

For further information, please contact the Office of the Secretary at (202) 551-5400.

Dated: February 25, 2015.

**Jill M. Peterson,**  
Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74349; File No. SR-FINRA-2015-004]

### Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt FINRA Rule 4517 (Member Filing and Contact Information Requirements) in the Consolidated FINRA Rulebook

February 23, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on February 12, 2015, 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, of which Items I and II 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,<sup>3</sup> 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 adopt NASD Rules 3170 (Mandatory Electronic Filing Requirements), 1150 (Executive Representative), and 1160 (Contact Information Requirements) as FINRA Rule 4517 (Member Filing and Contact Information Requirements) without any substantive changes. FINRA also proposes to update references and cross-references within other FINRA rules accordingly.

The text of the proposed rule change is available on FINRA’s Web site 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

As part of the process of developing a new consolidated rulebook (“Consolidated FINRA Rulebook”),<sup>4</sup> FINRA is proposing to transfer NASD Rules 3170 (Mandatory Electronic Filing Requirements), 1150 (Executive Representative), and NASD Rule 1160 (Contact Information Requirements) into the Consolidated FINRA Rulebook as FINRA Rule 4517 (Member Filing and Contact Information Requirements) without any substantive changes.

###### Proposed FINRA Rule 4517(a): Mandatory Electronic Filing Requirements

Proposed FINRA Rule 4517(a) would transfer without substantive change NASD Rule 3170 (Mandatory Electronic Filing Requirements) which requires each member to file with or otherwise submit to FINRA, in such electronic format as FINRA may require, all regulatory notices or other documents required to be filed or otherwise submitted to FINRA, as specified by FINRA. FINRA will advise firms via the *Regulatory Notice* process or other similar communication, as appropriate, as to each regulatory notice or document that members will be required to file

<sup>4</sup> The current FINRA rulebook consists of (1) FINRA Rules; (2) NASD Rules; and (3) rules incorporated from NYSE (“Incorporated NYSE Rules”) (together, the NASD Rules and Incorporated NYSE Rules are referred to as the “Transitional Rulebook”). While the NASD Rules generally apply to all FINRA members, the Incorporated NYSE Rules apply only to those members of FINRA that are also members of the NYSE (“Dual Members”). The FINRA Rules apply to all FINRA members, unless such rules have a more limited application by their terms. For more information about the rulebook consolidation process, see *Information Notice*, March 12, 2008 (Rulebook Consolidation Process).

with or submit in electronic format to FINRA, the compliance date for the electronic filing or submission, and the requisite manner and format.<sup>5</sup>

###### Proposed FINRA Rule 4517(b): Executive Representative

Proposed FINRA Rule 4517(b) would transfer without substantive change NASD Rule 1150, the provision requiring that each member must identify, review and, if necessary, update its executive representative designation and contact information as required by Article IV, Section 3 of the NASD By-Laws in the manner prescribed by NASD Rule 1160. The proposed rule would replace the references to the legacy NASD By-Laws and rule with FINRA By-Laws and rule.

###### Proposed FINRA Rule 4517(c): Review and Update of Contact Information

Proposed FINRA Rule 4517(c) would transfer without substantive changes the requirements of NASD Rule 1160 (Contact Information Requirements). The only changes to the proposed rule text are minor editorial changes to reflect current nomenclature, and to assist and enhance readability. NASD Rule 1160 requires members to report and update contact information to FINRA via the “NASD Contact System or such other means as NASD may specify,” and to promptly comply with any FINRA request for the required contact information. Currently, NASD Rule 1160 supports members’ compliance with NASD Rule 1150 (Executive Representative) and FINRA Rules 1250 (Continuing Education Requirements), 3310.02 (Review of Anti-Money Laundering Compliance Person Information), and 4370 (Business Continuity Plans and Emergency Contact Information), which all require members to provide FINRA with designated contact person information.

