

OMB APPROVAL

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. SR - 2008 - 049

Amendment No.

Proposed Rule Change by Financial Industry Regulatory Authority

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial ☒	Amendment ☐	Withdrawal ☐	Section 19(b)(2) ☐	Section 19(b)(3)(A) ☒	Section 19(b)(3)(B) ☐
			Rule		
Pilot ☐	Extension of Time Period for Commission Action ☐	Date Expires 	☒ 19b-4(f)(1)	☐ 19b-4(f)(4)	
			☐ 19b-4(f)(2)	☐ 19b-4(f)(5)	
			☐ 19b-4(f)(3)	☐ 19b-4(f)(6)	

Exhibit 2 Sent As Paper Document



Exhibit 3 Sent As Paper Document

**Description**

Provide a brief description of the proposed rule change (limit 250 characters).

Proposed Rule Change Relating to UPC Advisory on Trading Halts in OTC Equity Securities

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 proposed rule change.

First Name Last Name
Title
E-mail
Telephone Fax

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 officer.

Date By

(Name)

(Title)

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

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Exhibit Sent As Paper Document

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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

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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 Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ Financial Industry Regulatory Authority, Inc. (“FINRA”) (f/k/a National Association of Securities Dealers, Inc. (“NASD”)) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a Uniform Practice Code (UPC) Advisory that provides notice that FINRA will halt trading in OTC Equity Securities under FINRA Rule 6460(a)(3) (formerly NASD Rule 6660(a)(3)) if there is a market-wide halt in trading in NMS stocks.²

The text of the proposed UPC Advisory is attached as Exhibit 2. There are no changes to the text of FINRA rules.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

At its meeting on December 1, 2005, the Board of Governors of FINRA (then NASD) authorized the filing of the rule change with the SEC. No other action by FINRA is necessary for the filing of the proposed rule change.

¹ 15 U.S.C. 78s(b)(1).

² On September 25, 2008, the SEC approved proposed rule change SR-FINRA-2008-021, in which FINRA proposed, among other things, to adopt the NASD Marketplace Rules (the NASD Rule 4000 through 7000 Series) as the FINRA Rule 6000 through 7000 Series in the Consolidated FINRA Rulebook. See Securities Exchange Act Release No. 58643 (September 25, 2008), 73 FR 57174 (October 1, 2008) (Order Approving SR-FINRA-2008-021; SR-FINRA-2008-022; SR-FINRA-2008-026; SR-FINRA-2008-028 and SR-FINRA-2008-029). As part of that proposed rule change, FINRA adopted the provisions of NASD Rule 6660 as new FINRA Rule 6460 relating to trading and quotation halts in OTC Equity Securities.

FINRA has filed the proposed rule change for immediate effectiveness and it is operative on the date of filing.

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

(a) Purpose

National securities exchanges generally have circuit breaker rules whereby the trading in all exchange-listed securities is halted based on a one-day decline of 10%, 20% and 30% of the Dow Jones Industrial Average ("DJIA"), with the percentage value based on the average closing value of the DJIA for the month prior to the beginning of the quarter, or have other general authority to halt trading in response to similar extraordinary market conditions.³ Unlike the exchanges, with respect to OTC Equity Securities (as that term is defined in the FINRA Rule 6400 Series (formerly NASD Rule 6600 Series)), FINRA does not have an express circuit breaker rule but relies on its authority under FINRA Rule 6460(a)(3) (formerly NASD Rule 6660(a)(3)), which provides that FINRA may halt quoting and trading in OTC equity securities if FINRA determines that an extraordinary event has occurred or is ongoing that has had a material effect on the market for the OTC Equity Security or has caused or has the potential to cause major disruption to the marketplace and/or significant uncertainty in the settlement and clearance process. FINRA considers a market-wide halt in the trading of exchange-listed securities to be an extraordinary event under Rule 6460(a)(3) and has therefore published a UPC Advisory (attached as Exhibit 2) to give notice to members and other

³ See, e.g., NYSE Rule 80B, NYSE Arca Equities Rule 7.12 and NASDAQ Exchange Rule 4121.

interested parties that FINRA will halt quoting and trading in OTC Equity Securities under these circumstances.

As noted in Item 2 of this filing, FINRA has filed the proposed rule change for immediate effectiveness and it is operative on the date of filing.

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁴ 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. FINRA believes that the proposed rule change is consistent with the circuit breaker rules of other SROs and will further the goal of investor protection by providing a coordinated means to address potentially destabilizing market volatility.

4. 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.

5. 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.

6. Extension of Time Period for Commission Action

Not applicable.

⁴ 15 U.S.C. 78o-3(b)(6).

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

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act⁵ and paragraph (f)(1) of Rule 19b-4 thereunder,⁶ in that the proposed rule change is a stated policy, practice or interpretation with respect to the meaning, administration or enforcement of an existing rule.

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

Not applicable.

9. **Exhibits**

Exhibit 1. Completed notice of proposed rule change for publication in the Federal Register.

Exhibit 2. FINRA UPC Advisory.

⁵ 15 U.S.C. 78s(b)(3)(A).

