchange. For purposes of this Rule, references to IM-2110-2, Rule 2320, and Rule 3110 shall be construed as references to Exchange IM-2110-2, General 9, Sections 11, and 30.

(1) Exchange members and persons associated with a member relying upon the exemption set forth in NASD Rule 2111(f) shall comply with the provisions of the NASD Rule 4600 Series and 6400 Series cited therein as if such Rules were part of the Rules of the Exchange. The Exchange and FINRA are parties to the FINRA Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange. Therefore, Exchange members are complying with General 9, Section 1(h) by complying with NASD Rule 2111(f) as written, including, for example, filing requirements and notifications. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under General 9, Section 1(h) are being performed by FINRA on behalf of the Exchange.

(2) FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 2111 or the provisions of the NASD Rule 4600 Series or 6400 Series cited therein are transferred into the FINRA rulebook, then General 9, Section 1 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rule corresponding to NASD Rule 2111, the NASD Rule 4600 Series or the NASD Rule 6400 Series (regardless of whether such rules are renumbered or amended) as if such rules were part of the Rules of the Exchange.]

[(i)h] Use of Manipulative, Deceptive or Other Fraudulent Devices

No member shall effect any transaction in, or induce the purchase or sale of, any security by means of any manipulative, deceptive or other fraudulent device or contrivance.

* * * * *

Section 3. Communications with the Public

(a) Exchange members and persons associated with a member shall comply with [NASD]FINRA Rule 2210 (except [NASD]FINRA Rule 2210(c)) as if such Rule were part of the Rules of the Exchange. The Exchange and FINRA are parties to the FINRA

Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange. Therefore, Exchange members are complying with General 9, Section 3 by complying with [NASD]FINRA Rule 2210 as written, including, for example, filing requirements and notifications. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under General 9, Section 3 are being performed by FINRA on the Exchange's behalf.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 2210 are transferred into the FINRA rulebook, then General 9, Section 3 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rule corresponding to NASD Rule 2210 (except NASD Rule 2210(c), but regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange. For purposes of this Rule, references to Rule 2210 shall be construed as references to General 9, Section 3.]

[(b) Guidelines to Ensure That Communications With the Public Are Not Misleading. Members and persons associated with a member shall comply with NASD Interpretive Material 2210-1 as if such Rule were part of the Rules of the Exchange.]

FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Interpretive Material 2210-1 are transferred into the FINRA rulebook, then Equity Interpretive Material 2210-1 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rule corresponding to NASD Interpretive Material 2210-1 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

[(c)] No change.

(c) references to a "FINRA membership" shall be construed as references to an "Exchange membership," and

(d) references to Rule 4512 shall be construed as references to General 9, Section 45, and references to Rule 3110 shall be construed as references to General 9, Section 20.

Section 4. [Institutional Sales Material and Correspondence]Reserved.

[(a) Exchange Members and persons associated with a member shall comply with NASD Rule 2211 (except NASD Rule 2211(c) and (d)(3)) as if such Rule were part of the Rules of the Exchange.]

FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 2211 are transferred into the FINRA rulebook, then General 9, Section 4 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rule corresponding

to NASD Rule 2211 (except NASD Rule 2211(c) and (d)(3), but regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.

(b) For purposes of this Rule:

(1) references to an "NASD member" shall be construed as references to an "Exchange member", and

(2) references to Rules 2210 and 3110 shall be construed as references to General 9, Sections 3 and 30, respectively, and references to Rule 3010(d) shall be construed as references to NASD Rule 3010(d), as incorporated into the Rules of the Exchange by General 9, Section 20.]

Section 5. Telemarketing

Exchange members and persons associated with a member shall comply with FINRA Rule 3230 as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 2212 are transferred into the FINRA rulebook, then General 9, Section 5 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rule corresponding to NASD Rule 2212 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

* * * * *

Section 9. Fairness Opinions

Exchange Members and persons associated with a member shall comply with [NASD]FINRA Rule [2290]5150 as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 2290 are transferred into the FINRA rulebook, then General 9, Section 9 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rule corresponding to NASD Rule 2290 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

Section 10. Recommendations to Customers (Suitability)

(a) Exchange members and associated persons of a member shall comply with [NASD]FINRA Rule [2310]2111 as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 2310 are transferred into the FINRA rulebook, then General 9, Section 10 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rule corresponding to NASD Rule 2310 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange. For purposes of this Rule, references to Rule 3110 shall be construed as references to General 9, Section 30.]

(b) [Fair Dealing with Customers. Exchange members and associated persons of a member shall comply with NASD Interpretive Material 2310-2 (except NASD IM-2310-2(e)(1)) as if such Rule were part of the Rules of the Exchange.

FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Interpretive Material 2310-2 are transferred into the FINRA rulebook, then Equity Interpretive Material 2310-2 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rule corresponding to NASD Interpretive Material 2310-2 (except NASD IM-2310-2(e)(1), but regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

For purposes of this Rule:

(1) references to Rules 2111 and 4512 shall be construed as references to Exchange General 9, Sections 10 and 45, respectively;

(2) references to "[the Association's Rules" or "Association]FINRA [R]rules" shall be construed as references to "the Rules of the Exchange",

[(2) references to interpretations and actions of NASD District Business Conduct Committees and the NASD Board of Governors shall be construed to reflect the policy of the Exchange with respect to the application of General 9, Section 10,

(3) references to the "Association" shall be construed as references to the "Exchange", and

(4) references to the Rule 2840 Series shall be construed as references to the Equity Rule 2840 Series.]