Proposed FINRA Rule 4517(c) would require each member to report and update to FINRA all contact information applicable to the member that FINRA

<sup>5</sup> The proposed rule change does not affect any current filing or submission requirements issued pursuant to NASD Rule 3170, which remain effective, subject to any future changes FINRA may make pursuant to proposed FINRA Rule 4517 once the rule becomes effective. See, e.g., *Notice to Members* 06-61 (November 2006) (announcing SEC approval of NASD Rule 3170 and specifying various financial notices to which NASD Rule 3170 would apply), *Regulatory Notice* 08-67 (November 2008) (requiring electronic submission of, among other things, qualification examination waivers pursuant to NASD Rule 3170), and *Regulatory Notice* 11-46 (October 2011) (requiring electronic submission of annual audit reports pursuant to NASD Rule 3170). See also *Regulatory Notice* 08-11 (March 2008) (addressing frequently asked questions on NASD Rule 3170).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 17 CFR 240.19b-4(f)(6).

requires via the Firm Gateway® or such other means as FINRA may specify. Member firms already use the Firm Gateway, a web-based tool that provides consolidated access to FINRA regulatory and filing applications, to access the FINRA Contact System. Proposed FINRA Rule 4517(c) would reflect the current nomenclature of a FINRA application that has been in use by its members since 2007.<sup>6</sup>

In addition, proposed FINRA Rule 4517(c)(1) would require a member to update its contact information promptly, but in any event not later than 30 days following any change in such information, and review, and if necessary, update the required contact information within 17 business days after the end of each calendar year. This proposed provision replaces the nearly identical provision in NASD Rule 1160(b) but with a minor editorial change to delete the phrase “via the NASD Contact System or such other means as NASD may specify” from the proposed rule text, because the phrase already appears in proposed paragraph (c). Furthermore, proposed FINRA Rule 4517(c)(2) would require that each firm comply promptly with any FINRA request for the required contact information, but in any event not later than 15 days following the request, or such longer period that may be agreed to by FINRA staff. This proposed provision replaces the nearly identical provision in NASD Rule 1160(c) but with the minor editorial change from NASD Rule 1160(c)’s “such information” to “the required contact information” to enhance the readability of the proposed rule. As with NASD Rule 1160, the proposed rule change would not relieve firms from any separate requirements to update such information.<sup>7</sup>

The proposed rule change would also replace all references to NASD Rules 1150 and 1160 in FINRA Rules 1250 (Continuing Education Requirements), 3310.02 (Review of Anti-Money Laundering Compliance Person Information), 4370 (Business Continuity Plans and Emergency Contact

Information), and 9217 (Violations Appropriate for Disposition Under Plan Pursuant to SEA Rule 19d–1(c)(2)) with references to proposed FINRA Rule 4517 accordingly.

FINRA has filed the proposed rule change for immediate effectiveness and has requested that the SEC waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing so that FINRA can implement the proposed rule change immediately.

## 2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>8</sup> 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, which does not substantively change the rules, is consistent with the Act because it is being undertaken pursuant to the rulebook consolidation process, which is designed to provide additional clarity and regulatory efficiency to FINRA members by consolidating the applicable NASD, Incorporated NYSE and FINRA rules into one rule set.

### 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. As noted above, this proposal will not substantively change either the text or application of the rules. FINRA would like to proceed with the rulebook consolidation process expeditiously, which it believes will provide additional clarity and regulatory efficiency to members.

### 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 with respect to this proposal to transfer NASD Rules 1150, 1160 and 3170 into the Consolidated FINRA Rulebook without any substantive changes.<sup>9</sup>

<sup>8</sup> 15 U.S.C. 78o–3(b)(6).

<sup>9</sup> FINRA previously solicited comment on a proposal to adopt FINRA Rule 4540 (Member Information and Data Reporting and Filing Requirements) which, among other things, would have incorporated the substance of NASD Rules 1160 and 3170, and deleted NASD Rule 1150. See

## 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<sup>10</sup> and Rule 19b–4(f)(6) thereunder.<sup>11</sup>

A proposed rule change filed under Section 19(b)(3)(A) of the Act<sup>12</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b–4(f)(6)(iii),<sup>13</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. FINRA has asked the Commission to waive the 30-day operative delay so that the proposal may become operative upon filing. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Because FINRA is proposing to transfer