⁶ 17 CFR 240.19b-4(f)(1).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-FINRA-2008-049)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to UPC Advisory on Trading Halts in OTC Equity Securities

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 , Financial Industry Regulatory Authority, Inc. (“FINRA”) (f/k/a National Association of Securities Dealers, Inc. (“NASD”)) 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 FINRA. FINRA has designated the proposed rule change as “constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule” under Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(1) thereunder,⁴ which renders the proposal effective upon receipt of this filing by the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

FINRA is filing a Uniform Practice Code (UPC) Advisory that provides notice that FINRA will halt trading in OTC Equity Securities under FINRA Rule 6460(a)(3)

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(1).

(formerly NASD Rule 6660(a)(3)) if there is a market-wide halt in trading in NMS stocks.⁵

The text of the proposed UPC Advisory is attached as Exhibit 2. There are no changes to the text of FINRA rules.

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

National securities exchanges generally have circuit breaker rules whereby the trading in all exchange-listed securities is halted based on a one-day decline of 10%, 20% and 30% of the Dow Jones Industrial Average ("DJIA"), with the percentage value based on the average closing value of the DJIA for the month prior to the beginning of the quarter, or have other general authority to halt trading in response to similar extraordinary

⁵ On September 25, 2008, the SEC approved proposed rule change SR-FINRA-2008-021, in which FINRA proposed, among other things, to adopt the NASD Marketplace Rules (the NASD Rule 4000 through 7000 Series) as the FINRA Rule 6000 through 7000 Series in the Consolidated FINRA Rulebook. See Securities Exchange Act Release No. 58643 (September 25, 2008), 73 FR 57174 (October 1, 2008) (Order Approving SR-FINRA-2008-021; SR-FINRA-2008-022; SR-FINRA-2008-026; SR-FINRA-2008-028 and SR-FINRA-2008-029). As part of that proposed rule change, FINRA adopted the provisions of NASD Rule 6660 as new FINRA Rule 6460 relating to trading and quotation halts in OTC Equity Securities.

market conditions.⁶ Unlike the exchanges, with respect to OTC Equity Securities (as that term is defined in the FINRA Rule 6400 Series (formerly NASD Rule 6600 Series)), FINRA does not have an express circuit breaker rule but relies on its authority under FINRA Rule 6460(a)(3) (formerly NASD Rule 6660(a)(3)), which provides that FINRA may halt quoting and trading in OTC equity securities if FINRA determines that an extraordinary event has occurred or is ongoing that has had a material effect on the market for the OTC Equity Security or has caused or has the potential to cause major disruption to the marketplace and/or significant uncertainty in the settlement and clearance process. FINRA considers a market-wide halt in the trading of exchange-listed securities to be an extraordinary event under Rule 6460(a)(3) and has therefore published a UPC Advisory (attached as Exhibit 2) to give notice to members and other interested parties that FINRA will halt quoting and trading in OTC Equity Securities under these circumstances.

FINRA has filed the proposed rule change for immediate effectiveness and it is operative on the date of filing.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁷ 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. FINRA believes that the proposed rule change is consistent with the circuit

⁶ See, e.g., NYSE Rule 80B, NYSE Arca Equities Rule 7.12 and NASDAQ Exchange Rule 4121.

⁷ 15 U.S.C. 78o-3(b)(6).

breaker rules of other SROs and will further the goal of investor protection by providing a coordinated means to address potentially destabilizing market volatility.

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.

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

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act⁸ and paragraph (f)(1) of Rule 19b-4 thereunder,⁹ in that the proposed rule change is a stated policy, practice or interpretation with respect to the meaning, administration or enforcement of an existing rule. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate 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.

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

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(1).

the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-FINRA-2008-049 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-FINRA-2008-049. 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 inspection and copying in the Commission's Public Reference Room, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. All comments received will be posted without change; the

Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FINRA-2008-049 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.¹⁰

Florence Harmon

Acting Secretary

¹⁰ 17 CFR 200.30-3(a)(12).

EXHIBIT 2

Attn: Trading and Market Making/Legal and Compliance/Operations/Systems

UNIFORM PRACTICE ADVISORY (UPC # 046-2008) October 6, 2008

Exchange Circuit Breaker Declaration – FINRA OTC Equity Market Trigger

FINRA Rule 6460 (NASD Rule 6660)

Financial Industry Regulatory Authority, Inc. (FINRA) members are hereby provided notice that upon FINRA's receipt of actual notification (via the NMS consolidated data plans or otherwise) that a market-wide trading halt has been declared for NMS stocks, due to a percentage-based circuit breaker having been triggered, FINRA will exercise its authority under FINRA Rule 6460(a)(3) (NASD Rule 6660(a)(3)) to halt quoting and trading activity in the market for OTC Equity securities (as defined in the FINRA Rule 6400 Series (NASD Rule 6600 Series)).¹

Questions regarding this notice should be directed to: FINRA Operations, 866-776-0800.

¹

On September 25, 2008, the SEC approved proposed rule change SR-FINRA-2008-021, in which FINRA proposed, among other things, to adopt the NASD Marketplace Rules (the NASD Rule 4000 through 7000 Series) as the FINRA Rule 6000 through 7000 Series in the Consolidated FINRA Rulebook. See Securities Exchange Act Release No. 58643 (September 25, 2008), 73 FR 57174 (October 1, 2008) (Order Approving SR-FINRA-2008-021; SR-FINRA-2008-022; SR-FINRA-2008-026; SR-FINRA-2008-028 and SR-FINRA-2008-029). As part of that proposed rule change, FINRA adopted the provisions of NASD Rule 6660 as new FINRA Rule 6460 relating to trading and quotation halts in OTC Equity Securities.