(3) References to Rule 2214 shall be disregarded, and no comparable Exchange Rule shall apply to activities of Exchange Members in connection with investment analysis tools.

(c) [Suitability Obligations to Institutional Customers.

(1) Exchange members and associated persons of a member shall comply with NASD Interpretive Material 2310-3 as if such Rule were part of the Rules of the Exchange.

FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Interpretive Material 2310-3 are transferred into the FINRA rulebook, then General 9, Section 10 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rule corresponding to NASD Interpretive Material 2310-3 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.

For purposes of this subparagraph (c), references to the "Association" shall be construed as references to the "Exchange". Know Your Customer. Exchange members shall comply with FINRA Rule 2090 as if such rule were part of the Rules of the Exchange.

* * * * *

Section 12. Customer Account Statements

(a) Exchange Members shall comply with [NASD]FINRA Rule [2340]2231 as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 2340 are transferred into the FINRA rulebook, then General 9, Section 12 shall be construed to require Exchange members to comply with the FINRA rule corresponding to NASD Rule 2340 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

(b) For purposes of this Rule, references to Rule 2310, Rule [3110]4512, and [Equity]Rule 11860 shall be construed as references to [General 9, Section 30,]Rule 2310A, General 9, Section 45, and [Equity]Rule 11860.

(c) No change.

Section 13. Margin Disclosure Statement

(a) Exchange Members shall comply with [NASD]FINRA Rule [2341]2264 as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 2341 are transferred into the FINRA rulebook, then General 9, Section 13 shall be construed to require Exchange members to comply with the FINRA rule corresponding to NASD Rule 2341 (regardless of

whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

(b) For purposes of this Rule, references to Rule [3110]4512 shall be construed as references to General 9, Section [30]45.

Section 14. Approval Procedures for Day-Trading Accounts

(a) Exchange Members shall comply with FINRA Rule 2130 as if such Rule were part of the Rules of the Exchange.

For purposes of this Rule, references to Rule [2361]2270 shall be construed as references to General 9, Section 14; references to [and]Rules [3110]4511 and 4512 shall be construed as references to General 9, Sections [14 and]30 and 45; and references to Rule 4210 shall be construed as references to General 9, Section 38.

(b) Day-Trading Risk Disclosure Statement. Exchange Members shall comply with FINRA Rule 2270 as if such Rule were part of the Rules of the Exchange. The Exchange and FINRA are parties to the FINRA Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange. Therefore, Exchange members are complying with General 9, Section 14 by complying with FINRA Rule 2270 as written. Accordingly, Exchange members may submit an alternative disclosure statement to FINRA's Advertising Department as provided in the FINRA Rule. Functions performed by FINRA, FINRA departments, and FINRA staff under General 9, Section 14 are being performed by FINRA on the Exchange's behalf.

For purposes of this Rule, references to Rule [2360]2130 and Rule [3110]4512 shall be construed as references to General 9, Sections 14 and [30]45.

* * * * *

Section 16. Charges for Services Performed

Exchange Members shall comply with [NASD]FINRA Rule [2430]2122 as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 2430 are transferred into the FINRA rulebook, then General 9, Section 16 shall be construed to require Exchange members to comply with the FINRA rule corresponding to NASD Rule 2430 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

Section 17. Net Transactions with Customers

(a) Exchange Members shall comply with [NASD]FINRA Rule [2441]2124 as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 2441 are transferred into the FINRA rulebook, then General 9, Section 17 shall be construed to require Exchange members to comply with the FINRA rule corresponding to NASD Rule 2441 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

For purposes of this Rule, references to Rules [3110]4511 and 4512 shall be respectively construed as references to General 9, Sections 30 and 45.

* * * * *

Section 19. Discretionary Accounts

(a) Exchange Members shall comply with [~~NASD~~]FINRA Rule [2510]3260 as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 2510 are transferred into the FINRA rulebook, then General 9, Section 19 shall be construed to require Exchange members to comply with the FINRA rule corresponding to NASD Rule 2510 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

(b) For purposes of applying this Rule, references to Rule [3010]3110 and Rule [3110]4512 shall be construed as references to General 9, Sections 20 and [30]45, respectively.

Section 20. Supervision

(a) – (e) No change.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Interpretive Material 3010-2 are transferred into the FINRA rulebook, then Equity Interpretive Material 3010-2 shall be construed to require Exchange members to comply with the FINRA rule corresponding to NASD Interpretive Material 3010-2 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

Section 21. Supervisory Control System, Annual Certification of Compliance and Supervisory Processes

(a) Members and persons associated with a member shall comply with [~~NASD~~]FINRA Rule [3012]3120 as if such Rule were part of the Rules of the Exchange. The Exchange and FINRA are parties to the FINRA Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange. Therefore, Exchange members are complying with General 9, Section 21 by complying with [~~NASD~~]FINRA Rule [3012]3120 as written, including, for example, filing

requirements and notifications. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under General 9, Section 21 are being performed by FINRA on behalf of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 3012 are transferred into the FINRA rulebook, then General 9, Section 21 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rule corresponding to NASD Rule 3012 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

(b) For purposes of this Rule, references to "[~~NASD~~]FINRA Rules" shall be construed as references to "Rules of the Exchange".

(c) Annual Certification of Compliance and Supervisory Processes. Exchange Members and persons associated with a member shall comply with FINRA Rule 3130 as if such Rule were part of the Rules of the Exchange.

