Subject: Rule Change Notice – Changes to NASD Arbitration Rules

Pursuant to ISE Rule 1800, which in part states that FINRA's Code of Arbitration shall govern ISE arbitrations, this Regulatory Information Circular informs Members of proposed rule changes to the FINRA Code of Arbitration published by the Securities and Exchange Commission, attached.

In the February 4, 2008 Federal Register, the Commission published notice of filing of a proposed rule change (SR-FINRA-2007-042) by FINRA to amend the Code of Arbitration Procedure for Customer Disputes and the Code of Arbitration Procedure for Industry Disputes to remove the 50-page limit on statements of claim filed through the online arbitration claim filing system.

consequences of any accident previously evaluated are not significantly increased. Therefore, the proposed changes do not involve a significant increase in the probability or consequences of an accident previously evaluated.

Criterion 2—The Proposed Change Does Not Create the Possibility of a New or Different Kind of Accident From Any Previously Evaluated

The proposed changes revise the Completion Times for restoring an inoperable containment isolation valve (or isolating the affected penetration) within the scope of Topical Report BAW-2461-A, "Risk-Informed Justification for Containment Isolation Valve Allowed Outage Time Change." The proposed changes do not change the design, configuration, or method of operation of the plant. The proposed changes do not involve a physical alteration of the plant (no new or different kind of equipment will be installed). Therefore, the proposed changes do not create the possibility of a new or different kind of accident from any accident previously evaluated.

Criterion 3—The Proposed Change Does Not Involve a Significant Reduction in the Margin of Safety

The proposed changes revise the Completion Times for restoring an inoperable containment isolation valve (or isolating the affected penetration) within the scope of Topical Report BAW-2461-A, "Risk-Informed Justification for Containment Isolation Valve Allowed Outage Time Change." In order to evaluate the proposed Completion Time extensions, a probabilistic risk evaluation was performed as documented in Topical Report BAW-2461-A. The risk evaluation concluded that the proposed changes in the Completion Times does not result in an unacceptable incremental conditional core damage probability or incremental conditional large early release probability according to the guidelines of Regulatory Guide 1.177. Therefore, the proposed changes do not involve a significant reduction in a margin of safety.

Based upon the reasoning presented above and the previous discussion of the amendment request, the requested change does not involve a significant hazards consideration as set forth in 10 CFR 50.92(c).

Dated at Rockville, Maryland, this 26th day of January, 2006.

For the Nuclear Regulatory Commission.

Gerald Walz,
Acting Chief, Technical Specifications Branch, Division of Inspection & Regional Support, Office of Nuclear Reactor Regulation.

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Amendments to the Codes of Arbitration Procedure To Remove the Page Limit on Statements of Claim Filed Through the Online Arbitration Claim Filing System


Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")

and Rule 19b–4 thereunder, notice is hereby given that on December 27, 2007, Financial Industry Regulatory Authority, Inc. ("FINRA") [filed a National Association of Securities Dealers, Inc. ("NASD")] filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in items I, II, and III below, which items have been substantially prepared by FINRA.

FINRA has designated the proposed rule change as concerned solely with the administration of the self-regulatory organization under section 19(b)(3)(A)(ii) of the Act and Rule 19b–4(f)(3) thereunder, 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 proposing to amend Rule 12302 of the Code of Arbitration Procedure for Customer Disputes ("Customer Code") and Rule 13302 of the Code of Arbitration Procedure for Industry Disputes ("Industry Code") to remove the 50-page limit on Statements of Claim filed through the Online Arbitration Claim Filing System ("the System"), to allow parties to submit exhibits to Statements of Claim through the System, and to reflect the new FINRA name. Below is the text of the proposed rule change. Proposed new language is in italics; proposed deletions are in brackets.

* * * * *

5 Specifically, FINRA is updating its Internet address and the title of the Tracking Form generated by the System.

12302. Filing an Initial Statement of Claim

(a) Filing Claim with the Director

(1) To initiate an arbitration, a claimant must file the following with the Director:

• Signed, dated and Uniform Submission Agreement; and

• A statement of claim specifying the relevant facts and remedies requested.

The claimant may include any additional documents supporting the statement of claim.

(2) A claimant may use the online claim notification and filing procedure to complete part of the arbitration claim filing process through the Internet. To commence this process, a claimant may complete a Claim Information Form that can be accessed through [http://www.nasd.com http://www.finra.org]. In completing the Claim Information Form, the claimant may attach an electronic version of the statement of claim, and any additional documents supporting the statement of claim, to the form, provided it does not exceed 50 pages. Once this online form has been completed, [an NASD] a FINRA dispute resolution tracking form will be generated and displayed for the claimant to reproduce as necessary. The claimant shall then file with the Director the rest of the materials required in subparagraph (1) of the rule, along with a hard copy of the [NASD] FINRA Dispute Resolution Tracking Form.

(b)–(d) No change.

13302. Filing an Initial Statement of Claim

(a) Filing Claim with the Director

(1) To initiate an arbitration, a claimant must file the following with the Director:

• Signed, dated and Uniform Submission Agreement; and

• A statement of claim specifying the relevant facts and remedies requested.

The claimant may include any additional documents supporting the statement of claim.

