

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-75364; File No. SR-FINRA-2015-024)

July 6, 2015

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend FINRA Rule 7650A Relating to Submission of Billing Disputes by FINRA/Nasdaq Trade Reporting Facility Participants

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on July 1, 2015, Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as constituting a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4 under the Act,<sup>3</sup> which renders the proposal effective upon receipt of this filing by the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

FINRA is proposing to amend FINRA Rule 7650A (Collection of Fees) to require FINRA members that are FINRA/Nasdaq Trade Reporting Facility (“FINRA/Nasdaq TRF”) participants to submit billing disputes within sixty days of receipt of the invoice to the FINRA/Nasdaq TRF. The proposed rule change also would rename Rule 7650A as “Collection of Fees and Billing Policy.”

---

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

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

<sup>3</sup> 17 CFR 240.19b-4(f)(6).

The text of the proposed rule change is available on FINRA's website at <http://www.finra.org>, at the principal office of FINRA and at the Commission's Public Reference Room.

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

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

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

1. Purpose

The FINRA/Nasdaq TRF is a facility of FINRA that is operated by The NASDAQ OMX Group, Inc. ("NASDAQ OMX"). In connection with the establishment of the FINRA/Nasdaq TRF, FINRA and NASDAQ OMX entered into a limited liability company agreement (the "LLC Agreement"). Under the LLC Agreement, FINRA, the "SRO Member," has sole regulatory responsibility for the FINRA/Nasdaq TRF. NASDAQ OMX, the "Business Member," is primarily responsible for the management of the FINRA/Nasdaq TRF's business affairs to the extent those affairs are not inconsistent with the regulatory and oversight functions of FINRA. As such, the Business Member establishes pricing for use of the FINRA/Nasdaq TRF, and such pricing is implemented pursuant to FINRA rules that must be filed with the SEC and be consistent with the Act. In addition, the Business Member is obligated to pay the cost of

regulation and is entitled to the profits and losses, if any, derived from the operation of the FINRA/Nasdaq TRF.

Pursuant to the FINRA Rule 7600A Series, FINRA members that are FINRA/Nasdaq TRF participants are charged fees (Rule 7620A) and also may qualify for credits for trade reporting to the FINRA/Nasdaq TRF (Rule 7610A). These rules are administered by NASDAQ OMX, in its capacity as the “Business Member” and operator of the FINRA/Nasdaq TRF on behalf of FINRA,<sup>4</sup> and NASDAQ OMX collects all fees on behalf of the FINRA/Nasdaq TRF.

On June 23, 2015, FINRA filed a proposed rule change to adopt Rule 7650A to require FINRA members that are FINRA/Nasdaq TRF participants to provide a clearing account number for an account at National Securities Clearing Corporation (“NSCC”) to the FINRA/Nasdaq TRF for purposes of permitting NASDAQ OMX, on behalf of the FINRA/Nasdaq TRF, to debit any undisputed or final fees due and owing under the FINRA Rule 7600A Series relating to the FINRA/Nasdaq TRF.<sup>5</sup>

FINRA is proposing to amend Rule 7650A to add a new paragraph (b) to require all billing disputes to be submitted to the FINRA/Nasdaq TRF in writing<sup>6</sup> and accompanied by supporting documentation within sixty days of receipt of an invoice. This process is expected to conserve resources, which are expended when untimely billing disputes require research of applicable fees and other information beyond two months after the invoice was issued. The proposed billing policy would apply only to fees due and owing by the member under the Rule

---

<sup>4</sup> FINRA’s oversight of this function performed by the Business Member is conducted through a recurring assessment and review of TRF operations by an outside independent audit firm.

<sup>5</sup> See Securities Exchange Act Release No. 75339 (June 30, 2015) (Notice of Filing and Immediate Effectiveness; File No. SR-FINRA-2015-021).

<sup>6</sup> The invoice specifies the contact person(s) to whom to address billing disputes.

7600A Series. FINRA notes that the same policy with respect to billing disputes is in place today for NASDAQ Options Market (“NOM”) Participants<sup>7</sup> and has been proposed for NASDAQ equity participants relating to exchange fees and charges under Nasdaq Stock Market rules, effective July 1, 2015.<sup>8</sup> FINRA also is proposing to rename Rule 7650A as “Collection of Fees and Billing Policy.”