(d) For purposes of this Rule:

(1) references to "FINRA Rules" shall be construed as references to the "Rules of the Exchange".

(2) references to FINRA Rule 3130 and Rule 2010 shall be construed as references to General 9, Section 21 and General 9, Section 1(a).

(3) references to "FINRA members" shall be construed as references to "Exchange Members".

(4) references to "the FINRA Board of Governors" shall be construed as references to "the Board of Directors of the Exchange", and

(5) references to "MSRB rules" shall be deleted.

Section 22. [Annual Certification of Compliance and Supervisory Processes]Reserved

[(a) Exchange Members and persons associated with a member shall comply with NASD Rule 3013 as if such Rule were part of the Rules of the Exchange.

FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 3013 are transferred into the FINRA rulebook, then General 9, Section 22 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rule corresponding to NASD Rule 3012 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.

(b) For purposes of this Rule:

(1) references to "NASD Rules" shall be construed as references to "Rules of the Exchange",

(2) references to IM-3013 shall be construed as references to General 9, Section 22, and

(3) references to "MSRB rules" shall be deleted.

(c) Annual Compliance and Supervision Certification. Exchange Members and persons associated with a member shall comply with NASD Interpretive Material IM-3013 as if such Rule were part of the Rules of the Exchange.

FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Interpretive Material 3013 are transferred into the FINRA rulebook, then General 9, Section 22 shall be construed to require Exchange members to comply with the FINRA rule corresponding to NASD Interpretive Material 3013 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange. For purposes of this Rule:

(1) references to "NASD Rules" shall be construed as references to "Rules of the Exchange",

(2) references to NASD Rule 3013 and Rule 2110 shall be construed as references to General 9, Sections 1 and 22,

(3) references to "NASD members" shall be construed as references to "Exchange Members",

(4) references to "the NASD Board of Governors" shall be construed as references to "the Board of Directors of the Exchange", and

(5) references to "MSRB rules" shall be deleted.]

Section 23. Outside Business Activities of an Associated Person

(a) Exchange Members and persons associated with a member shall comply with [NASD]FINRA Rule [3030]3270 as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 3030 are transferred into the FINRA rulebook, then General 9, Section 23 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rule corresponding

to NASD Rule 3030 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

(b) For purposes of this Rule, references to Rule [3030]3280 shall be construed as references to General 9, Section [23]24.

Section 24. Private Securities Transactions of an Associated Person

(a) Exchange Members and persons associated with a member shall comply with [NASD]FINRA Rule [3040]3280 as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 3040 are transferred into the FINRA rulebook, then General 9, Section 24 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rule corresponding to NASD Rule 3040 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

(b) For purposes of this Rule:

(1) references to Rule [3040]3210 shall be construed as references to General 9, Section [24]25, and

(2) references to "immediate[ly] family members (as defined in Rule [2790]5130)" shall be construed to mean a person's parents, mother-in-law or father-in-law, spouse, brother or sister, brother-in-law or sister-in-law, son-in-law or daughter-in-law, and children, and any other individual to whom the person provides material support.

Section 25. Transactions for or by Associated Persons

Exchange Members and persons associated with a member shall comply with [NASD]FINRA Rule [3050]3210 as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 3050 are transferred into the FINRA rulebook, then General 9, Section 25 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rule corresponding to NASD Rule 3050 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

Section 26. Influencing or Rewarding Employees of Others

Exchange Members and persons associated with a member shall comply with [NASD]FINRA Rule [3060]3220 as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 3060 are transferred into the FINRA rulebook, then General 9, Section 26 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rule corresponding to NASD Rule 3060 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

Section 27. Reporting Requirements

(a) Exchange Members and persons associated with a member shall comply with FINRA Rule 4530 (excluding FINRA Rule 4530(h)) as if such Rule were part of the Rules of the Exchange. The Exchange and FINRA are parties to the FINRA Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange. Therefore, Exchange members are complying with General 9, Section 27 by complying with FINRA Rule 4530 as written (excluding Rule 4530(h)), including, for example, filing requirements and notifications. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under General 9, Section 27 are being performed by FINRA on behalf of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 3070 are transferred into the FINRA rulebook, then Equity Rule 3070 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rule corresponding to NASD Rule 3070 (excluding Rule 3070(g) but regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

(b) For purposes of this Rule, the requirement of FINRA Rule 4530(e) to respond to FINRA with respect to any customer complaint, examination, or inquiry shall be construed as a requirement to respond to FINRA and the Exchange.

Section 28. Disclosure to Associated Persons When Signing Form U4

Exchange Members shall comply with [NASD]FINRA Rule [3080]2263 as if such Rule were part of the Rules of the Exchange. In lieu of incorporating in the written statement the language in paragraph (2) of [NASD]FINRA Rule [3080]2263, members shall include the following provision:

A claim alleging employment discrimination, including a sexual harassment claim, in violation of a statute is not required to be arbitrated under the Rules of the Exchange. Such a claim may be arbitrated under Exchange rules only if the parties have agreed to arbitrate it, either before or after the dispute arose. The rules of other arbitration forums may be different.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 3080 are transferred into the FINRA rulebook, then General 9, Section 28 shall be construed to require Exchange members to comply

with the FINRA rule corresponding to NASD Rule 3080 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

* * * * *

Section 30. Books and Records

[(a) Requirements. Each member shall make and preserve books, accounts, records, memoranda, and correspondence in conformity with all applicable laws, rules, regulations and statements of policy promulgated thereunder and with the Rules of the Exchange and as prescribed by SEC Rule 17a-3. The record keeping format, medium, and retention period shall comply with Rule 17a-4 under the Securities Exchange Act of 1934.

