

Upcoming Enhancements to the Public Offering Review Process

Corporate Financing Department
June 14, 2013



Agenda

1. Review Program Enhancements

- Overview of proposed enhancements

2. New System Features

- Upcoming enhancements to the filing system effective on July 1st

3. Feedback

- Review programs and filing system

Questions

- WebEx participants may ask questions via phone or email questions to PORmanagers@finra.org

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Review Program Enhancements

Review Programs

Shelf

- Same Day Clearance (SDC)
- Pre-Participation Review
- Well Known Seasoned Issuers (WKSI)

Non-Shelf

- Regular Review
- Expedited Review
- Limited Review

Shelf Offerings

- **We are upgrading the filing system to enable firms to receive immediate (24/7) clearance for SDC and WKSI filings.**
 - The following information, in addition to basic offering information, will be required for immediate clearance:
 - an undertaking that any information necessary to complete the filing will be provided no later than 3 business days following the initial submission, and
 - the Fed Wire Number and date.
 - Verification and acceptance will be post-clearance, rather than delaying clearance as under the current process.

Non-Shelf Offerings

- The staff proposes to add a new limited review program for certain offerings.
- Filings other than shelf offerings would have up to 3 review options:
 - Regular Review
 - Expedited Review
 - Limited Review (New).
- Firms and their counsel would choose the type of review.

Limited Review Eligible Deals

Deals that contain the following characteristics are eligible:

- Securities listed on a national securities exchange (Corporate or Investment Program)
- Firm commitment or straight best efforts distribution methods
- Total underwriting compensation within allowable guidelines
 - securities received as underwriting compensation would make the filing ineligible
- Underwriting arrangements do not include prohibited terms as defined in FINRA Rule 5110(f)(2), such as indeterminate items of value
- FINRA members are identified in the offering documents and filing system
- Offering is filed with the SEC
- Offering does not include a new or novel product or is one that poses complex regulatory issues

New Screen

DetailsPartiesSecuritiesAssoc/Affil/ConflictsCompensationOtherReview Options

EXP1

We select the Limited Review option:

Yes

No

All of the representations below are required to be made to obtain a No Objections Letter. An initial request for a Limited Review can be submitted with deferred representations as shown below. If representations are deferred, a Limited Review Defer Letter will be issued. The Department reserves the right to not grant a Limited Review request.

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We represent that all documents required to be filed pursuant to FINRA Rule 5110, have been or will be **submitted no later than 5 business days prior to the member's participation**. Documents required include but are not limited to underwriting or distribution related documents, any engagement letters, letters of intent or any other document entered into by any participating member(s) and the issuer during the 180-days preceding the initial filing with the SEC.

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All representations made at this time are accurate to the best of our knowledge. We undertake to notify the staff, **no later than 5 business days prior to the member's participation** of any changes that may affect the staff's No Objections Letter. We understand that this notification may require a review prior to the member's participation. If a notification is not made, the information filed herein will be presumed to be accurate at the time of the member's participation in the offering.

Agree

Defer

Agree

Defer

Agree

Defer

Agree

Defer

We represent that the association or affiliation between any participating member(s) and any officer, director, or beneficial owner of 5% or more of any class of the issuer's securities is indicated (if applicable) in the Association/Affiliation Summary.

We represent that the terms and arrangements between participating FINRA members and the issuer do not include any prohibited arrangements as described in FINRA Rule 5110(f)(2). The terms "participating members" is defined in FINRA Rule 5110(a)(4).