*Regulatory Notice* 09–02 (January 2009). Given that FINRA would like to proceed with the rulebook consolidation process expeditiously to provide greater clarity and regulatory efficiency to FINRA members, FINRA is proposing in this rule change to adopt NASD Rules 1150, 1160 and 3170 without substantive changes, and will consider at a later date whether to propose substantive changes to these rules. FINRA has determined to transfer NASD Rule 1150 into the Consolidated FINRA Rulebook rather than delete its content in the interest of providing clarity to member firms of their obligation under the FINRA By-Laws to appoint an Executive Representative. One commenter to *Regulatory Notice* 09–02 suggested that FINRA extend from 17 business days to 30 days the period in which a member must annually review and update its contact information. See Letter from Dale E. Brown, Financial Services Institute, to Marcia E. Asquith, FINRA, dated February 20, 2009. The proposed rule change, however, would retain NASD Rule 1160’s requirement that a member update its contact information promptly, but no later than 30 days following any change in the information, and annually verify the information within 17 business days after the end of the calendar year. As FINRA stated when it proposed NASD Rule 1160, the 17-business day window is consistent with the requirement that a member’s FOCUS report be submitted within 17 business days after the end of each quarter. See Securities Exchange Act Release No. 55810 (May 24, 2007), 72 FR 30404 (May 31, 2007) (Notice of Filing of File No. SR–NASD–2007–034). FINRA reminds its members to annually review and update, if necessary, their designated contact information through several ways such as announcements and alerts in the Firm Gateway, and electronic communications to the firm’s Chief Compliance Officer(s) and Executive Representative.

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b–4(f)(6).

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b–4(f)(6)(iii).

<sup>6</sup> See FINRA News Release, Clicking on Compliance: FINRA Launches Firm Gateway (Oct. 11, 2007).

<sup>7</sup> For example, a member must identify, among others, its Chief Executive Officer and Chief Compliance Officer on Form BD, and promptly update such information by submitting an amendment whenever the information becomes inaccurate or incomplete for any reason. See also Article IV, Section 1(c) of the FINRA By-Laws, requiring each member to ensure that its membership application is kept current at all times by supplementary amendments, and to file such amendment no later than 30 days after learning of the facts or circumstances giving rise to the amendment.

NASD Rule 3170 (Mandatory Electronic Filing Requirements), NASD Rule 1150 (Executive Representative), and NASD Rule 1160 (Contact Information Requirements) into the Consolidated FINRA rulebook as FINRA Rule 4517 (Member Filing and Contact Information Requirements) without any substantive changes, to update cross-references accordingly and reflect current nomenclature, and to thereby clarify FINRA's rules, and because the rulebook consolidation process is designed to provide additional clarity and regulatory efficiency to members, the Commission believes that a waiver of the requirement is appropriate so that the rule change may become operative immediately. Therefore, the Commission hereby waives the 30-day operative delay and designates the proposal effective upon filing.<sup>14</sup>

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 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 email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2015-004 on the subject line.

##### *Paper Comments*

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090. All submissions should refer to File Number SR-FINRA-2015-004. This file number should be included on the subject line if email 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 Web site 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 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. 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-2015-004, and should be submitted on or before March 20, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>15</sup>

**Jill M. Peterson,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74352; File No. SR-BATS-2015-13]

### Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use of BATS Exchange, Inc.

February 23, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on February 10, 2015, BATS Exchange, Inc. (the "Exchange" or "BATS") 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 prepared by the Exchange. The

Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposed rule change effective upon filing with 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 the Substance of the Proposed Rule Change

The Exchange filed a proposal to amend the fee schedule applicable to Members<sup>5</sup> and non-members of the Exchange pursuant to BATS Rules 15.1(a) and (c). Changes to the fee schedule pursuant to this proposal are effective upon filing.

The text of the proposed rule change is available at the Exchange's Web site at [www.batstrading.com](http://www.batstrading.com), at the principal office of the Exchange, 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, the Exchange 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. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts of such statements.

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

###### 1. Purpose

The Exchange proposes to modify its fee schedule in order to: (1) remove the reference to ROLF from fee code BO; (2) make certain changes to Cross-Asset Step-Up Tier 3; and (3) make certain non-substantive clean-up changes to the fee schedule.

###### Deleting Reference to ROLF

The Exchange proposes to amend its fee schedule to remove the reference to

<sup>14</sup> For purposes of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>15</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>4</sup> 17 CFR 240.19b-4(f)(2).

<sup>5</sup> The term "Member" is defined as "any registered broker or dealer that has been admitted to membership in the Exchange." See Exchange Rule 1.5(n).