Required fields are shown with yellow backgrounds and asterisks.

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

File No. * SR 2024 - * 018
Amendment No. (req. for Amendments *)

Filing 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) *
✓	☐	☐	☐	✓	☐

Pilot	Extension of Time Period for Commission Action *	Date Expires *
☐	☐	

Rule

☐ 19b-4(f)(1)	☐ 19b-4(f)(4)
☐ 19b-4(f)(2)	☐ 19b-4(f)(5)
☐ 19b-4(f)(3)	✓ 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐

Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposed Rule Change to Amend FINRA Rule 13606 (Record of Proceedings) to Provide Customers Access to a Copy of the Official Record of an Expungement Hearing

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 action.

First Name *	Bria	Last Name *	Adams
Title *	Assistant General Counsel		
E-mail *	bria.adams@finra.org		
Telephone *	(202) 728-8829	Fax	

Signature

Pursuant to the requirements of the Securities Exchange of 1934, Financial Industry Regulatory Authority has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date	11/01/2024	(Title *)
By	Philip Shaikun	Vice President and Associate General Counsel
	(Name *)	

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Philip Shaikun Digitally signed by Philip Shaikun
Date: 2024.11.01 13:42:55 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information * Add Remove View FINRA-2024-018 19b-4.docx	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 * Add Remove View FINRA-2024-018 Exhibit 1.docx	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 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies * Add Remove View	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 Add Remove View	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 Sent As Paper Document
Exhibit 3 - Form, Report, or Questionnaire Add Remove View	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 Sent As Paper Document
Exhibit 4 - Marked Copies Add Remove View	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 Add Remove View FINRA-2024-018 Exhibit 5.docx	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 Add Remove View	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 the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act"),[1] the Financial Industry Regulatory Authority, Inc. ("FINRA") is filing with the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule change to amend Rule 13606 of the Code of Arbitration Procedure for Industry Disputes ("Industry Code") to provide that the Director ("Director") of FINRA Dispute Resolution Services ("DRS") will provide a copy of the official record of an expungement hearing held pursuant to Rule 13805, and any transcription if the recording is transcribed, to any customers, upon request, who attend and participate in the expungement hearing, or who provide their position on the expungement request in writing. The proposed rule change would also amend Rule 12606 of the Code of Arbitration Procedure for Customer Disputes ("Customer Code" and together with the Industry Code, "Codes") and Rule 13606 to remove references to "tape" as a form of media that is used to record arbitration proceedings in the DRS arbitration forum.

The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The Chief Legal Officer of FINRA authorized the filing of the proposed rule change with the SEC pursuant to delegated authority. No other action by FINRA is necessary for the filing of the proposed rule change.

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[1] 15 U.S.C. 78s(b)(1).

FINRA has filed the proposed rule change for immediate effectiveness. The implementation date will be 30 days after the date of filing.

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

(a) Purpose

Rule 13606 provides that the Director of DRS will make a tape, digital, or other recording of every hearing[2] and the Director will provide a copy of the recording to any party upon request.[3] In addition, Rule 13606 provides that the panel may order the parties to provide a transcription of the recording.[4] If the panel orders a transcription of the recording, then copies of the transcription must be provided to each arbitrator, served on each party, and filed with the Director of DRS.[5] The recording made by the Director is the official record of the hearing, even if it is transcribed.[6]

Rule 13606 also provides that any party may make a stenographic record of a hearing.[7] If a party makes a stenographic record, then the panel may determine in

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[2] The term "hearing" means the hearing on the merits of an arbitration under Rule 13600. See Rule 13100(o).

[3] See Rule 13606(a)(1). Recordings made pursuant to Rule 13606(a)(1) are provided to parties free of charge.

[4] See Rule 13606(a)(2). Under the Codes, the term "panel" means the arbitration panel, whether it consists of one or more arbitrators. See Rules 12100(u) and 13100(s). Unless otherwise specified, this rule filing uses the term "panel" to mean either a panel or single arbitrator.

[5] See Rule 13606(a)(2). The panel will determine which party or parties must pay the cost of making the transcription and copies. Id.

[6] See Rule 13606(a)(3).