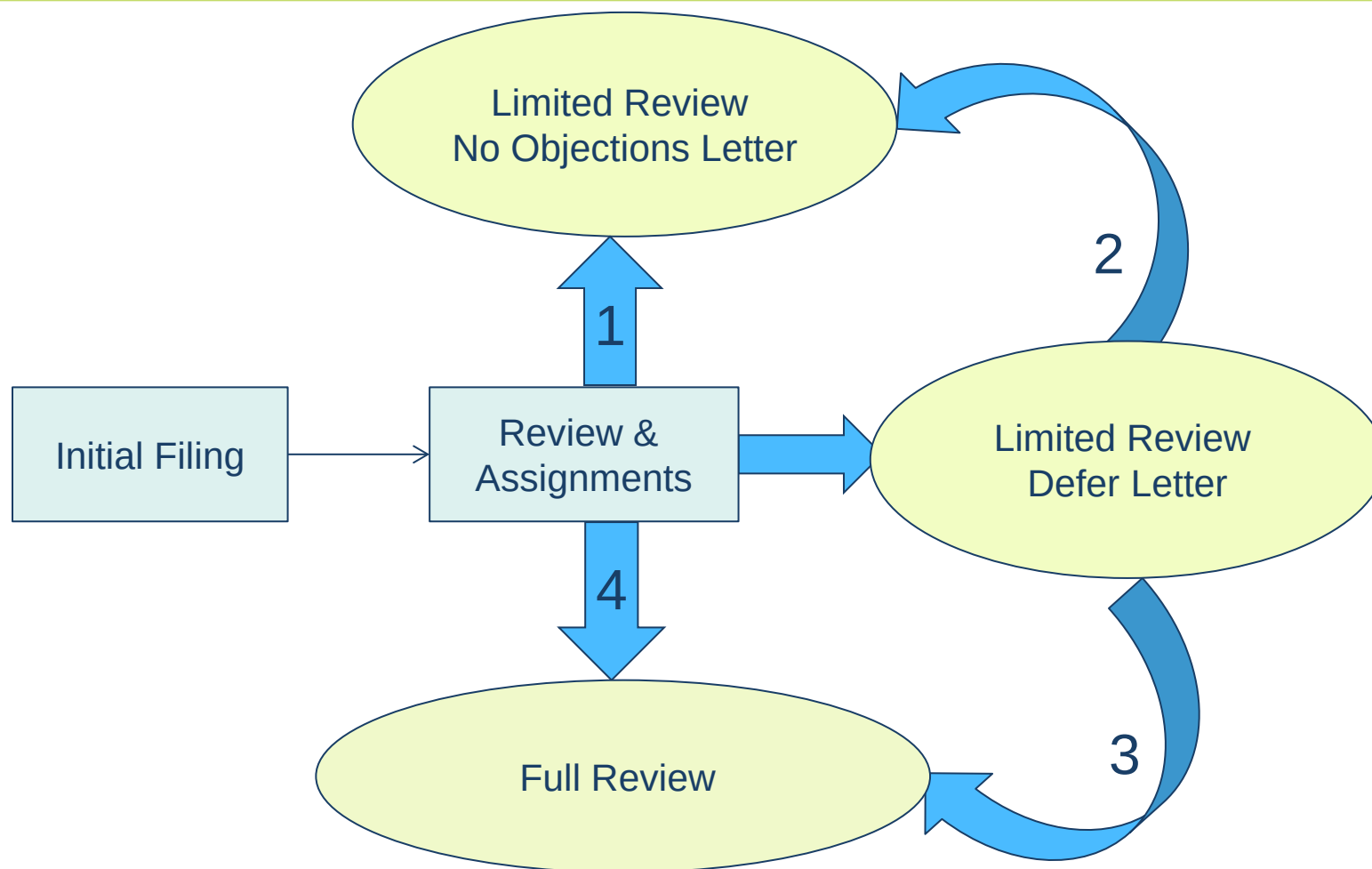
We represent that no participating member(s) has acquired unregistered securities that would be considered underwriting compensation during the period beginning 180-days preceding the initial filing with the SEC through 90-days after the effective date of the filing.

We represent that in the event the offering is subject to FINRA Rule 5121, the registration statement or offering circular will comply with the prominent disclosure provisions.

