

Phlx Memo No-1277-08

RC No: FINRA- 2008-009

MEMORANDUM

To: Members and Member Organizations

From: Legal Department

Date: July 2, 2008

Re: FINRA Code of Arbitration
SR-FINRA-2008-009 Order Approving Proposed Rule Change Relating to
the Code of Arbitration Procedure for Customer Disputes and the Code of
Arbitration Procedure for Industry Disputes To Amend the Chairperson
Eligibility Requirements

Pursuant to Phlx Rule 950, Section 44, the Exchange has outsourced its arbitration and mediation program to FINRA Dispute Resolution. The purpose of this memo is to update you as to proposed amendments to the FINRA Code of Arbitration Procedure.

Financial Industry Regulatory Authority, Inc. ("FINRA") (f/k/a National Association of Securities Dealers, Inc. ("NASD")) filed a proposed rule change with the Securities and Exchange Commission ("SEC" or "Commission") on March 12, 2008. The proposed rule change was published for comment in the Federal Register on March 25, 2008. On June 23, 2008, the Commission approved the proposed rule change.

FINRA Dispute Resolution is proposing to amend the chairperson eligibility requirements under NASD Rule 12400(c) of the Code of Arbitration Procedure for Customer Disputes ("Customer Code") and NASD Rule 13400(c) of the Code of Arbitration Procedure for Industry Disputes ("Industry Code").

Below is the text of the proposed rule change. Proposed deletions are in brackets.

12400. Neutral List Selection System and Arbitrator Rosters

(a)-(b) No change.

(c) Eligibility for Chairperson Roster

In customer disputes, chairpersons must be public arbitrators. Arbitrators are eligible for the chairperson roster if they have completed chairperson training

provided by NASD [or have substantially equivalent training or experience] and:

[Remainder of the rule unchanged.]

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13400. Neutral List Selection System and Arbitrator Rosters

(a)-(b) No change.

(c) Eligibility for Chairperson Roster

Arbitrators are eligible to serve as chairperson of panels submitted for arbitration under the Code if they have completed chairpersons training provided by NASD [or have substantially equivalent training or experience] and:

[Remainder of the rule unchanged.]

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

If you have any questions regarding this proposed rule change, or would like a complete copy of this proposed filing, or further questions regarding the FINRA Dispute Resolution Process, please click on the FINRA Dispute Resolution website at www.finra.org. If you need additional help, please contact Scott Donnini at (215) 496-5358.