(b) Customer Account Information

Each member shall maintain accounts opened after January 1, 1991 as follows:

(1) for each account, each member shall maintain the following information:

(A) customer's name and residence;

(B) whether customer is of legal age;

(C) signature of the registered representative introducing the account and signature of the member or partner, officer, or manager who accepts the account; and

(D) if the customer is a corporation, partnership, or other legal entity, the names of any persons authorized to transact business on behalf of the entity;

(2) for each account other than an institutional account, and accounts in which investments are limited to transactions in open-end investment company shares that are not recommended by the member or its associated persons, each member shall also make reasonable efforts to obtain, prior to the settlement of the initial transaction in the account, the following information to the extent it is applicable to the account:

(A) customer's tax identification or Social Security number;

(B) occupation of customer and name and address of employer; and

(C) whether customer is an associated person of another member; and

(3) for discretionary accounts, in addition to compliance with subparagraphs (1) and (2) above, and General 9, Section 19 of these Rules, the member shall:

- (A) obtain the signature of each person authorized to exercise discretion in the account;
 - (B) record the date such discretion is granted; and
 - (C) in connection with exempted securities other than municipals, record the age or approximate age of the customer.
- (4) For purposes of this Rule, General 9, Sections 10 and 19, the term "institutional account" shall mean the account of:

- (A) a bank, savings and loan association, insurance company, or registered investment company;
- (B) an investment adviser registered either with the Securities and Exchange Commission under Section 203 of the Investment Advisers Act of 1940 or with a state securities commission (or any agency or office performing like functions); or
- (C) any other entity (whether a natural person, corporation, partnership, trust, or otherwise) with total assets of at least \$50 million.

(d) Record of Written Complaints

Each member shall keep and preserve in each office of supervisory jurisdiction, as defined in General 9, Section 20, either a separate file of all written complaints of customers and action taken by the member, if any, or a separate record of such complaints and a clear reference to the files containing the correspondence connected with such complaint as maintained in such office.

(e) "Complaint" Defined

A "complaint" shall be deemed to mean any written statement of a customer or any person acting on behalf of a customer alleging a grievance involving the activities of those persons under the control of the member in connection with the solicitation or execution of any transaction or the disposition of securities or funds of that customer.

(f) Requirements When Using Predispute Arbitration Agreements With Customers

- (1) Any predispute arbitration clause shall be highlighted and shall be immediately preceded by the following language in outline form.

This agreement contains a predispute arbitration clause. By signing an arbitration agreement the parties agree as follows:

- (A) All parties to this agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
- (B) Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
- (C) The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- (D) The arbitrators do not have to explain the reason(s) for their award.
- (E) The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
- (F) The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
- (G) The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.
- (2)**
- (A) In any agreement containing a predispute arbitration agreement, there shall be a highlighted statement immediately preceding any signature line or other place for indicating agreement that states that the agreement contains a predispute arbitration clause. The statement shall also indicate at what page and paragraph the arbitration clause is located.
- (B) Within thirty days of signing, a copy of the agreement containing any such clause shall be given to the customer who shall acknowledge receipt thereof on the agreement or on a separate document.
- (3)**
- (A) A member shall provide a customer with a copy of any predispute arbitration clause or customer agreement executed between the customer and the member, or inform the customer that the member does not have a copy thereof, within ten business days of receipt of the customer's request. If a customer requests such a copy before the member has provided the customer with a copy pursuant to subparagraph (2)(B) of this paragraph, the member must provide a copy to the customer by the earlier date required by this subparagraph (3)(A) or by subparagraph (2)(B).

- (B) Upon request by a customer, a member shall provide the customer with the names of, and information on how to contact or obtain the rules of, all arbitration forums in which a claim may be filed under the agreement.
- (4) No predispute arbitration agreement shall include any condition that:
- (A) limits or contradicts the rules of any self-regulatory organization;
 - (B) limits the ability of a party to file any claim in arbitration;
 - (C) limits the ability of a party to file any claim in court permitted to be filed in court under the rules of the forums in which a claim may be filed under the agreement;
 - (D) limits the ability of arbitrators to make any award.
- (5) If a customer files a complaint in court against a member that contains claims that are subject to arbitration pursuant to a predispute arbitration agreement between the member and the customer, the member may seek to compel arbitration of the claims that are subject to arbitration. If the member seeks to compel arbitration of such claims, the member must agree to arbitrate all of the claims contained in the complaint if the customer so requests.
- (6) All agreements shall include a statement that "No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this agreement except to the extent stated herein."

(g) Negotiable Instruments Drawn From A Customer's Account

No member or person associated with a member shall obtain from a customer or submit for payment a check, draft, or other form of negotiable paper drawn on a customer's checking, savings, share, or similar account, without that person's express written authorization, which may include the customer's signature on the negotiable instrument. Each member shall maintain the authorization required for a period of three years. This provision shall not, however, require maintenance of copies of negotiable instruments signed by customers.

(h) Order Audit Trail System Record Keeping Requirements

(1) Exchange Members shall comply with NASD Rule 3110(h) as if such Rule were part of the Rules of the Exchange.

FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 3110(h) are transferred into the FINRA rulebook, then General 9, Section 30(h) shall be construed to require Exchange members to comply with the FINRA rule corresponding to NASD Rule 3110(h) (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.

(2) For purposes of this Rule, references to Rule 6951 shall be construed as references to NASD Rule 6951, as applied to Exchange members by Equity Rule 6950.

(i) Holding of Customer Mail

Upon the written instructions of a customer, a member may hold mail for a customer who will not be at his or her usual address for the period of his or her absence, but (A) not to exceed two months if the member is advised that such customer will be on vacation or traveling or (B) not to exceed three months if the customer is going abroad.

(j) Changes in Account Name or Designation

Before any customer order is executed, there must be placed upon the memorandum for each transaction, the name or designation of the account (or accounts) for which such order is to be executed. No change in such account name(s) (including related accounts) or designation(s) (including error accounts) shall be made unless the change has been authorized by a member or a person(s) designated under the provisions of the Equity Rules. Such person must, prior to giving his or her approval of the account designation change, be personally informed of the essential facts relative thereto and indicate his or her approval of such change in writing on the order or other similar record of the member. The essential facts relied upon by the person approving the change must be documented in writing and preserved for a period of not less than three years, the first two years in an easily accessible place, as the term "easily accessible place" is used in SEC Rule 17a-4.

For purposes of this paragraph (j), a person(s) designated under the provisions of the Equity Rules to approve account name or designation changes must pass a qualifying principal examination appropriate to the business of the firm.

(k) Customer Account Information. Additional information is required to be obtained prior to making recommendations to customers (see General 9, Section 10) and in connection with discretionary accounts (see General 9, Section 19).]

(a) Exchange members shall comply with FINRA Rule 4511 as if such rule were part of the Exchange's rules.

Section 31. Use of Information Obtained in Fiduciary Capacity

Exchange Members shall comply with [NASD]FINRA Rule [3120]2060 as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 3120 are transferred into the FINRA rulebook, then General 9, Section 31 shall be construed to require Exchange members to comply with the FINRA rule corresponding to NASD Rule 3120 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

* * * * *

Section 33. Reporting Requirements for Clearing Firms

(a) Exchange Members shall comply with [NASD]FINRA Rule [3150]4540 as if such Rule were part of the Rules of the Exchange. The Exchange and FINRA are parties to the FINRA Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange. Therefore, Exchange members are complying with General 9, Section 33 by complying with [NASD]FINRA Rule [3150]4540 as written, including, for example, filing requirements and notifications. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under General 9, Section 33 are being performed by FINRA on behalf of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 3150 are transferred into the FINRA rulebook, then General 9, Section 33 shall be construed to require Exchange members to comply with the FINRA rule corresponding to NASD Rule 3150 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

(b) No change.

(c) Exemptive Relief.

(1) – (2) No change.

(3) Any self-clearing firm that, due to a change in the facts pertaining to the operation and nature of its business or the operation and nature of the business of a firm for which it clears, as applicable, no longer qualifies for an exemption previously granted by the Exchange from the reporting requirements of General 9, Section 33 must promptly report such change in circumstances to the Exchange and [NASD]FINRA, Department of Member Regulation, and commence compliance with the reporting requirements of General 9, Section 33.

Section 34. Extensions of Time Under Regulation T and SEC Rule 15c3-3

A member designated to the Exchange for oversight pursuant to SEC Rule 17d-1 shall comply with [NASD]FINRA Rule [3160]4230 as if such Rule were part of the Rules of the Exchange. The Exchange and FINRA are parties to the FINRA Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange. Therefore, Exchange members are complying with General 9, Section 34 by complying with [NASD]FINRA Rule [3160]4230 as written, including, for example, filing requirements and notifications. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under General 9, Section 34 are being performed by FINRA on behalf of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 3160 are transferred into the FINRA rulebook, then General 9, Section 34 shall be construed to require Exchange members that are designated to the Exchange for oversight pursuant to SEC Rule 17d-1 to comply with the FINRA rule corresponding to NASD Rule 3160 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

* * * * *

Section 38. Margin Requirements

(a) No change.

(b) A member designated to the Exchange for oversight pursuant to SEC Rule 17d-1 shall comply with the initial and maintenance margin requirements of Regulation T and [the NASD]FINRA Rule [2520]4210 as if such Rules were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 2520 are transferred into the FINRA rulebook, then General 9, Section 38 shall be construed to require Exchange members designated to the Exchange for oversight pursuant to SEC Rule 17d-1 to comply with the FINRA rule corresponding to NASD Rule 2520 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

(c) The Exchange and FINRA are parties to the FINRA Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange. Therefore, Exchange members are complying with this Rule by complying with [NASD]FINRA Rule [2520]4210 as written, including, for example, filing requirements and notifications. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under this Rule are being performed by FINRA on behalf of the Exchange.

(d) Pursuant to Rule 9600 Series, the Exchange may exempt any member from the requirements contained in paragraph (e)(3) of [NASD]FINRA Rule [2520]4210, as

applied to Exchange members through this Rule, if the account referenced in paragraph (e)(3) of [NASD]FINRA Rule [2520]4210 is confined exclusively to transactions and positions in exempted securities.

* * * * *

Section 43. [Reserved]General Requirements

(a) Exchange members and persons associated with a member shall comply with FINRA Rule 4511 as if such Rule were part of the Exchange rules.