2 Required Representations

9

General Process

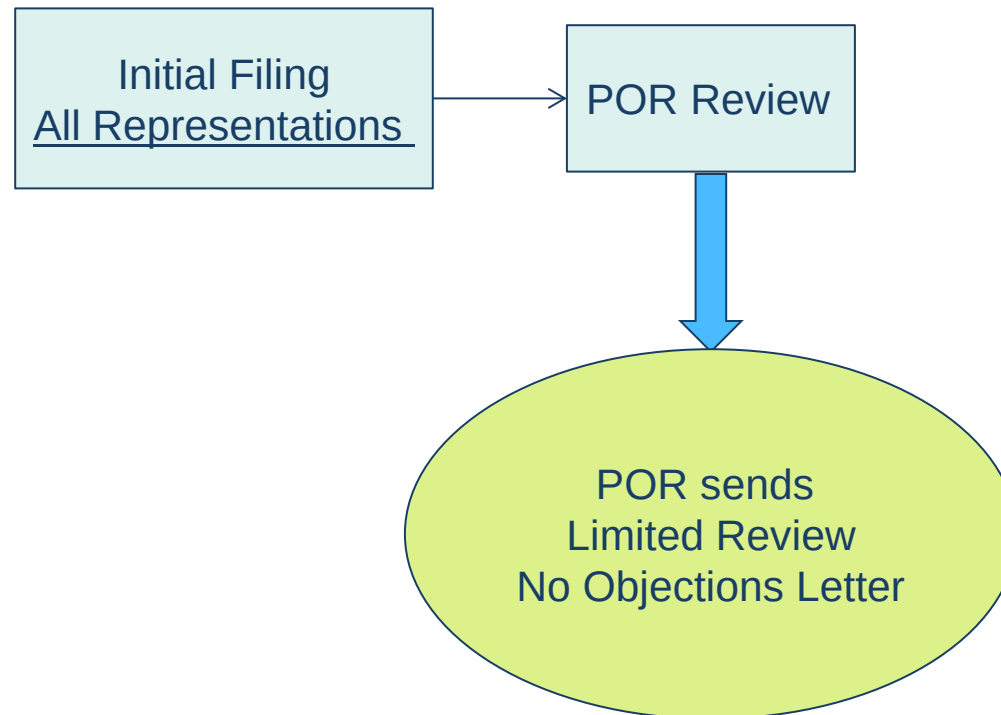


The review and assignment process is the preliminary step the staff takes to determine whether to grant a Limited Review request.

Each scenario shows 1 of 4 possible outcomes as a result of the initial process.

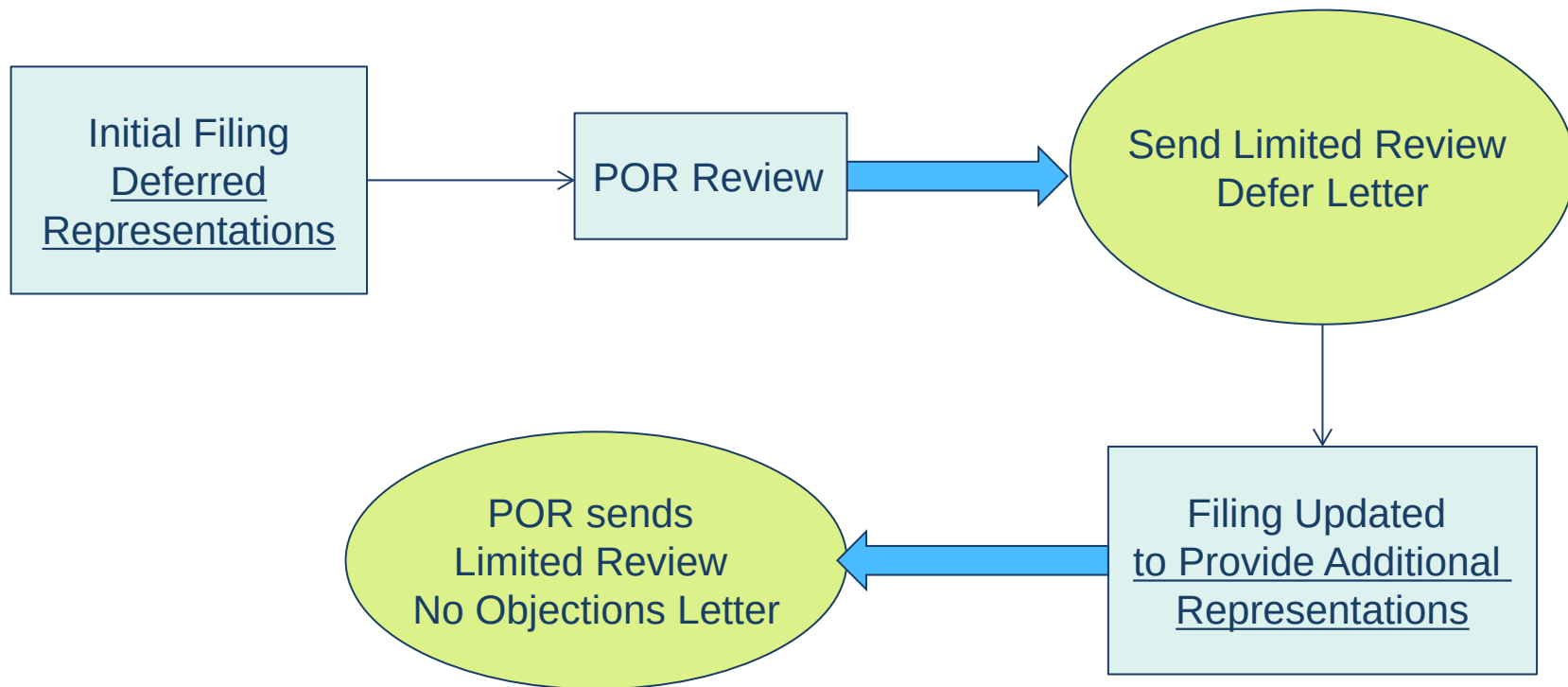
Scenario 1: All Representations Are Made in the Initial Filing

Filer makes all of the representations and POR accepts the selection based on a limited review. POR sends the Limited Review No Objections Letter.



