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Notices (December 1996 to current) are also available on the Internet at www.finra.org/notices.

OTC Equity Quotation Size

SEC Approves Amended Minimum Quotation Sizes for OTC Equity Securities on a Pilot Basis

Effective Date: November 5, 2012

Executive Summary

The SEC approved amendments to FINRA Rule 6433 (Minimum Quotation Size Requirements for OTC Equity Securities) to simplify the existing tier structure, facilitate the display of customer limit orders pursuant to FINRA Rule 6460 (Display of Customer Limit Orders), and expand the scope of the rule to encompass quotations displayed by non-market makers. FINRA will implement the new quotation sizes as a one-year pilot beginning on November 5, 2012, and ending on October 31, 2013, unless extended or made permanent.¹

Questions regarding this *Notice* should be directed to Racquel Russell, Assistant General Counsel, Office of General Counsel, at (202) 728-8363.

Background and Discussion

FINRA Rule 6433 provides that member firms that enter quotations in OTC equity securities into any inter-dealer quotation system that permits quotation updates on a real-time basis must enter and honor those quotations at prescribed minimum sizes. However, under the rule, the applicable minimum size depends upon the price of the bid or offer and, therefore, a different minimum quotation size can apply to each side of the market being quoted by the firm in a given security.² The amended rule also expands the scope of the minimum quotation sizes to apply to all quotations or orders displayed in an inter-dealer quotation system, including quotations displayed by alternative trading systems and those representing customer trading interest.

August 2012

Notice Type

- ▶ Rule Amendment

Suggested Routing

- ▶ Compliance
- ▶ Legal
- ▶ Operations
- ▶ Systems
- ▶ Trading and Market Making

Key Topics

- ▶ Limit Order Display
- ▶ Minimum Quotation Size
- ▶ OTC Equity Securities
- ▶ Quotations

Referenced Rules

- ▶ FINRA Rule 6433
- ▶ FINRA Rule 6460

During the one-year pilot period, the minimum quotation sizes are as follows:

Price (Bid or Offer)	Minimum Quote Size (# of shares)
\$0.0001 to \$0.0999	10,000
\$0.10 to \$0.1999	5,000
\$0.20 to \$0.5099	2,500
\$0.51 to \$0.9999	1,000
\$1.00 to \$174.99	100
\$175.00+	1

FINRA will monitor the operation of the pilot and, if FINRA concludes that there is a significant negative impact on the over-the-counter market, FINRA will consider whether it is appropriate to rescind the pilot prior to October 31, 2013. To permit FINRA and the Securities and Exchange Commission to assess the impact of the pilot, FINRA will collect data during the pilot³ and assess, among other things, concerns raised by commenters during the rule filing process, and whether the pilot has achieved its goals.

If the pilot is not extended or approved as permanent by October 31, 2013, the version of this rule prior to SR-FINRA-2011-058 will be in effect.

Endnotes

1. See Securities Exchange Act Release No. 67208 (June 15, 2012), 77 FR 37458 (June 21, 2012) (Order Approving Amendments to Minimum Quotation Size Requirements for OTC Equity Securities).
2. FINRA's inter-dealer quotation system incorporates a default feature to ensure display of at least the correct minimum size applicable to quotations entered by member firms. It is the firm's responsibility to determine the minimum size requirement applicable to its quotation.
3. FINRA will collect data for use in assessing the impact of the pilot, including data regarding limit orders and liquidity.

Short-Interest Reporting

SEC Approves Amendments to FINRA's Short-Interest Reporting Rule

Effective Date: November 30, 2012

Executive Summary

The SEC approved amendments to FINRA Rule 4560 (Short-Interest Reporting).¹ The amendments: (1) codify the requirement that member firms report only “gross” short interest existing in each proprietary and customer account (rather than net positions across accounts); (2) clarify that member firms’ short-interest reports must reflect only those short positions that have settled or reached settlement date by the close of the FINRA-designated reporting settlement date; and (3) delete certain existing exceptions to the rule.

The text of the rule can be found in the online FINRA Manual.