(b) For purposes of this Rule, references to "FINRA rules" shall be construed as references to the "Exchange rules" and references to "FINRA books and records" shall be construed as references to the "Exchange books and records."

Section 44. [Reserved]Records of Written Customer Complaints

Exchange members and persons associated with a member shall comply with FINRA Rule 4513 as if such Rule were part of the Exchange rules.

Section 45. [Reserved]Customer Account Information

(a) Exchange members and persons associated with a member shall comply with FINRA Rule 4512 as if such Rule were part of the Exchange rules.

(b) For purposes of this Rule:

(1) references to Rule 3260 shall be construed as references to General 9, Section 19;

(2) references to Rules 2070, 2090, and 4512 shall be construed as references to General 9, Sections 29, 10, and this Rule, respectively;

(3) references to "a prior FINRA rule" shall be construed as references to "a FINRA or Exchange rule in effect prior to the effectiveness of FINRA Rule 4512";

(4) The Exchange and FINRA are parties to the Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange. Therefore, Exchange members are complying with this Rule by complying with FINRA Rule 4512 as written, including, for example, providing information required by FINRA staff. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under this Rule are being performed by FINRA on behalf of the Exchange.

Section 46. [Reserved] Authorization Records for Negotiable Instruments Drawn From a Customer's Account

Exchange members and persons associated with a member shall comply with FINRA Rule 4514 as if such Rule were part of the Exchange rules.

Section 47. [Reserved] Approval and Documentation of Changes in Account Name or Designation

(a) Exchange members and persons associated with a member shall comply with FINRA Rule 4515 as if such Rule were part of the Exchange rules.

(b) For purposes of this Rule, references to Rule 3260 shall be construed as references to General 9, Section 19.

* * * * *

Section 49. Payments Involving Publications that Influence the Market Price of a Security

(a) No change.

(b) The prohibitions in paragraph (a) shall not apply to compensation paid to a person in connection with the publication or circulation of:

- (1) a communication that is clearly distinguishable as paid advertising;
- (2) a communication that discloses the receipt of compensation and the amount thereof in accordance with Section 17(b) of the Securities Act; or
- (3) a research report, as that term is defined in [NASD]FINRA Rule [2711]2241.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 2711 are transferred into the FINRA rulebook, then Rule 2711 shall be construed to require Exchange members to comply with the FINRA rule corresponding to NASD Rule 2711 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

* * * * *

2800. SPECIAL PRODUCTS**2830. Investment Company Securities**

(a) Exchange Members and their associated persons shall comply with [NASD]FINRA Rule [2830]2341 as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 2830 are transferred into the FINRA rulebook, then Equity Rule 2830 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rule corresponding to NASD Rule 2830 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

(b) For purposes of this Rule:

(1) references to "[the Rules of the Association]FINRA rules" shall be construed as references to "the Rules of the Exchange",

(2) references to Rule [2820]2320 shall be deleted, and no comparable Exchange Rule shall apply to activities of Exchange Members in connection with contracts providing for benefits or values which may vary according to the investment experience of any separate or segregated account or accounts maintained by an insurance company,

(3) references to Rule [2420]2040 shall be construed as a requirement that an Exchange member who is an underwriter of the securities of an investment company selling any such securities, may not directly or indirectly, pay any compensation, fees, concessions, discounts, commissions or other allowances to any person that is not registered as a broker-dealer under Section 15(a) of the Exchange Act but, by reason of receipt of any such payments and the activities related thereto, is required to be so registered under applicable federal securities laws and Exchange Act rules and regulations; or any appropriately registered associated person unless such payment complies with all applicable federal securities laws, Exchange rules and Exchange Act rules and regulations[sell any such securities to a broker or dealer that is not an Exchange member at the same prices, for the same commission and fees, and on the same terms and conditions as are by such member accorded to the general public], and

(4) references to Rule [2230]2232 shall be construed as references to SEC Rule 10b-10.

* * * * *

2843. Account Approval

(a) No member or person associated with a member shall accept an order from a customer to purchase or sell an index warrant, currency index warrant, or currency warrant unless the customer's account has been approved for options trading pursuant to [NASD]FINRA Rule [2860]2360(b)(16). To the extent that it is made applicable to index warrants, currency index warrants, and currency warrants by [NASD]FINRA Rule [2843]2352, Exchange Members and their associated persons shall comply with [NASD]FINRA Rule [2860]2360(b)(16) as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rules 2843 or 2860(b)(16) are transferred into the FINRA rulebook, then Equity Rule 2843 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rules corresponding to NASD Rules 2843 and 2860(b)(16) (regardless of whether such rules are renumbered or amended) as if such rule were part of the Rules of the Exchange.]

(b) For purposes of this Rule, references to "[the Rules of the Association]FINRA Rules" shall be construed as references to "the Rules of the Exchange", and references to [the]"AssociationFINRA" shall be construed as references to the Exchange.

2844. Suitability

The provisions of [NASD]FINRA Rule [2860]2360(b)(19) shall apply to recommendations by members and persons associated with members regarding the purchase or sale of index warrants, currency index warrants, or currency warrants. To the extent that it is made applicable to index warrants, currency index warrants, and currency warrants by [NASD]FINRA Rule [2844]2353, Exchange Members and their associated persons shall comply with [NASD]FINRA Rule [2860]2360(b)(19) as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rules 2844 or 2860(b)(19) are transferred into the FINRA rulebook, then Equity Rule 2844 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rules corresponding to NASD Rules 2844 and 2860(b)(19) (regardless of whether such rules are renumbered or amended) as if such rule were part of the Rules of the Exchange.]