[7] See Rule 13606(b)(1).

advance that the stenographic record will be the official record of the hearing,[8] and if the panel makes that determination, then the Director will not make a recording of the hearing and a copy of the stenographic record must be provided to each arbitrator, served on each other party, and filed with the Director.[9]

Effective October 16, 2023, FINRA amended the Codes to modify the process relating to the expungement of customer dispute information.[10] As part of these amendments, FINRA revised Rule 13805 relating to a request to expunge customer dispute information filed by an associated person separate from a customer arbitration ("straight-in request"), to make clear that any customer whose customer arbitration, civil litigation or customer complaint is a subject of the straight-in request must be provided with access to all documents relevant to the expungement request that are filed in the straight-in request.[11] In addition, Rule 13805 makes clear that customers are entitled to attend and participate in all aspects of the prehearing conferences and expungement hearing.[12]

If a customer chooses to attend and participate in the expungement hearing, the customer or the customer's representative must be allowed to: (1) introduce evidence; (2)

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8 See supra note 7.

9 See Rule 13606(b)(1) and (2).

10 See Securities Exchange Act Release No. 97294 (April 12, 2023), 88 FR 24282 (April 19, 2023) (Order Approving File No. SR-FINRA-2022-024). See also Regulatory Notice 23-12 (August 2023), https://www.finra.org/rules-guidance/notices/23-12.

11 See Rule 13805(b)(1)(B)(ii).

12 See Rule 13805(c)(3)(A).

testify and call witnesses to testify; (3) state objections to evidence and cross-examine the party requesting expungement and any other witnesses called by the party requesting expungement; and (4) present opening and closing arguments if any party is permitted to do so.[13] Customers may also provide their position on the expungement request in writing.[14] The amendments do not, however, discuss the ability of customers to obtain a copy of the official record of the expungement hearing which is required to be made under Rule 13606. The amendments also do not discuss the ability of customers to obtain a copy of any transcription of the recording, if the panel orders the parties to provide a transcription under Rule 13606.

If a customer attends and participates in an expungement hearing, or provides their position on the expungement request in writing, FINRA believes that the customer should also be able to obtain a copy of the official record of the hearing, and any transcription if the recording is transcribed. Allowing customers to obtain a copy of the official record or any transcription could provide such customers with greater assurance that the panel has considered all issues raised and enhance their understanding of the panel's decision, which may increase confidence in the expungement process.

Accordingly, FINRA is proposing to add new paragraph (c) to Rule 13606 to provide that the Director will provide a copy of the official record of an expungement hearing held pursuant to Rule 13805, and any transcription if the recording is transcribed, to any customers, upon request, who attend and participate in the expungement hearing,

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13 See Rule 13805(c)(5)(A) through (D).

14 See Rule 13805(c)(3)(A).

or who provide their position on the expungement request in writing.[15] Although a non-party to the straight-in request, a customer may determine to attend and participate in the expungement hearing in person, by video conference, by telephone or by submitting their position on the expungement request in writing.[16] Like parties to the proceeding, customers who attend or participate in expungement hearings have an interest in the hearing, and should be able to obtain a copy of the official record of the hearing and any transcription if the recording is transcribed. In addition, FINRA believes the proposed rule change is contemplated by the recent amendments to Rule 13805 which make clear that customers, although non-parties, can attend and participate in all aspects of expungement hearings under Rule 13805.[17]

FINRA is also proposing amendments to Rules 12606 and 13606 of the Codes to remove references to "tape."[18] With the accessibility and convenience of advanced technology, tape recordings are no longer used to record hearings in the DRS arbitration forum. Thus, the proposed rule change would update the Codes to more accurately

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[15] See proposed Rule 13606(c).

[16] See Rule 13805(c)(3)(A) and (B).

[17] See Rule 13805(c)(3)(A). FINRA notes that the recent amendments to Rule 13805 also provide a mechanism for state securities regulators to attend and participate in expungement hearings in straight-in requests. See Rule 13805(c)(6). FINRA is not proposing to amend Rule 13606 to provide state securities regulators with a copy of the official record of an expungement hearing held pursuant to Rule 13805, or any transcription if the recording is transcribed, because state securities regulators can seek access to such records or transcriptions pursuant to their separate authority.