Questions regarding this *Notice* should be directed to:

- ▶ The Legal Section, Market Regulation, at (240) 386-5126; or
- ▶ The Office of General Counsel at (202) 728-8071.

Background and Discussion

FINRA Rule 4560 requires that each member firm maintain a record of total “short” positions in all customer and proprietary firm accounts in all equity securities (other than a “restricted equity security,” as defined in Rule 6420) and regularly report such information to FINRA in the manner FINRA prescribes.²

Amended Rule 4560 codifies a previously issued interpretation that states that firms must record and report short positions existing in each individual firm or customer account on a “gross,” as opposed to a “net,” basis³ (including accounts of a broker-dealer): (1) that resulted from a “short sale,” as that term is defined in Rule 200(a) of SEC Regulation SHO⁴; or (2) where the transaction(s) that caused the short position was marked “long,” consistent with SEC Regulation SHO due to the firm’s or the customer’s net long position at the time of the transaction (*e.g.*, aggregation units).

August 2012

Notice Type

- ▶ Rule Amendment

Suggested Routing

- ▶ Compliance
- ▶ Legal
- ▶ Systems
- ▶ Technology
- ▶ Trading and Market Making
- ▶ Training

Key Topics

- ▶ Short Interest
- ▶ Short Sales

Referenced Rules

- ▶ FINRA Rule 4560
- ▶ FINRA Rule 6420
- ▶ Regulation SHO

Amended Rule 4560 also clarifies that firms are required to report only those short positions resulting from short sales that have settled or reached settlement date by the close of the FINRA-designated reporting settlement date. Therefore, short positions resulting from short sales that were effected but have not reached settlement date by the given designated reporting settlement date should not be included in a firm's short-interest report for that reporting cycle. Of course, short-interest positions resulting from short sales that reached the expected settlement date, but failed to settle (*i.e.*, resulted in a fail to deliver), must be included.

Finally, amended Rule 4560 deletes three exceptions for stabilizing activity, domestic arbitrage and international arbitrage,⁵ but retains the exceptions for: (1) any sale by any person, for an account in which (s)he has an interest, if the person owns the security sold and intends to deliver the security as soon as is possible without undue inconvenience or expense; and (2) any sale by an underwriter, or any member of a syndicate or group participating in the distribution of a security, in connection with an over-allotment of securities, or any lay-off sale by such a person in connection with a distribution of securities through rights or a standby underwriting commitment.

Frequently Asked Questions

Q1. Does Rule 4560 require that all transactions marked “short” be reported as short interest?

- A1. Rule 4560 applies only to short-interest positions resulting from: (1) a “short sale,” as defined by SEC Regulation SHO Rule 200(a); or (2) a transaction that was marked “long,” consistent with SEC Regulation SHO, due to the firm's or the customer's net long position at the time of the transaction.

However, Rule 4560(c)(1) provides an exception for sales by any person, for an account in which (s)he has an interest, if the person owns the security sold and intends to deliver the security as soon as is possible without undue inconvenience or expense. Therefore, although such sales are required to be marked “short” under SEC Regulation SHO Rule 200(g), due to this exception, the positions are not reportable as short interest. For example, positions created from sales pursuant to Rule 144 that are pending the return of clean shares from the transfer agent are not reportable as short-interest even where they result from a “short sale” as defined by SEC Regulation SHO, because such sales are exempt from short-interest reporting pursuant to paragraph (c)(1).