2845. Discretionary Accounts

(a) Insofar as a member or person associated with a member exercises discretion to trade in index warrants, currency index warrants, or currency warrants in a customer's account, such account shall be subject to the provisions of [NASD]FINRA Rule [2860]2360(b)(18). To the extent that it is made applicable to index warrants, currency index warrants, and currency warrants by [NASD]FINRA Rule [2845]2354, Exchange Members and their associated persons shall comply with [NASD]FINRA Rule [2860]2360(b)(18) as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rules 2845 or 2860(b)(18) are transferred into the FINRA rulebook, then Equity Rule 2845 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rules corresponding to NASD Rules 2845 and 2860(b)(18) (regardless of whether such rules are renumbered or amended) as if such rule were part of the Rules of the Exchange.]

(b) For purposes of this rule, references to Rule [2510]3260 and Rule [3110(c)(4)]4512(c) shall be construed as references to [Equity Rule 2510]General 9, Section 19 and [Equity Rule 3110(c)(4)]General 9, Section 45.

2846. Supervision of Accounts

(a) The provisions of [NASD]FINRA Rule [2860]2360(b)(20) shall apply to all customer accounts of a member in which transactions in index warrants, currency index warrants, or currency warrants are effected. To the extent that it is made applicable to index warrants, currency index warrants, and currency warrants by [NASD]FINRA Rule [2846]2355, Exchange Members and their associated persons shall comply with [NASD]FINRA Rule [2860]2360(b)(20) as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rules 2846 or 2860(b)(20) are transferred into the FINRA rulebook, then Equity Rule 2846 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rules corresponding to NASD Rules 2846 and 2860(b)(19) (regardless of whether such rules are renumbered or amended) as if such rule were part of the Rules of the Exchange.]

(b) For purposes of this rule, references to Rules [3010, 3012, and 3013]3110, 3120, and 3130 shall be construed as references to [Equity Rules 3010, 3012, and 3013]General 9, Sections 20 and 21.

2847. Customer Complaints

(a) The record-keeping requirements of [NASD]FINRA Rule [2860]2360(b)(17)(A) concerning the receipt and handling of customer complaints relating to options shall also apply to customer complaints relating to index warrants, currency index warrants, or currency warrants. To the extent that it is made applicable to index warrants, currency index warrants, and currency warrants by [NASD]FINRA Rule [2847]2356, Exchange Members and their associated persons shall comply with [NASD]FINRA Rule [2860]2360(b)(17)(A) as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rules 2847 or 2860(b)(17)(A) are transferred into the FINRA rulebook, then Equity Rule 2847 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rules corresponding to NASD Rules 2847 and 2860(b)(17)(A) (regardless of whether such rules are renumbered or amended) as if such rule were part of the Rules of the Exchange.]

(b) For purposes of this rule, references to [Rule 3110]Rule 2268 and the Rule 4510 Series shall be construed as references to [Equity Rule 3110]General 6, Section 1(b) and General 9, Section 30. The reference to Rule 5340 shall be disregarded.

2848. Communications with the Public and Customers Concerning Index Warrants, Currency Index Warrants, and Currency Warrants

(a) The provisions of FINRA Rule 2220 (except FINRA Rule 2220(c)) shall be applicable to communications to customers regarding index warrants, currency index warrants, or currency warrants. To the extent that it is made applicable to index warrants, currency index warrants, and currency warrants by [NASD]FINRA Rule [2848]2357, Exchange Members and their associated persons shall comply with FINRA Rule 2220 (except FINRA Rule 2220(c)) as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rules 2848 are transferred into the FINRA rulebook, then Equity Rule 2848 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rules corresponding to NASD Rule 2848, but regardless of whether such rules are renumbered or amended) as if such rule were part of the Rules of the Exchange.]

(b) For purposes of this rule, references to ["NASD" or]"FINRA" shall be construed as references to the Exchange.

2849. Maintenance of Records

The record-keeping provisions of [NASD]FINRA Rule [2860]2360(b)(17)(B) shall be applicable to customer accounts approved to trade index warrants, currency index warrants, or currency warrants. To the extent that it is made applicable to index warrants, currency index warrants, and currency warrants by [NASD]FINRA Rule [2849]2358, Exchange Members and their associated persons shall comply with [NASD]FINRA Rule [2860]2360(b)(17)(B) as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rules 2849 or 2860(b)(17)(B) are transferred into the FINRA rulebook, then Equity Rule 2849 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rules corresponding to NASD Rules 2849 and 2860(b)(17)(A) (regardless of whether such rules are renumbered or amended) as if such rule were part of the Rules of the Exchange.]

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3360. Short-Interest Reporting

(a) To the extent such information is not otherwise reported to [the NASD]FINRA in conformance with [NASD]FINRA Rule [3360]4560, each member shall maintain a record of total "short" positions in all customer and proprietary firm accounts in all

securities listed on the Exchange and shall regularly report such information to the Exchange in such a manner as may be prescribed by the Exchange. [Reports shall be made as of the close of the settlement date designated by the Exchange.]Reports shall be received by the Exchange no later than the second business day after the reporting settlement date designated by the Exchange.