[18] See proposed Rules 12606(a)(1) and (b)(1) and 13606(a)(1) and (b)(1).

reflect the current practice of making digital or other recordings to record hearings in the DRS arbitration forum.[19]

As noted in Item 2 of this filing, FINRA has filed the proposed rule change for immediate effectiveness. The implementation date will be 30 days after 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,[20] 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 will protect investors and the public interest because it will allow customers who determine to attend and participate in expungement hearings, or provide their position in writing, under Rule 13805, to obtain a copy of the official record of the hearing, and any transcription if the recording is transcribed, upon request. Although a non-party to the straight-in request, a customer may determine to attend and participate in the expungement hearing or submit their position on the expungement request in writing pursuant to Rule 13805(c)(3)(A). Thus, customers who attend and participate in the hearing, like the parties to the proceeding,

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19 The proposed rule change would apply to all members, including members that are funding portals or have elected to be treated as capital acquisition brokers ("CABs"), given that the funding portal and CAB rule sets incorporate the impacted FINRA rules by reference.

20 15 U.S.C. 78o-3(b)(6).

have an interest in the proceeding and should be able to obtain a copy of the official record of the hearing, and any transcription if the recording is transcribed.

In addition, the proposed rule change will protect investors and the public interest by updating the Codes to more accurately reflect DRS' current practice of making digital or other recordings to record hearings in the DRS arbitration forum.

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. The proposed rule change would allow customers who attend and participate in expungement hearings, or provide their position in writing, under Rule 13805, to obtain a copy of the official record of the hearing that is required to be made under Rule 13606. The proposed rule change provides to non-party customers the potential benefits of having a copy of the official record that are currently available to parties to the dispute. These benefits may include greater assurance that arbitrators have considered all issues raised and enhance their understanding of the decision, which may increase confidence in the expungement process. FINRA does not anticipate an impact on its member firms or their associated persons.

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.

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

The proposed rule change is effective upon filing pursuant to Section 19(b)(3) of the Act[21] and paragraph (f)(6) of Rule 19b-4 thereunder,[22] in that the proposed rule change does not significantly affect the protection of investors or the public interest; does not impose any significant burden on competition; and does not become operative for 30 days after filing or such shorter time as the Commission may designate.

In accordance with Rule 19b-4(f)(6),[23] FINRA submitted written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing, or such shorter time as the Commission may designate, as specified in Rule 19b-4(f)(6)(iii) under the Act.[24]

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

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

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21 15 U.S.C. 78s(b)(3).

22 17 CFR 240.19b-4(f)(6).

23 17 CFR 240.19b-4(f)(6).

24 17 CFR 240.19b-4(f)(6)(iii).

11. Exhibits

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

Exhibit 5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-   ; File No. SR-FINRA-2024-018)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend FINRA Rule 13606 (Record of Proceedings) to Provide Customers Access to a Copy of the Official Record of an Expungement Hearing

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   , the 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, II, and III 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,[3] 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. <u>Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change</u>

FINRA is proposing to amend Rule 13606 of the Code of Arbitration Procedure for Industry Disputes ("Industry Code") to provide that the Director ("Director") of FINRA Dispute Resolution Services ("DRS") will provide a copy of the official record of an expungement hearing held pursuant to Rule 13805, and any transcription if the

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 17 CFR 240.19b-4(f)(6).

recording is transcribed, to any customers, upon request, who attend and participate in the expungement hearing, or who provide their position on the expungement request in writing. The proposed rule change would also amend Rule 12606 of the Code of Arbitration Procedure for Customer Disputes ("Customer Code" and together with the Industry Code, "Codes") and Rule 13606 to remove references to "tape" as a form of media that is used to record arbitration proceedings in the DRS arbitration forum.

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

Rule 13606 provides that the Director of DRS will make a tape, digital, or other recording of every hearing[4] and the Director will provide a copy of the recording to any

[4] The term "hearing" means the hearing on the merits of an arbitration under Rule 13600. See Rule 13100(o).

party upon request.[5] In addition, Rule 13606 provides that the panel may order the parties to provide a transcription of the recording.[6] If the panel orders a transcription of the recording, then copies of the transcription must be provided to each arbitrator, served on each party, and filed with the Director of DRS.[7] The recording made by the Director is the official record of the hearing, even if it is transcribed.[8]

Rule 13606 also provides that any party may make a stenographic record of a hearing.[9] If a party makes a stenographic record, then the panel may determine in advance that the stenographic record will be the official record of the hearing,[10] and if the panel makes that determination, then the Director will not make a recording of the hearing and a copy of the stenographic record must be provided to each arbitrator, served on each other party, and filed with the Director.[11]

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5 See Rule 13606(a)(1). Recordings made pursuant to Rule 13606(a)(1) are provided to parties free of charge.