-
- Q2. Are “fail-to-receive” positions reportable to FINRA as short interest?**
- A2. Fails to receive do not result from a “short sale” and are not reportable to FINRA pursuant to Rule 4560.
-
- Q3. Is it permissible to report short-interest positions to FINRA where the clearing firm also reported on the member firm’s behalf, so long as FINRA receives the information at least once?**
- A3. Complete and accurate short-interest information should be reported to FINRA only once. Duplicate reporting results in inaccurate short-interest position information. A firm is responsible for determining whether its clearing firm is reporting short interest on its behalf and, if so, the firm should not submit a duplicate report.
-
- Q4. Does Rule 4560 apply to positions held by a member firm in a foreign-listed security?**
- A4. Firms must report gross short positions existing in each individual firm or customer account in any equity security that has a U.S. symbol, irrespective of the exchange on which the “short sale” was executed or whether the position is reflected on the firm’s books and records under the U.S. CUSIP, CUSIP International Numbering System (CINS) or foreign symbol. If a foreign-listed security shares an International Securities Identification Number (ISIN) with a U.S.-listed or traded security, a short position in such security should be reported to FINRA using the U.S. symbol and relevant U.S. exchange or trading center (*e.g.*, NASDAQ or over-the-counter).
-
- Q5. Should firms report short interest positions placed in an error account?**
- A5. Firms should report as short interest any short positions executed in or placed into an error account that resulted from a “short sale,” as defined by SEC Regulation SHO Rule 200(a), or a transaction that was marked “long,” consistent with SEC Regulation SHO.
-
- Q6. Should a firm report short positions reflected in a dividend reinvestment account that result from the simultaneous purchase of shares for, and credit to, a customer’s account, where the shares are allocated to the customer’s account before the purchase transaction settles?**
- A6. A position that resulted from the simultaneous purchase of shares for, and credit to, a customer’s account is not reportable to FINRA—even where the transaction is internally reflected as a short position and remains open until the settlement date of the purchase transaction. Such a short position is not reportable because it neither resulted from a “short sale,” as defined by SEC Regulation SHO Rule 200(a), nor a transaction causing a short position that was marked “long,” consistent with SEC Regulation SHO due to the firm’s or the customer’s net long position at the time of the transaction.

Q7. How should a firm reflect fractional shares in its short-interest reports?

A7. If a firm has a fractional short-interest position (*e.g.*, 125.6 shares), it should truncate the position to reflect a whole number when reporting such positions to FINRA pursuant to FINRA Rule 4560, instead of rounding the position up or down. For example, firms should report short-interest of 125.6 shares in XYZ as 125 shares.

Q8. Must firms report short-interest positions that result from option exercises or assignments?

A8. Firms must include in short-interest reports any short positions that result from the exercise or assignment of an option.

Q9. Some prime brokers automatically flip a “long sale” executed at another broker-dealer to a “short sale” (and subsequently report it as short interest) if the customer does not have shares on deposit at the prime broker. Is this permissible under Rule 4560?

A9. Prime brokers should not automatically assume that such trades are “short sales,” as defined by SEC Regulation SHO Rule 200(a), and must take steps to verify the true nature of the position before reporting it as short interest to FINRA.

Q10. If an exchange is trading a security on a “when-issued” basis where no settlement date has been set, should a firm’s short position in the security be reported to FINRA as short-interest?

A10. Amended Rule 4560(b) provides that firms must report only those short positions resulting from a “short sale” that has settled or reached settlement date by the close of the FINRA-designated reporting settlement date. Thus, if a transaction has not settled or reached settlement date, or if no settlement date has been established for the transaction, a firm should not report such short position to FINRA as short interest.

