

Corporate & Financial Weekly Digest

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FINRA Provides Interpretive Guidance Concerning Acceptance of Market Orders under Rule 5131

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The Financial Industry Regulatory Authority received several interpretive questions about the market orders provision of Rule 5131 and has issued interpretive guidance in Regulatory Notice 11-29 (Notice) to facilitate member firm compliance with the Rule. For example, FINRA provides that the market orders provision of Rule 5131 applies to both over-the-counter (OTC) equity securities and National Market System (NMS) stocks. In addition, for the purposes of the market orders provision, the "commencement of trading" in the secondary market of shares of a new issue (1) that is an NMS stock would be evidenced by the first trade on the national securities exchange listing the security (as indicated by the dissemination of an opening transaction in the security by that exchange), and (2) that is an OTC equity security would be evidenced by the first regular way, disseminated trade reported to the OTC Reporting Facility during normal market hours. The Notice also reconfirmed September 26 as the new implementation date for paragraphs (b) and (d)(4) of FINRA Rule 5131.

Click [here](#) to read Regulatory Notice 11-29.

Click [here](#) to read a summary of the SEC's approved rule changes to FINRA Rule 5131 as reported in the May 20 edition of *Corporate and Financial Weekly Digest*.

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