FINRA has filed the proposed rule change for immediate effectiveness and requested waiver of the 30-day operative delay. FINRA proposes that the proposed rule change will become operative on July 1, 2015. The proposed billing policy would apply to invoices for trade reporting activity occurring in July 2015 and thereafter.<sup>9</sup>

## 2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>10</sup> which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. Consistent with SR-NASDAQ-2015-050, the proposed requirement that billing disputes under the Rule 7600A Series be submitted to the FINRA/Nasdaq TRF within sixty days from receipt of the invoice would set an objective standard and would be fair and applied uniformly to all members that are FINRA/Nasdaq TRF participants. In addition, consistent with SR-NASDAQ-2015-050, sixty

---

<sup>7</sup> See NOM Rules at Chapter XV, Section 7, entitled “NASDAQ Options Fee Disputes.”

<sup>8</sup> See Securities Exchange Act Release No. 74895 (May 7, 2015), 80 FR 27352 (May 13, 2015) (Notice of Filing and Immediate Effectiveness; File No. SR-NASDAQ-2015-050).

<sup>9</sup> The proposed billing policy would not apply to invoices related to June 2015 (or prior) billing.

<sup>10</sup> 15 U.S.C. 78o-3(b)(6).

days is ample time for members to review an invoice and dispute any billing related to trade reporting activity for that time period. As noted above, an identical billing policy applies today with respect to NOM participants and has been proposed for NASDAQ equity participants.

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

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. As described above, and consistent with the LLC Agreement, the proposed billing policy is identical to the billing policy NASDAQ OMX currently has in place for NOM participants and is also identical to the billing policy proposed by Nasdaq for Nasdaq equity participants under Nasdaq Stock Market rules. As the Business Member, NASDAQ OMX has the obligation of assessing the potential impacts of the proposed billing policy in its own rulemaking. FINRA notes that Nasdaq's billing policy was subject to proposed rule changes filed by Nasdaq with the Commission.<sup>11</sup>

Consistent with SR-NASDAQ-2015-050, the proposed billing policy would apply uniformly to all members that are FINRA/Nasdaq TRF participants, as it does today with NOM participants and as proposed for Nasdaq equity participants. In addition, consistent with SR-NASDAQ-2015-050, the proposed billing policy would conserve FINRA/Nasdaq TRF resources, which are expended when untimely billing disputes require staff to research applicable fees and other information beyond two months after the invoice is issued.

---

<sup>11</sup> See, e.g., Securities Exchange Act Release No. 74895 (May 7, 2015), 80 FR 27352 (May 13, 2015) (Notice of Filing and Immediate Effectiveness; File No. SR-NASDAQ-2015-050).

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

Written comments were neither solicited nor 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) of the Act<sup>12</sup> and Rule 19b-4(f)(6) thereunder.<sup>13</sup>

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative before 30 days from the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>14</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest.

FINRA has asked the Commission to waive the 30-day operative delay. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. The proposed rule change proposes a billing policy that is identical to the billing policy proposed by Nasdaq relating to fees under Nasdaq Stock Market rules pursuant to SR-NASDAQ-2015-050. The operative date of proposed rule change SR-NASDAQ-2015-050 is July 1, 2015. FINRA believes, and the Commission agrees, that it would be more efficient to implement the billing policy under this proposed rule change on the same date as the billing policy under SR-NASDAQ-2015-050, rather than on a piecemeal basis. Therefore, the

---

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4(f)(6).

<sup>14</sup> 17 CFR 240.19b-4(f)(6)(iii).

Commission hereby waives the 30-day operative delay and designates the proposed rule change to be operative upon filing with the Commission.<sup>15</sup>

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2015-024 on the subject line.

##### 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-FINRA-2015-024. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your

---

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

comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal offices of FINRA. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FINRA-2015-024, 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.<sup>16</sup>

Brent J. Fields  
Secretary

---

<sup>16</sup> 17 CFR 200.30-3(a)(12).