6 See Rule 13606(a)(2). Under the Codes, the term "panel" means the arbitration panel, whether it consists of one or more arbitrators. See Rules 12100(u) and 13100(s). Unless otherwise specified, this rule filing uses the term "panel" to mean either a panel or single arbitrator.

7 See Rule 13606(a)(2). The panel will determine which party or parties must pay the cost of making the transcription and copies. Id.

8 See Rule 13606(a)(3).

9 See Rule 13606(b)(1).

10 See supra note 9.

11 See Rule 13606(b)(1) and (2).

Effective October 16, 2023, FINRA amended the Codes to modify the process relating to the expungement of customer dispute information.[12] As part of these amendments, FINRA revised Rule 13805 relating to a request to expunge customer dispute information filed by an associated person separate from a customer arbitration ("straight-in request"), to make clear that any customer whose customer arbitration, civil litigation or customer complaint is a subject of the straight-in request must be provided with access to all documents relevant to the expungement request that are filed in the straight-in request.[13] In addition, Rule 13805 makes clear that customers are entitled to attend and participate in all aspects of the prehearing conferences and expungement hearing.[14]

If a customer chooses to attend and participate in the expungement hearing, the customer or the customer's representative must be allowed to: (1) introduce evidence; (2) testify and call witnesses to testify; (3) state objections to evidence and cross-examine the party requesting expungement and any other witnesses called by the party requesting expungement; and (4) present opening and closing arguments if any party is permitted to do so.[15] Customers may also provide their position on the expungement request in

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[12] See Securities Exchange Act Release No. 97294 (April 12, 2023), 88 FR 24282 (April 19, 2023) (Order Approving File No. SR-FINRA-2022-024). See also Regulatory Notice 23-12 (August 2023), https://www.finra.org/rules-guidance/notices/23-12.

[13] See Rule 13805(b)(1)(B)(ii).

[14] See Rule 13805(c)(3)(A).

[15] See Rule 13805(c)(5)(A) through (D).

writing.[16] The amendments do not, however, discuss the ability of customers to obtain a copy of the official record of the expungement hearing which is required to be made under Rule 13606. The amendments also do not discuss the ability of customers to obtain a copy of any transcription of the recording, if the panel orders the parties to provide a transcription under Rule 13606.

If a customer attends and participates in an expungement hearing, or provides their position on the expungement request in writing, FINRA believes that the customer should also be able to obtain a copy of the official record of the hearing, and any transcription if the recording is transcribed. Allowing customers to obtain a copy of the official record or any transcription could provide such customers with greater assurance that the panel has considered all issues raised and enhance their understanding of the panel's decision, which may increase confidence in the expungement process.

Accordingly, FINRA is proposing to add new paragraph (c) to Rule 13606 to provide that the Director will provide a copy of the official record of an expungement hearing held pursuant to Rule 13805, and any transcription if the recording is transcribed, to any customers, upon request, who attend and participate in the expungement hearing, or who provide their position on the expungement request in writing.[17] Although a non-party to the straight-in request, a customer may determine to attend and participate in the expungement hearing in person, by video conference, by telephone or by submitting their position on the expungement request in writing.[18] Like parties to the proceeding,

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[16] See Rule 13805(c)(3)(A).

[17] See proposed Rule 13606(c).

[18] See Rule 13805(c)(3)(A) and (B).

customers who attend or participate in expungement hearings have an interest in the hearing, and should be able to obtain a copy of the official record of the hearing and any transcription if the recording is transcribed. In addition, FINRA believes the proposed rule change is contemplated by the recent amendments to Rule 13805 which make clear that customers, although non-parties, can attend and participate in all aspects of expungement hearings under Rule 13805.[19]

FINRA is also proposing amendments to Rules 12606 and 13606 of the Codes to remove references to "tape."[20] With the accessibility and convenience of advanced technology, tape recordings are no longer used to record hearings in the DRS arbitration forum. Thus, the proposed rule change would update the Codes to more accurately reflect the current practice of making digital or other recordings to record hearings in the DRS arbitration forum.[21]

FINRA has filed the proposed rule change for immediate effectiveness. The implementation date will be 30 days after the date of filing.

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19 See Rule 13805(c)(3)(A). FINRA notes that the recent amendments to Rule 13805 also provide a mechanism for state securities regulators to attend and participate in expungement hearings in straight-in requests. See Rule 13805(c)(6). FINRA is not proposing to amend Rule 13606 to provide state securities regulators with a copy of the official record of an expungement hearing held pursuant to Rule 13805, or any transcription if the recording is transcribed, because state securities regulators can seek access to such records or transcriptions pursuant to their separate authority.