Scenario 2: Some Representations Are Deferred in the Initial Filing

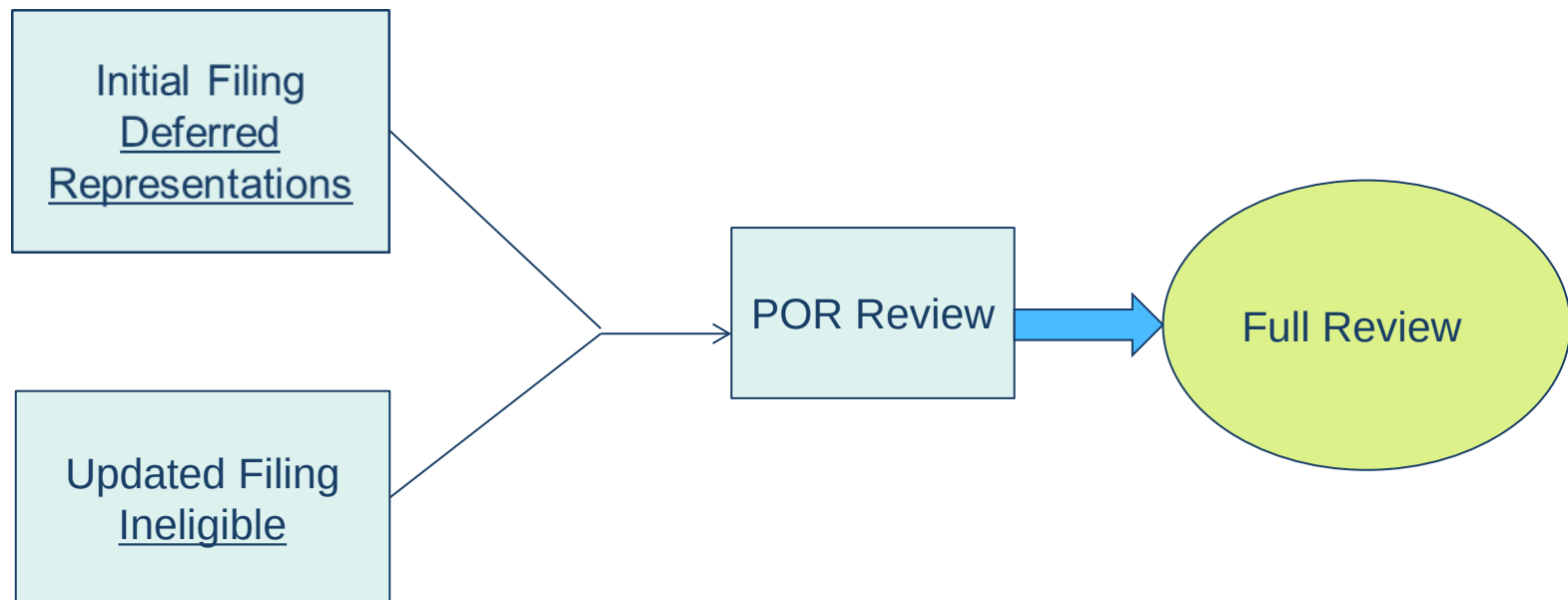
Filer makes the two required representations, but defers one or more of the remaining representations. POR accepts the selection based on an initial limited review.



This scenario accommodates IPOs and other filings in which due diligence may be ongoing throughout the registration process.

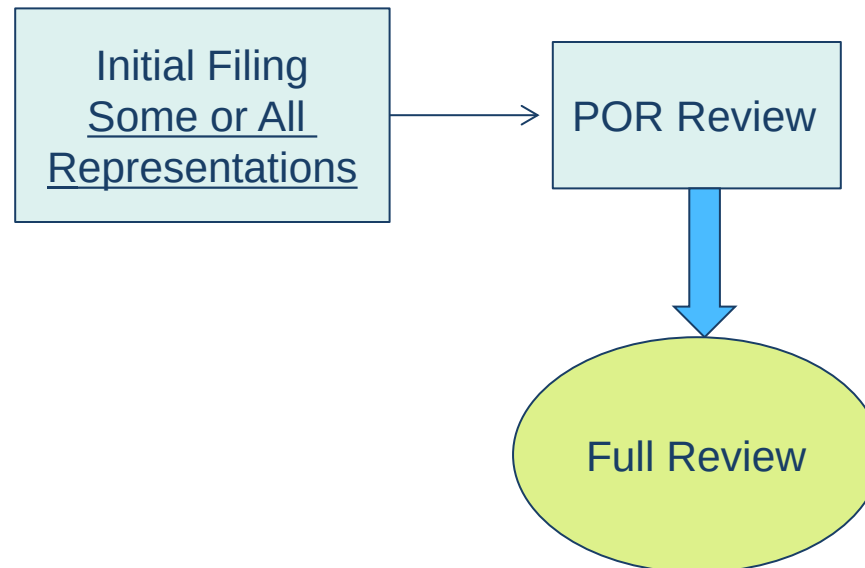
Scenario 3: Filing Changes Prompt Full Review