(b) [For purposes of this Rule:

(1)]Members shall record and report all gross ["short["] positions [to be reported are those resulting from]existing in each individual firm or customer account, including the account of a broker-dealer, that resulted from (1) a "short sale[s]" as that term is defined in [SEC]Rule 200(a) of SEC Regulation SHO, or (2) where the transaction(s) that caused the short position was marked "long," consistent with [the exception]SEC Regulation SHO, due to the firm's or the customer's net long position at the time of the transaction. Members shall report only those short positions [that meet the following requirements:]resulting from short sales that have settled or reached settlement date by the close of the reporting settlement date designated by the Exchange.

(c[A]) The recording and reporting requirements of this Rule shall not apply to:

(1) any sale by any person, for an account in which he has an interest, if such person owns the security sold and intends to deliver such security as soon as is possible without undue inconvenience or expense; and

[(B) any sale of a security covered by a short sale rule on a national securities exchange (except a sale to a stabilizing bid complying with Rule 104 of Regulation M) effected with the approval of such exchange which is necessary to equalize the price of such security thereon with the current price of such security on another national securities exchange which is the principal exchange market for such security;

(C) any sale of a security for a special arbitrage account by a person who then owns another security by virtue of which he is, or presently will be, entitled to acquire an equivalent number of securities of the same class as the securities sold; provided such sale, or the purchase with such sale offsets, is effected for the bona fide purpose of profiting from a current difference between the price of security sold and the security owned and that such right of acquisition was originally attached to or represented by another security or was issued to all the holders of any such of securities of the issuer;

(D) any sale of a security registered on, or admitted to unlisted trading privileges on, a national securities exchange effected for a special international arbitrage account for the bona fide purpose of profiting from a current difference between the price of such security on a securities market not within or subject to the jurisdiction of the United States and on a securities market subject to the

jurisdiction of the United States; provided the seller at the time of such sale knows or, by virtue of information currently received, has reasonable grounds to believe that an offer enabling him to cover such sale is then available to him such foreign securities market and intends to accept such offer immediately; and]

(2[E]) any sale by an underwriter, or any member of a syndicate or group participating in the distribution of a security, in connection with an over-allotment of securities, or any lay-off sale by such a person in connection with a distribution of securities through rights or a standby underwriting commitment.

[(2) the term "customer" includes a broker-dealer.]

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4000. TRADING ON THE EXCHANGE

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4200. Definitions

(a) For purposes of the Rule 4000 Series, unless the context requires otherwise:

(1) – (2) No change.

(3) "Underwriting Activity Report" is a report provided by the Corporate Financing Department of FINRA in connection with a distribution of securities subject to SEC Rule 101 pursuant to [NASD]FINRA Rule [2710(b)(11)]5190 and includes forms that are submitted by members to comply with their notification obligations under Rules 4614, 4619, and [4623]4624.

(b) For purposes of Rules 4614, 4619, and [4623]4624, the following terms shall have the meanings as defined in SEC Rule 100: "affiliated purchaser," "distribution," "distribution participant," "independent bid," "net purchases," "penalty bid," "reference security," "restricted period," "subject security," and "syndicate covering transaction."

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11000. UNIFORM PRACTICE CODE

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11210. Sent by Each Party

(a) – (b) No change

(c) "DK" Procedures Using "Don't Know Notices" ([NASD]FINRA Form No. 101)

When a party to a transaction sends a comparison or confirmation of a trade, but does not receive a comparison or confirmation or a signed DK, from the contra-member by

the close of one business day following the trade date of the transaction, the following procedure may be utilized.

(1) The confirming member shall send by certified mail, return receipt requested, or messenger, a "Don't Know Notice" on the form prescribed by [NASD]FINRA Rule 11210 to the contra-member in accordance with the directions contained thereon. If the notice is sent by certified mail the returned, signed receipt therefor must be retained by the confirming member and attached to the fourth copy of the "Don't Know Notice." If delivered by messenger, the fourth copy must immediately be dated and manually receipted by, and imprinted with the firm stamp of, the contra-member pursuant to the provisions of paragraph (c)(4) of this Rule, returned to the messenger and thereafter be retained by the confirming member.

(2) – (5) No change.

(d) No change.

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IM-11710. Uniform Reclamation Form

**To Accompany Reclamations Subject to
Rules & Regulations of**

**NSCC
[NASD]FINRA Uniform Practice Code
Nasdaq BX Uniform Practice Code**

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11860. Acceptance and Settlement of COD Orders

(a) Exchange members shall comply with [NASD]FINRA Rule 11860 as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 11860 are transferred into the FINRA rulebook, then Equity Rule 11860 shall be construed to require Exchange members to comply with the FINRA rule corresponding to NASD Rule 11860 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

(b) The Exchange and FINRA are parties to the FINRA Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange. Therefore, Exchange members are complying with Equity Rule 11860 by complying with [NASD]FINRA Rule 11860 as written, including, for example, filing requirements and notifications. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under Equity Rule 11860 are being performed by FINRA on behalf of the Exchange.

11870. Customer Account Transfer Contracts

(a) Exchange members shall comply with [NASD]FINRA Rule 11870 as if such Rule were part of the Rules of the Exchange.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 11870 are transferred into the FINRA rulebook, then Equity Rule 11870 shall be construed to require Exchange members to comply with the FINRA rule corresponding to NASD Rule 11870 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

(b) The Exchange and FINRA are parties to the Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange. Therefore, Exchange members are complying with Equity Rule 11870 by complying with [NASD]FINRA Rule 11870 as written, including, for example, filing requirements and notifications. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under Equity Rule 11870 are being performed by FINRA on behalf of the Exchange.

(c) No change.

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