(2) A claimant may use the online claim notification and filing procedure to complete part of the arbitration claim filing process through the Internet. To commence this process, a claimant may complete a Claim Information Form that can be accessed through [http://www.nasd.com http://www.finra.org]. In completing the Claim Information Form, the claimant may attach an electronic version of the statement of claim, and any additional documents supporting the statement of claim, to the form, provided it does not exceed 50 pages. Once this online form has been
completed, the NASD will prepare a FINRA Dispute Resolution Tracking Form for
the claimant to reproduce as necessary. The claimant shall then file with the
Director the rest of the materials required in subparagraph (1) of the rule,
along with a hard copy of the [NASD] FINRA Dispute Resolution Tracking
Form.

(b)-(d) No change.

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

FINRA is amending its Customer
Code and Industry Code to remove the
50-page limit on Statements of Claim
filed through the System, to allow
parties to submit exhibits to Statements
of Claim through the System, and to
reflect the new FINRA name. The
proposed rule change is intended to
encourage more claimants to use online
filing. The System will not have any
limitation on the number of pages
submitted so long as they are submitted
as a single document.

To begin an arbitration, a claimant
submits a signed and dated Uniform
Submission Agreement, a Statement of
Claim specifying the relevant facts and
remedies requested, any exhibits
supporting the Statement of Claim, and
the required fees. When a claim is filed
in hard copy, the claimant is required to
submit sufficient copies of the
Statement of Claim for the forum, each
arbitrator and each other party.

Since August 2004, FINRA has
allowed claimants to file an electronic
version of the Statement of Claim so
long as the submission does not exceed
50 pages. The Statement of Claim may
include exhibits if they are part of the
same document and the total number of
pages is no more than 50. Claimants
who file online also complete an online
Claim Information Form containing
details about the names and addresses
of the parties and their counsel, the
issues in controversy, and so forth. Once
the Claim Information Form is
completed, a Dispute Resolution
Tracking Form is generated by the
System. Claimants then mail in a signed
and dated Uniform Submission
Agreement, a copy of the Dispute
Resolution Tracking Form, the required
fees, and any exhibits. The case is
designed to be filed when all such
materials are received.

With electronically filed claims,
FINRA staff prints the required copies
for the arbitrators and the other parties.
The 50-page limit was originally
imposed to ensure that FINRA had
sufficient resources to process electronic
claims efficiently. Having gained
experience with electronic filing, FINRA
is prepared to process efficiently the
additional volume associated with
longer Statements of Claim and exhibits.

2. Statutory Basis

FINRA believes that the proposed
rule change is consistent with the provisions
of section 15A(b)(5) of the Act, 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. By removing the page
limitation on submissions through the
System, the proposed rule change will
provide investors and other claimants,
with expanded access to the System and
will make claim processing more
efficient.

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 foregoing rule change has become
effective pursuant to section 19(b)(3)(A)
of the Act and paragraph (f)(3) of Rule
19b-4 and thereunder because it is
concerned solely with the
administration of FINRA. At any time
within 60 days of the filing of the
proposed rule change, the Commission
can 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 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-2007-042 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-2007-042. 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,

* The applicability of Rule 19b-4(f)(3) is limited
to matters concerning only with the administration
of a self-regulatory organization. Because this
narrowly tailored rule change is limited to relaxing
administrative restrictions on the length of
documents solely for claims processed online and
updating FINRA’s name and Internet address for
purposes of these claims, it meets the Rule 19b-
4(f)(3) standard.
different orders into MatchPoint for internal matching purposes under the same mnemonic and for the same matching session, any resulting executions will not be subject to this transaction fee. Only NYSE members, member organizations and sponsoring member organizations will be charged this transaction fee. Transaction fees for executions of orders entered by sponsored participants (who are non-members) will be charged to the sponsoring member organization.

The following examples will demonstrate how the proposed MatchPoint transactional fee will be charged:

Example 1: User A enters a buy order into MatchPoint for 1,000 shares of XYZ security and designates the order for the 11 a.m. matching session. User B enters a sell order into MatchPoint for 1,000 shares of XYZ security and designates the order for the 11 a.m. matching session. During the 11 a.m. matching session, User A's buy order for 1,000 shares of XYZ security and User B's sell order for 1,000 shares of XYZ security match and execute. User A is charged $0.0015 per executed share (1,000 shares x $0.0015 = $1.50). User B is also charged $0.0015 per executed share (1,000 shares x $0.0015 = $1.50).

Example 2: User A enters a portfolio order into MatchPoint for a customer to buy 1,000 shares of XYZ security with an internal match constraint under the mnemonic "C" for the 2 p.m. matching session. User A then enters another portfolio order into MatchPoint for a second customer to sell 1,000 shares of XYZ security with an internal match constraint under the same mnemonic ("C") for the 2 p.m. matching session. During the 2 p.m. matching session, the above described portfolio orders entered by User A internally match and execute. Thus, User A's customers both receive executions of 1,000 shares of XYZ security, but no transaction fee is charged to A for these internally matched executions.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of section 6 of the Act in general, and section 6(b)(4) of the Act in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its members and other persons using its facilities. Specifically, the proposed transaction fee is reasonable because orders are entered by a "mnemonic" (i.e., member identifier and/or account identifier) and because mnemonics are categorized as either "agency" or "proprietary," agency and proprietary orders cannot be entered under the same mnemonic. Thus, agency and proprietary orders cannot match and execute against each other in an internal match.