20 See proposed Rules 12606(a)(1) and (b)(1) and 13606(a)(1) and (b)(1).

21 The proposed rule change would apply to all members, including members that are funding portals or have elected to be treated as capital acquisition brokers ("CABs"), given that the funding portal and CAB rule sets incorporate the impacted FINRA rules by reference.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,[22] 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 will protect investors and the public interest because it will allow customers who determine to attend and participate in expungement hearings, or provide their position in writing, under Rule 13805, to obtain a copy of the official record of the hearing, and any transcription if the recording is transcribed, upon request. Although a non-party to the straight-in request, a customer may determine to attend and participate in the expungement hearing or submit their position on the expungement request in writing pursuant to Rule 13805(c)(3)(A). Thus, customers who attend and participate in the hearing, like the parties to the proceeding, have an interest in the proceeding and should be able to obtain a copy of the official record of the hearing, and any transcription if the recording is transcribed.

In addition, the proposed rule change will protect investors and the public interest by updating the Codes to more accurately reflect DRS' current practice of making digital or other recordings to record hearings in the DRS arbitration forum.

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

[22] 15 U.S.C. 78o-3(b)(6).

Act. The proposed rule change would allow customers who attend and participate in expungement hearings, or provide their position in writing, under Rule 13805, to obtain a copy of the official record of the hearing that is required to be made under Rule 13606. The proposed rule change provides to non-party customers the potential benefits of having a copy of the official record that are currently available to parties to the dispute. These benefits may include greater assurance that arbitrators have considered all issues raised and enhance their understanding of the decision, which may increase confidence in the expungement process. FINRA does not anticipate an impact on its member firms or their associated persons.

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[23] and Rule 19b-4(f)(6) thereunder.[24]

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 necessary or appropriate in the public interest, for the

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23 15 U.S.C. 78s(b)(3)(A).

24 17 CFR 240.19b-4(f)(6).

protection of investors, or 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. Please include File Number SR-FINRA-2024-018 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-2024-018. 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 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 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR-FINRA-2024-018 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.[25]

Jill M. Peterson
Assistant Secretary

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[25] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.

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12000. CODE OF ARBITRATION PROCEDURE FOR CUSTOMER DISPUTES

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12606. Record of Proceedings

(a) [Tape,]Digital[,] or Other Recording

(1) Except as provided in paragraph (b) of this Rule, the Director will make a [tape,]digital[,] or other recording of every hearing. Executive sessions (i.e., discussions among arbitrators outside the presence of the parties and their representatives, witnesses, and stenographers) held by the panel will not be recorded. The Director will provide a copy of the recording to any party upon request.

(2) through (3) No Change.

(b) Stenographic Record

(1) Any party may make a stenographic record of the hearing. Even if a stenographic record is made, the [tape,]digital[,] or other recording will be the official record of the proceeding, unless the panel determines otherwise. If the panel determines in advance that the stenographic record will be the official record, the Director will not record the hearing.

(2) No Change.

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13000. CODE OF ARBITRATION PROCEDURE FOR INDUSTRY DISPUTES

* * * * *

13606. Record of Proceedings

(a) [Tape,]Digital[,] or Other Recording

(1) Except as provided in paragraph (b) of this Rule, the Director will make a [tape,]digital[,] or other recording of every hearing. Executive sessions (i.e., discussions among arbitrators outside the presence of the parties, their representatives, witnesses, and stenographers) held by the panel will not be recorded. The Director will provide a copy of the recording to any party upon request.

(2) through (3) No Change.

(b) Stenographic Record

(1) Any party may make a stenographic record of the hearing. Even if a stenographic record is made, the [tape,]digital[,] or other recording will be the official record of the proceeding, unless the panel determines otherwise. If the panel determines in advance that the stenographic record will be the official record, the Director will not record the hearing.

(2) No Change.

<u>(c) Copies of Recordings and Transcriptions of Expungement Hearings</u>

<u>The Director will provide a copy of the official record of an expungement hearing held pursuant to Rule 13805, and any transcription if the recording is transcribed, to any customers, upon request, who attend and participate in the expungement hearing, or who provide their position on the expungement request in writing.</u>

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