Endnotes

1. See Securities Exchange Act Release No. 66872 (April 27, 2012), 77 FR 26340 (May 3, 2012) (Order Approving File No. SR-FINRA-2012-001).
2. Short-interest reports must be received by FINRA no later than the second business day after the FINRA-designated reporting settlement date.
3. The requirement that short-interest reporting be limited to gross short positions was an interpretation previously issued by the Intermarket Surveillance Group (ISG). See Intermarket Surveillance Group, Consolidated Reporting of Short Interest Positions, ISG Regulatory Memorandum 95-01 (March 6, 1995), announcing, among other things, the adoption by the SRO's of policies and procedures that require short-interest position reporting for all securities traded in the United States and the required frequency for reporting short-interest positions to the SROs. Consistent with this longstanding requirement, FINRA and other SROs have brought enforcement actions against member firms for failing to report short positions on a gross basis. See, e.g., *In re Prudential Equity Group, LLC*, AWC No. CLG050038 (April 7, 2005).
4. Rule 200 of SEC Regulation SHO provides that "short sale" means "any sale of a security which the seller does not own or any sale which is consummated by the delivery of a security borrowed by, or for the account of, the seller." See Rule 200(a) of SEC Regulation SHO. See 17 CFR 242.200. SEC Rule 200 further provides, among other things, that a person is deemed to own a security if: (a) the person or his agent has title to it; (b) the person has purchased, or has entered into an unconditional contract, binding on both parties thereto, to purchase it, but has not yet received it; (c) the person owns a security convertible into or exchangeable for it and has tendered such security for conversion or exchange; (d) the person has an option to purchase or acquire it and has exercised such option; (e) the person has rights or warrants to subscribe to it and has exercised such rights or warrants; or (f) the person holds a security futures contract to purchase it and has received notice that the position will be physically settled and is irrevocably bound to receive the underlying security. See Rule 200(b) of SEC Regulation SHO.
5. FINRA, in cooperation with the ISG Short Interest Working Group, determined that the transactions addressed in these three exceptions result in the type of short positions that would be of interest to regulators and the public, and therefore, determined that these exceptions are no longer appropriate.

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Election Notice

NAC Election

FINRA Announces Upcoming Vacancy on the National Adjudicatory Council

Executive Summary

The purpose of this *Election Notice* is to announce an upcoming National Adjudicatory Council (NAC) election for a Small Firm NAC Member.

Eligible individuals may petition to have their name included on the Small Firm NAC Member ballot by following the procedure below.

Note: This *Notice* was distributed electronically to the executive representative of each FINRA member firm and it is posted on FINRA's website at www.finra.org/notices/election/080312. Executive representatives should circulate this *Notice* to their firms' branch managers.

Questions regarding this *Election Notice* may be directed to:

- ▶ Marcia E. Asquith, Senior Vice President and Corporate Secretary, at (202) 728-8949; or
- ▶ Jennifer Piorko Mitchell, Assistant Corporate Secretary, at (202) 728-8949.

Background

The NAC is appointed by the FINRA Board of Governors to review all disciplinary decisions issued by FINRA hearing panels and presides over disciplinary matters that have been appealed to or called for review by the NAC. The NAC also reviews statutory disqualification matters, considers appeals of membership proceedings and exemption requests, and acts in other proceedings as set forth in the Code of Procedure.

August 3, 2012

Suggested Routing

- ▶ Executive Representatives
- ▶ Senior Management

Composition of the NAC

The NAC comprises fourteen members—seven industry members and seven non-industry members. The seven industry members of the NAC include two Small Firm, one Mid-Size Firm, two Large Firm and two at-large Industry Members. Of the seven Non-Industry NAC Members, at least three are Public Members.

The Nominating and Governance Committee identifies candidates for all NAC seats, including the five industry member seats that are based on firm size.

Vacancies and Terms

The term of one Small Firm NAC Member expires at the end of 2012 and will be filled with a like member.¹ The successful candidate will serve a three-year term beginning in January 2013.

Nominees and Nomination Process

The Nominating Committee determined it would not nominate a candidate to fill the upcoming Small Firm NAC Member vacancy. Instead, any eligible individual who obtains the requisite number of petitions will be included on the ballot.

Pursuant to Article VI, Section 6.2 of the FINRA Regulation By-Laws, a person who has not been nominated may be included on a ballot for an election to fill an open NAC seat if:

- a. within 45 days of the date of this *Election Notice*, such person presents to the Secretary of FINRA, in the case of petitions solely in support of such person, petitions in support of his or her nomination duly executed by three percent of the members entitled to vote (based on firm size classification) for such nominee's election or, in the case of petitions in support of more than one person, petitions in support of the nominations of such persons duly executed by ten percent of the members entitled to vote (based on firm size classification) for such nominees' election; and
- b. the Secretary certifies that the petitions are duly executed by the executive representatives of the requisite number of members entitled to vote for such nominee's/nominees' election, and the person(s) satisfies/satisfy the classification (Large Firm, Mid-Size Firm or Small Firm) of the NAC seat to be filled, based on such information provided by the person(s) as is reasonably necessary to make the certification.

