

Proposed Changes to FINRA Rule 5131 Approved by the SEC

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Please note the following developments with respect to proposed amendments to FINRA Rule 5131, as described in our previous [client alert](#), dated May 16, 2011.

On May 18, 2011, the Securities and Exchange Commission ("SEC") approved the Financial Industry Regulatory Authority's ("FINRA's") proposed amendments to Rule 5131 that (i) delete paragraph (b)(1), the spinning provision of the rule (which would have required members to establish, maintain and enforce policies and procedures reasonably designed to ensure that investment banking personnel have no influence in the new issue allocation of such members) and (ii) delay implementation of both paragraph (b) and Rule 5131(d)(4) (relating to the prohibition on market orders) until September 26, 2011.

The foregoing changes simplify member obligations and provide additional time for members to develop processes for reliably identifying new issues, thereby promoting members' future compliance efforts.