- (1) Initial filing had deferred representations and later the filer cannot agree to all representations, or
- (2) Offering is no longer eligible for Limited Review



Scenario 4: Filing Is Not Eligible

Filer makes some or all required representations and POR identifies a filing that is not eligible.



2 New System Features



Financial Industry Regulatory Authority

Summary of Changes

Filing Cabinet

- Improved visibility of the status of the review

Documents

- Added document submission date
- Delete/remove documents

Letters & Distribution Manager

- Designate separate parties to be addressed letters and access distribution manager

Comments & Responses

- New design
- Historical record of comments and responses

Filing Cabinet

- The new design includes a column to display a real time update of the status of comments and responses.
- The new icons will show **open**, **answered** and **resolved** comments.



DEAL ID	FILING ID	ISSUER NAME	VER #	VERSION STATUS	STATUS DATE	DEAL STATUS	DEAL TYPE	ANT. PRICING/EFF. DATE	BSS ASSIGNEE	POR ASSIGNEES	ISSUES
445465	2013-05-13-445465	Sheena -- Testing	5	Submission Received	06/06/2013	New	Corporate	05/14/2013	Sheena C. Savoy		  
466646	2013-06-06-466646	DM testing1	3	Withdrawn	06/06/2013	Withdrawn	Corporate	06/21/2013	Sheena C. Savoy		  
469554	2013-06-05-469554	GIA Testing R2	1	Info Requested	06/05/2013	Info Requested	Corporate	06/07/2013	Timothy Gray	Gabriela Aguero, Gabriela Aguero	  
464874		Non-Resale - Initial	1	Draft	05/31/2013	New		05/17/2012			
464873		Non-Resale - Initial	1	Draft	05/31/2013	New		05/17/2012			

Filing Cabinet

When answers are submitted, the icons are immediately updated.



DEAL ID	FILING ID	ISSUER NAME	VER #	VERSION STATUS	STATUS DATE	DEAL STATUS	DEAL TYPE	ANT. PRICING/EFF. DATE	BSS ASSIGNEE	POR ASSIGNEES	ISSUES
469554	2013-06-05-469554	GIA Testing R2	2	Submission Received	06/06/2013	Info Requested	Corporate	06/07/2013		Gabriela Aguero, Gabriela Aguero	  
466646	2013-06-06-466646	DM testing1	3	Withdrawn	06/06/2013	Withdrawn	Corporate	06/21/2013	Sheena C. Savoy		  
464874		Non-Resale - Initial	1	Draft	05/31/2013	New		05/17/2012			
464873		Non-Resale - Initial	1	Draft	05/31/2013	New		05/17/2012			
354520	2013-03-04-354520	MDC Corporate Debt	2	Draft	05/29/2013	New	Corporate - CEF	03/14/2013			
456801		Ljk Company	1	Submission Received	05/21/2013	New	Corporate	05/21/2013			  
211540	2012-10-17-211540	Testing Fee Credit	6	Draft	05/17/2013	New	Corporate	10/17/2012		Joseph B Son, Bleecker Hawkins	

Filing Cabinet

When responses are reviewed and accepted, the icons will reflect “resolved” comments immediately.



DEAL ID	FILING ID	ISSUER NAME	VER #	VERSION STATUS	STATUS DATE	DEAL STATUS	DEAL TYPE	ANT. PRICING/EFF. DATE	BSS ASSIGNEE	POR ASSIGNEES	ISSUES
469554	2013-06-05-469554	GIA Testing R2	2	In Review	06/06/2013	Info Requested	Corporate	06/07/2013	Sheena C. Savoy	Gabriela Aguero, Gabriela Aguero	2 1 1
466646	2013-06-06-466646	DM testing1	3	Withdrawn	06/06/2013	Withdrawn	Corporate	06/21/2013	Sheena C. Savoy		0 0 1
464874		Non-Resale - Initial	1	Draft	05/31/2013	New		05/17/2012			
464873		Non-Resale - Initial	1	Draft	05/31/2013	New		05/17/2012			
354520	2013-03-04-354520	MDC Corporate Debt	2	Draft	05/29/2013	New	Corporate - CEF	03/14/2013			
456801		Ljk Company	1	Submission Received	05/21/2013	New	Corporate	05/21/2013			0 0 0
211540	2012-10-17-211540	Testing Fee Credit	6	Draft	05/17/2013	New	Corporate	10/17/2012		Joseph B Son, Bleecker Hawkins	

Details Screen: Non-SEC Filed Documents

The system will date Non-SEC documents on the date of submission and the documents can be identified as non-relevant if filed by mistake.