Firms may only endorse a petition candidate for an open seat that corresponds to the firm's size classification. Therefore, only small firms can endorse a petition candidate in this election. No firm may endorse more than one such candidate.

Individuals interested in petitioning to become candidates must complete a candidate profile form (Attachment A) and submit it to FINRA's Corporate Secretary. Upon receipt of a candidate profile form, the Corporate Secretary will forward the interested individual a list of firms eligible to endorse a candidate for the Small Firm NAC seat.

Individuals submitting petitions must provide information sufficient for the Corporate Secretary to determine that the petitions are duly executed by the executive representatives of the requisite number of small firms by **Monday, September 17, 2012**.

The number of FINRA small firms as of the close of business on Thursday, August 2, 2012, was 4026. The requisite number of small firm endorsements required to meet the above-referenced threshold is 122 for petitions in support of the nomination.

Voting Eligibility

In the case of a contested election, firms are eligible to cast one vote for an industry candidate who is running for a seat that is in the same size category as their own firm. Therefore, only small firms may vote in the upcoming election for a Small Firm NAC Member.

The size classification of each FINRA member firm will be verified on the day the ballots are mailed. All eligible small firms will receive a ballot containing the candidates for the Small Firm NAC seat.

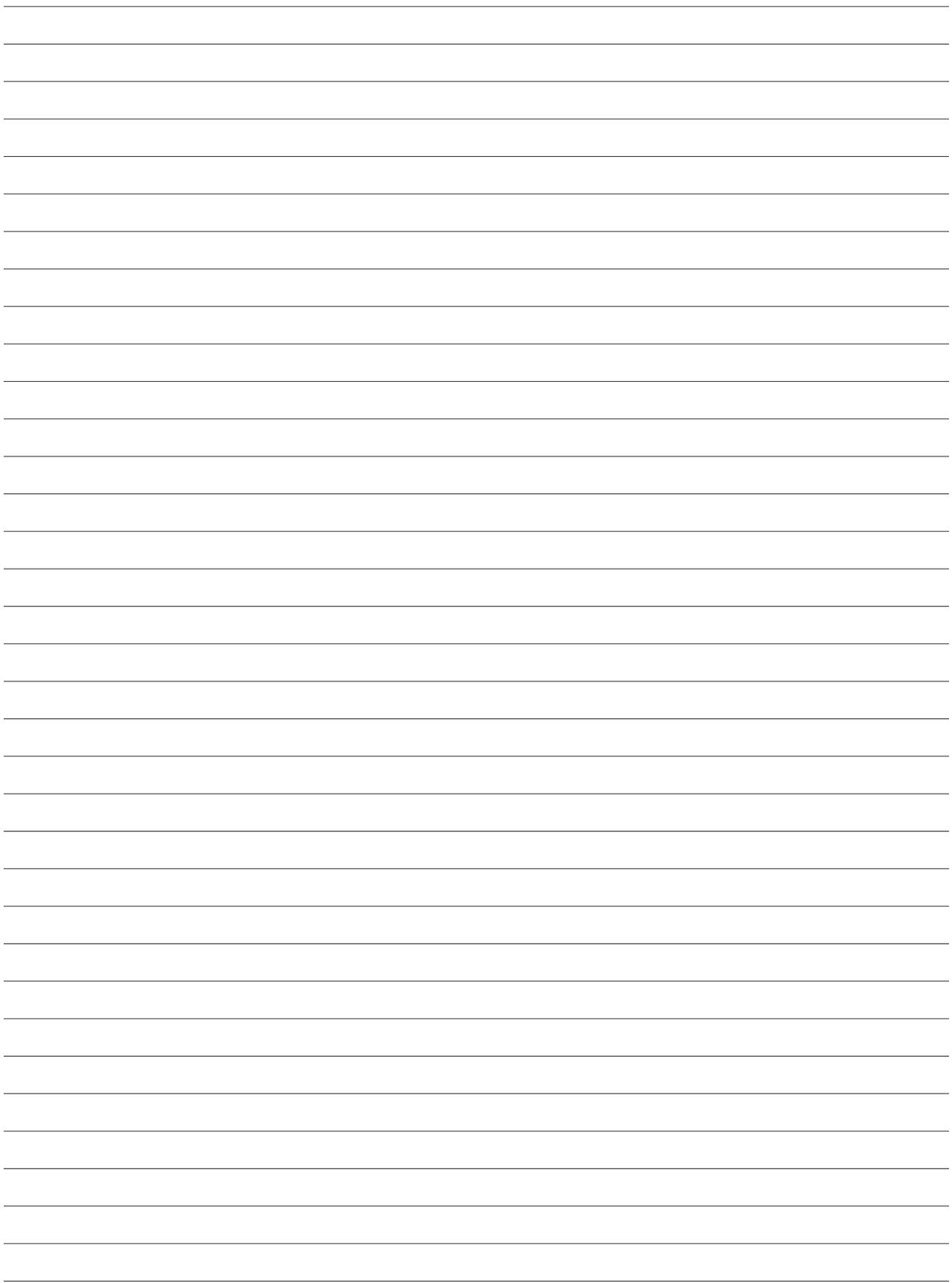
Firm Contact Information

Firms are reminded to accurately maintain their executive representative's name and email address, as well as their firm's main postal address in FINRA's records. This will ensure that important mailings, such as election information, will be properly directed. A firm's failure to keep this information accurate may jeopardize the firm's ability to participate in elections.²

To update an executive representative's name, mailing address and email address, firms may access the FINRA Contact System, via the Firm Gateway at: <https://firms.finra.org/fcs>. For assistance updating information, please contact the FINRA Office of the Corporate Secretary at (202) 728-8949.

Endnote

1. The terms of one at-large NAC Member and three Non-Industry NAC Members expire at the end of the year. These seats will be filled by individuals nominated by the Nominating and Governance Committee and appointed by the FINRA Board.
