

Phlx Memo No. 0599-08

RC No: FINRA- 2008-009

MEMORANDUM

To: Members and Member Organizations

From: Legal Department

Date: March 26, 2008

Re: FINRA Code of Arbitration
SR-FINRA-2008-009 Notice of Filing of 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

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 Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons. 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.

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-FINRA-2008-009** on the subject line.

Paper Comments

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

All submissions should refer to File Number **SR-FINRA-2008-009**. 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. 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-FINRA-2008-009** and should be submitted on or before **April 15, 2008**.

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.