D3

Non-SEC Filed Documents

Ver # ▲	File	Submit Date
---------	------	-------------

0 Row(s)

Add Non-SEC Filed Documents

D3.A

* Limit: 1 file(s).

Browse...

D3.B

NOT Relevant to this Deal? ☐

D3.C

Version # : 1

D3.D

Submit Date

Add Row Clear

[Hide Attach Non-SEC files Section](#)

D4

* Offering Type:

☐ Corporate ☐ Investment Program (IP)

Details Screen: Non-SEC Filed Documents

View of a document attached prior to submission.

D3

Non-SEC Filed Documents

Ver # ▲	File	Submit Date
Relevant (1 Item)		
1	CorpFin Rules 2013.docx	Delete

1 Row(s)

Add Non-SEC Filed Documents

D3.A

* Limit: 1 file(s).

Browse...

D3.B

NOT Relevant to this Deal? ☐

D3.C

Version # : 1

D3.D

Submit Date

Add Row

Clear

[Hide Attach Non-SEC files Section](#)

D4

* Offering Type:

☐ Corporate

☐ Investment Program (IP)

Parties Screen

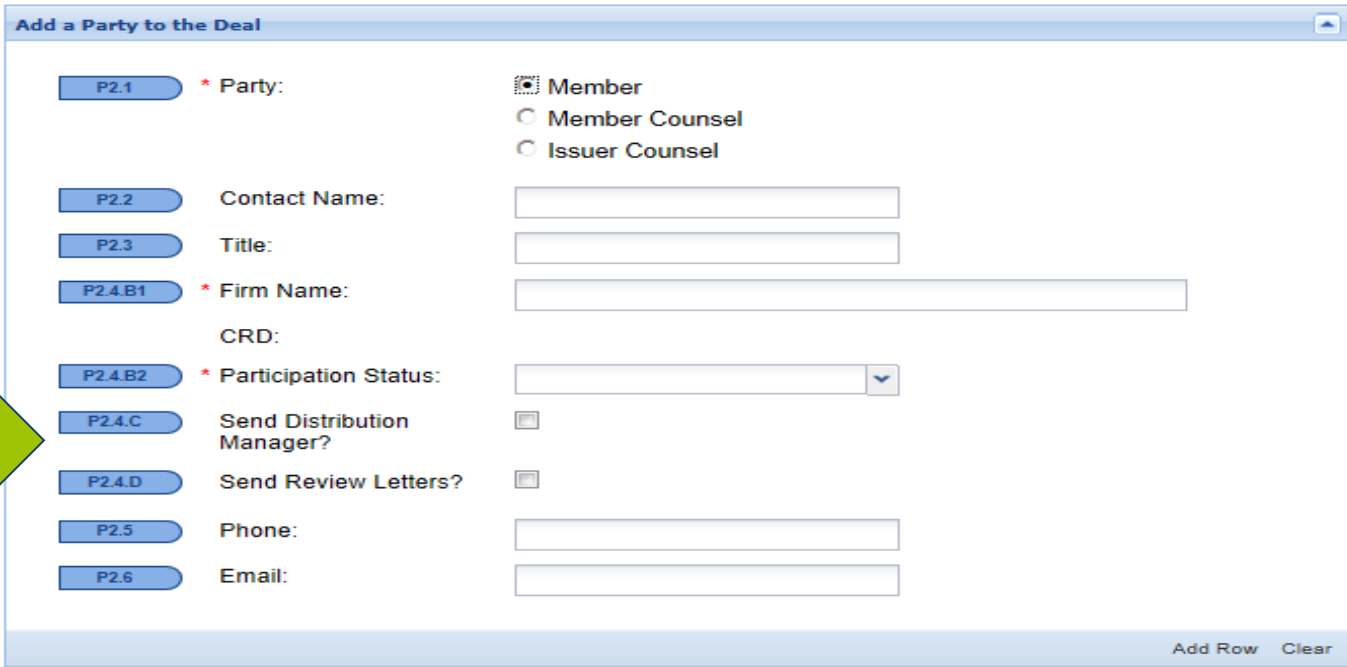
Filers will now be able to designate the addressee for review letters, and the party to upload distribution information to the Distribution Manager system. A filer may designate themselves as one or both roles.