2. Pursuant to NASD Rule 1160, firms must update their contact information promptly, but in any event not later than 30 days following any change in such information, as well as review and, if necessary, update the information within 17 business days after the end of each calendar year. Additionally, firms must comply with any FINRA request for such information promptly, but in any event not later than 15 days following the request, or such longer period that may be agreed to by FINRA staff. *See* NASD Rule 1160 and FINRA *Regulatory Notice 07-42* (September 2007).



Information Notice

New Criteria and Process for Candidates Whose Primary Language Is Not English to Receive Additional Time to Complete a Qualification Examination or Continuing Education Session

Effective Date: September 1, 2012

Executive Summary

FINRA is modifying the criteria and process for candidates whose primary language is not English to receive additional time to complete a qualification examination or Regulatory Element Continuing Education session (CE session). Effective September 1, 2012, individuals with limited English proficiency (LEP) must meet the LEP criteria as outlined in this *Notice* to qualify to receive additional time to complete an examination or CE session. Additionally, these individuals must submit to FINRA an LEP Request Form and receive notification that the form has been processed before scheduling an examination or CE session appointment. Detailed information on the modifications is available on FINRA's [website](#).

Questions about this Notice may be directed to:

- ▶ Jeanne Hartman, Senior Director, Testing and Continuing Education Department, at (240) 386-6348; or
- ▶ Tia Stafford, Operations Manager, Testing and Continuing Education Department, at (240) 386-4437.

August 1, 2012

Suggested Routing

- ▶ Compliance
- ▶ Continuing Education
- ▶ Legal
- ▶ Operations
- ▶ Registered Representatives
- ▶ Registration
- ▶ Senior Management

Key Topic(s)

- ▶ Continuing Education
- ▶ Limited English Proficiency
- ▶ Qualification Examinations

Referenced Rules & Notices

- ▶ *Notice to Members* 01-81

Discussion

FINRA has a longstanding practice of providing individuals whose primary language is not English additional time to complete an examination or CE session.¹ Currently, individuals for whom English is their second language may request additional time when they make an appointment for an examination or CE session. The candidate must also bring a letter on his or her sponsoring firm's letterhead to the test center on the day of the examination or CE session. This letter must, among other things, contain a representation that English is the candidate's second language and be signed by the candidate's supervisor or manager.