Details	Parties	Securities	Assoc/Affil/Conflicts	Compensation	Other	Expedited Review
P1.1	* Filer:	☒ Member ☐ Member Counsel ☐ Issuer Counsel				
P1.2	* Contact Name:	Gaby				
P1.3.A1	* Firm Name:	SEI INVESTMENTS DISTRIBUTION CO.				
	CRD:	10690				
P1.3.A2	* Participation Status:	Lead Managing Underwriter				
P1.3.C	Send Distribution Manager?	☒				
P1.3.D	Send Review Letters?	☒				
P1.4	* Phone:	240-386-4657				
P1.5	* Email:	gabriela.aguero@finra.org				
P1.6	* Street Address:	9509 Key West 				
P1.7	* City:	Rockville				
P1.8	* State/Province:	Maryland				
P1.9	* ZIP Code:	20853				
P1.10	* Country:	UNITED STATES				

Parties Screen

If the filer does not designate themselves as the addressee of the review letters or the party to update Distribution Manager, a different party can be identified. Only FINRA members can be designated to update Distribution Manager.



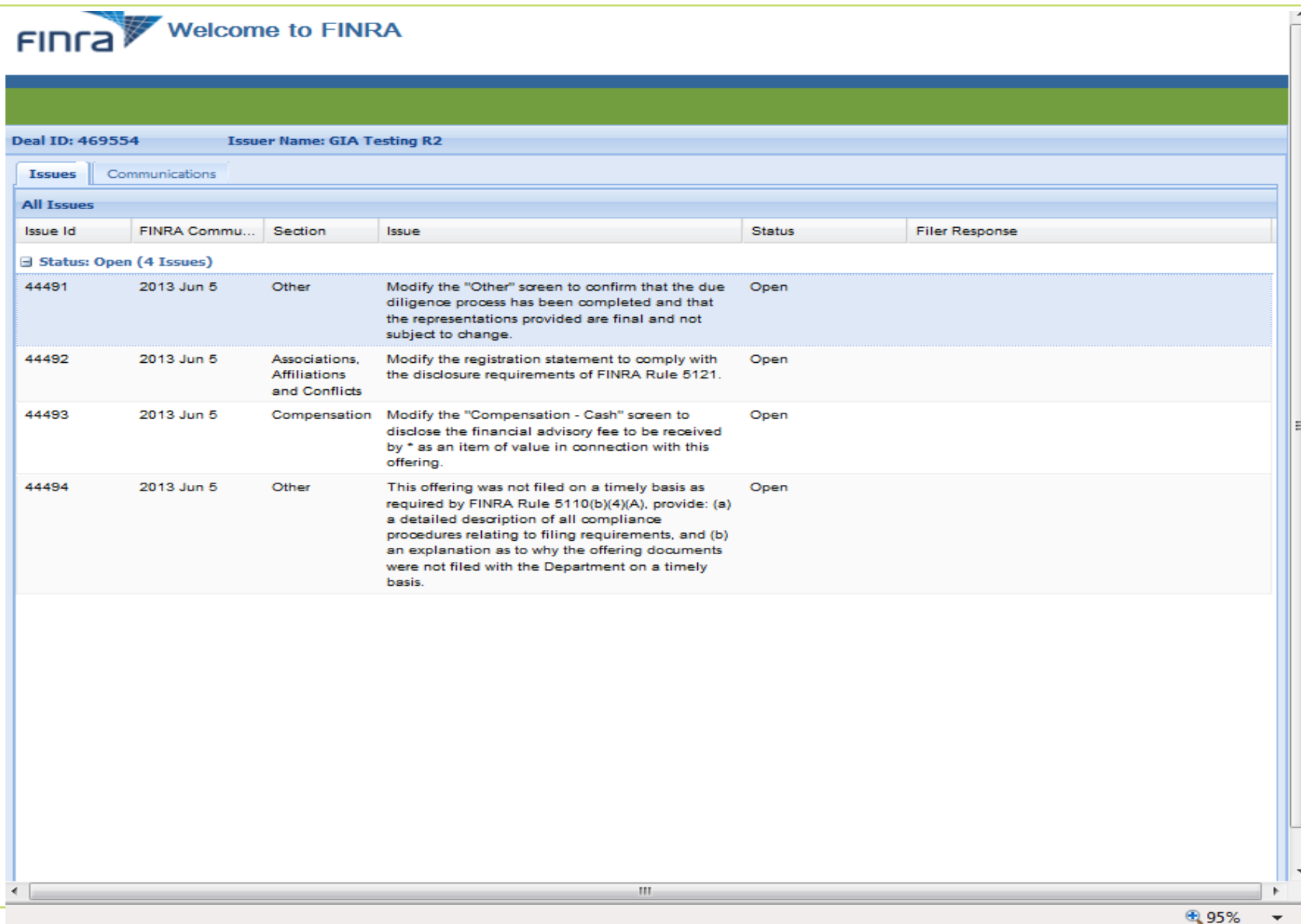
The screenshot shows a web form titled "Add a Party to the Deal". A green arrow labeled "Party" points to the "P2.1 * Party:" field. The form contains the following fields and options:

- P2.1 * Party:** Radio buttons for ☒ Member, ☐ Member Counsel, and ☐ Issuer Counsel.
- P2.2 Contact Name:** Text input field.
- P2.3 Title:** Text input field.
- P2.4.B1 * Firm Name:** Text input field.
- CRD:** Text input field.
- P2.4.B2 * Participation Status:** Dropdown menu.
- P2.4.C Send Distribution Manager?:** Check box.
- P2.4.D Send Review Letters?:** Check box.
- P2.5 Phone:** Text input field.
- P2.6 Email:** Text input field.

At the bottom of the form, there is a section for "P3 Are there additional issuers?" with radio buttons for ☐ Yes and ☒ No. The form also includes "Add Row" and "Clear" buttons at the bottom right.

Issues: Comments & Responses

New
Look



FINRA Welcome to FINRA

Deal ID: 469554 Issuer Name: GIA Testing R2

Issues Communications

All Issues

Issue Id	FINRA Commu...	Section	Issue	Status	Filer Response
Status: Open (4 Issues)					
44491	2013 Jun 5	Other	Modify the "Other" screen to confirm that the due diligence process has been completed and that the representations provided are final and not subject to change.	Open	
44492	2013 Jun 5	Associations, Affiliations and Conflicts	Modify the registration statement to comply with the disclosure requirements of FINRA Rule 5121.	Open	
44493	2013 Jun 5	Compensation	Modify the "Compensation - Cash" screen to disclose the financial advisory fee to be received by * as an item of value in connection with this offering.	Open	
44494	2013 Jun 5	Other	This offering was not filed on a timely basis as required by FINRA Rule 5110(b)(4)(A), provide: (a) a detailed description of all compliance procedures relating to filing requirements, and (b) an explanation as to why the offering documents were not filed with the Department on a timely basis.	Open	

95%

Issues: Comments & Responses

A reminder was added to clarify that “saved” answers are not visible to FINRA until an updated filing is submitted.



Deal ID: 469554 Issuer Name: GIA Testing R2					
Issues Communications					
All Issues					
Issue Id	FINRA Commu...	Section	Issue	Status	Filer Response
Status: Open (2 Issues)					
44493	2013 Jun 5	Compensation	Modify the "Compensation - Cash" screen to disclose the financial advisory fee to be received by " as an item of value in connection with this offering.	Open	
44494	2013 Jun 5	Other	This offering was not filed on a timely basis as required by FINRA Rule 5110(b)(4)(A). provide: (a) a detailed description of all compliance procedures relating to filing requirements, and (b) an explanation as to why the offering documents were not filed with the Department on a timely basis.	Open	
Status: Saved (2 Issues) - Please note that saved issues are not visible to FINRA yet					
44491	2013 Jun 5	Other	Modify the "Other" screen to confirm that the due diligence process has been completed and that the representations provided are final and not subject to change.	Saved	I have updated the filing to provide this representation.
44492	2013 Jun 5	Associations, Affiliations and Conflicts	Modify the registration statement to comply with the disclosure requirements of FINRA Rule 5121.	Saved	We confirm that the registration statement will be amended to include the prominent disclosure requirements of FINRA Rule 5121.

Issues: Comments & Responses

- When comments are selected, a new screen opens up.
- This new screen will have a record of all the communications regarding the staff's comment.

Issue #44492

Section:
Associations, Affiliations and Conflicts

Your Response:
We confirm that the registration statement will be amended to include the prominent disclosure requirements of FINRA Rule 5121.

Save

Communications:

FINRA Comment	06/06/2013	Verbally Sent
Modify the "Underwriting" section of the registration statement to demonstrate compliance with the disclosure requirements of FINRA Rule 5121. less		
Filer Response	06/06/2013	
We confirm that the registration statement will be amended to include the prominent disclosure requi... more		
FINRA Comment	06/05/2013	Defer Letter
Modify the registration statement to comply with the disclosure requirements of FINRA Rule 5121.		

3 Feedback

Feedback

- **Filing Cabinet**
- **Responding to Comments**
- **Review Programs**
- **Review Process**
- **General**