Effective September 1, 2012, candidates whose primary language is not English must meet the LEP criteria to be eligible to receive additional time to complete an examination or CE session. Individuals with LEP are persons who (1) do not speak English as their primary language; *and* (2) have limited ability to read, speak, write or understand the English language.² Under the modified process, in order for LEP candidates to receive additional time to complete an examination or CE session, they must take the following steps:

- ▶ Open the appropriate enrollment window in the Central Registration Depository (CRD®). For an examination, this is accomplished by requesting the examination via Form U4 (Uniform Application for Securities Industry Registration or Transfer) in the CRD system. A CE session enrollment window automatically opens in the CRD system based on the anniversary of the individual's initial securities registration.
- ▶ Submit a completed [LEP Request Form](#) to FINRA's LEP Support Services Team.³ The candidate will receive confirmation from FINRA once the LEP Request Form has been processed.⁴
- ▶ Upon receipt of the confirmation from FINRA, schedule the examination or CE session appointment with a test center.⁵

Once FINRA processes a candidate's completed LEP Request Form, FINRA will notify its test delivery vendors that the candidate should be provided additional time to complete the examination or CE session.⁶ LEP candidates who want additional time must follow the procedure outlined above, as test delivery vendor personnel will no longer be authorized to provide additional time to such candidates.

Endnotes

1. *See, e.g., Notice to Members* 01-81 (December 2001).
2. *See* Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons, 67 FR 41455 (June 18, 2002).
3. An LEP candidate needs to submit only one LEP Request Form for all examinations and/or CE sessions that have an open enrollment window at the time the form is submitted to FINRA. For example, a candidate may submit one LEP Request Form to request additional time for two examinations if the enrollment windows for both examinations are open at the time the candidate submits the form. The candidate, however, must submit a new LEP Request Form to request additional time to take a subsequent examination or CE session.
4. Generally, FINRA will provide notification via email that an LEP Request Form is complete and has been processed, or that further information is required, within 10 business days of receipt.
5. The process is different for an individual who is not employed by or associated with a FINRA member firm and is required by another regulatory authority to qualify by a FINRA-administered examination. These individuals must submit a Form U10 (Uniform Examination Request for non-FINRA candidates) and, after receiving an enrollment notification from FINRA, submit the LEP Request Form. Once the individual receives confirmation from FINRA that the LEP Request Form has been processed, the individual may then schedule the examination.
6. FINRA is not modifying the amount of additional time given to candidates to complete an examination or CE session. Thus, candidates will continue to receive 30 additional minutes for examinations that have a testing time of two hours or less, and 60 additional minutes for examinations that have a testing time of more than two hours and for all CE sessions.

Information Notice

Late Disclosure Fee Related to Reporting of Judgment/Lien Events

Effective Date: August 13, 2012

Executive Summary

Effective August 13, 2012, FINRA has implemented new procedures regarding application of the late disclosure fee under Section 4(h) of Schedule A to the FINRA By-Laws to the reporting of judgment/lien events on Forms U4. Under the new procedures, FINRA is requesting that member firms provide the date the registered person learned of the judgment/lien on Form U4 when reporting such events and will assess the late disclosure fee based on that date.

Questions regarding this *Notice* should be directed to the Gateway Call Center at (301) 869-6699.

Discussion

Member firms are required to report when a registered person becomes subject to an unsatisfied judgment or lien in response to Question 14M on Form U4. Under the FINRA By-Laws, firms are required to report such matters not later than 30 days after learning of the facts or circumstances giving rise to the event (*i.e.*, the filing of the judgment or lien).¹ Member firms that do not report such matters in a timely manner are subject to a late disclosure fee under Section 4(h) of Schedule A to the FINRA By-Laws.

In connection with recent fee changes,² it has come to FINRA's attention that the manner in which the Form U4 currently elicits information regarding judgment/lien events may have resulted in firms being assessed a late disclosure fee based on the date of filing of the judgment or lien rather than the date on which the representative learned of the judgment or lien. Specifically, when reporting such matters, member firms are required to provide in Section 4 of the Form U4 Judgment/Lien Disclosure Reporting Page (DRP) the date the judgment or lien was filed. The DRP does not currently elicit in a discrete data field the date the registered person learned of the judgment

August 17, 2012

Suggested Routing

- ▶ Compliance
- ▶ Registered Representatives
- ▶ Registration
- ▶ Senior Management

Key Topic(s)

- ▶ FINRA By-Laws
- ▶ Form U4
- ▶ Late Disclosure Fee
- ▶ Reporting of Judgment/Lien Events

or lien. FINRA previously assessed any related late disclosure fee through the Central Registration Depository® (CRD or CRD system) based on the date the judgment or lien was filed. Member firms were instructed to contact FINRA staff if they believed the late disclosure fee was assessed in error.³

Effective August 13, 2012, FINRA has implemented new procedures regarding application of the late disclosure fee to the reporting of judgment/lien events on Forms U4. Under the new procedures, FINRA is requesting that member firms provide, in addition to the date the judgment/lien was filed in Section 4 of the DRP, the date the registered person learned of the judgment/lien in Section 8 of the DRP (a free-text section), if it differs from the date provided in Section 4. If the member firm provides a date in Section 8 of the DRP, FINRA staff will review the information provided by the member firm to determine whether a filing is late based on the date the registered person learned of the judgment/lien and, if it is late, will assess the late disclosure fee based on that date.

FINRA has published guidance regarding how firms should report judgment/lien events at [Forms U4 and U5 Interpretive Questions & Answers](#) (Question 14M).

Endnotes

1. See FINRA By-Laws, Article IV, Sec. 1.
2. See Securities Exchange Act Release No. 67247 (June 25, 2012), 77 FR 38866 (June 29, 2012) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Sections 4 and 6 of Schedule A to the FINRA By-Laws Regarding Fees Relating to the Central Registration Depository).
3. Information on requesting a late disclosure fee refund is available on FINRA's website at [Late Disclosure Fee FAQ](#).

Information Notice

Guidance for Firms Potentially Affected by Hurricane Isaac

Executive Summary

In light of the tropical storm and hurricane warnings for coastal Louisiana, Mississippi, Alabama and the Florida Panhandle, FINRA is encouraging member firms with offices in the affected areas to prepare to implement business continuity plans.

Questions regarding this *Notice* should be directed to Daniel M. Sibears, Executive Vice President, Member Regulation Programs, at (202) 728-6911.

Preparations for Hurricane Isaac

FINRA encourages member firms with offices in the areas potentially affected by Hurricane Isaac to prepare to implement business continuity plans. In particular, FINRA advises firms to consider emergency office relocations, safety of and communications plans among firm management and personnel, qualifications and continuing education appointments, books and records preservation, the handling of customers' funds and securities, and customer communications.

To obtain additional information about preparing for and addressing emergency situations, firms may review the following tools and resources:

- ▶ [Regulatory Notice 05-57](#) (Guidance to Members Affected by Hurricane Katrina)
- ▶ [Regulatory Notice 06-74](#) (Business Continuity Planning—Member Business Continuity Experiences Regarding Hurricanes Katrina and Rita)
- ▶ [Regulatory Notice 09-59](#) (Business Continuity Planning—FINRA Provides Guidance on Pandemic Preparedness)
- ▶ [Business Continuity Planning](#)

August 28, 2012

Notice Type

- ▶ Guidance

Suggested Routing

- ▶ Executive Representative
- ▶ Senior Management

Key Topic(s)

- ▶ Business Continuity

New Orleans District Office

FINRA's New Orleans District Office is closed Tuesday, August 28, 2012, and may remain closed on Wednesday, August 29, 2012. Firms assigned to the New Orleans District Office may direct inquiries to any of three other FINRA Offices in the South Region:

- ▶ Dallas District Office (972) 701-8554
- ▶ Florida District Office (561) 443-8000
- ▶ Atlanta District Office (404) 239-6100