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Regulatory Notice 13-32

Minor Rule Violations

SEC Approves Amendments to FINRA Rule 9217 to Include Additional Rule Violations Eligible for Disposition under FINRA's Minor Rule Violation Plan

Effective Date: September 26, 2013

Executive Summary

The Securities and Exchange Commission (SEC) approved amendments to FINRA Rule 9217 to include additional rules for disposition pursuant to FINRA's Minor Rule Violation Plan (MRVP). The additional rules are set forth in Attachment A. The amendment became effective September 26, 2013.

The text of the amended rules is available at *www.finra.org/notices/13-32*.

Questions concerning this *Notice* should be directed to Philip Shaikun, Associate Vice President and Associate General Counsel, Office of General Counsel, at (202) 728-8451.

Background & Discussion

FINRA Rule 9216(b) provides procedures for disposition of certain rule violations designated as minor rule violations pursuant to a plan declared effective by the SEC in accordance with Section 19(d)(1) of the Exchange Act and Rule 19d-1(c)(2) thereunder. FINRA's MRVP allows FINRA to impose a fine of up to $2,500 on any firm it regulates or person associated with a FINRA-regulated firm for a minor violation of an eligible rule. On September 26, 2013, the SEC approved amendments to expand Rule 9217, which sets forth the rules eligible for MRVP disposition.

October 2013

Notice Type

- Rule Amendment

Suggested Routing

- Compliance
- Legal
- Registered Representatives
- Senior Management

Key Topics

- Code of Procedure
- Minor Rule Violation Plan

Referenced Rules & Notices

- FINRA By-Laws Schedule A, Sec. 1(b)
- FINRA Rules 1250, 2251, 2266, 2360, 3160, 4360, 4370, 4524, 5110, 5121, 5122, 5190, 6181, 6182, 6250, 6380B, 6623, 6624, 6760, 7230B, 7260B, 7330, 7360, 7430 and 9217
- MSRB Rules G-2, G-3, G-6, G-8, G-9, G-10, G-21, G-27 and G-40
- NASD Rules 1021, 1150, 1160 and 3010
- SEA Rules 10b-10, 17a-3 and 17a-4
- SEC Regulation NMS Rules 605 and 606
- SEC Regulation SHO Rule 200(g)

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The purpose of the MRVP is to provide reasonable but meaningful sanctions for minor or technical violations of rules. The option to impose an MRVP sanction gives FINRA additional flexibility to administer its enforcement program in the most effective and efficient manner, while still fully meeting FINRA's remedial objectives in addressing violative conduct. For example, MRVP dispositions provide a useful tool for implementing the concept of progressive discipline to remediate misconduct.

The inclusion of a rule in FINRA's MRVP does not minimize the importance of compliance with the rule. FINRA will continue to examine and surveil for compliance with eligible rules in a manner consistent with its examination programs and will determine on a case-by-case basis whether disposition pursuant to the MRVP is appropriate. The inclusion of a rule in the MRVP does not require FINRA to treat any particular violation of that rule pursuant to the MRVP. FINRA therefore retains the discretion to resolve minor violations as informal matters or through an Acceptance, Waiver and Consent or filing of a complaint, depending on the facts and circumstances. FINRA does not intend to develop a formula as to when a matter must be handled pursuant to the MRVP, as opposed to other alternatives, including informal action. Similarly, a firm or associated person is not required to accept an MRV disposition and may always avail itself of the procedural rights under FINRA rules to challenge an allegation in any complaint that may be filed.

Endnote

1. *See* Securities Exchange Act Release No. 70521 (September 26, 2013), 78 FR 60982 (October 2, 2013) (Order Approving File No. SR-FINRA-2013-033).

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Attachment A

Additional Rules Included in FINRA's MRVP as of September 26, 2013

(1) Schedule A. Sec. 1(b) of the FINRA By-Laws — Failure to make accurate payment of Trading Activity Fee.

(2) Rule 1250(a) — Failure to comply with the Regulatory Element of the continuing education requirements.

(3) Rule 2251(a) — Failure to timely forward proxy and other issuer-related materials.

(4) Rule 2266 — Failure to provide written notification of availability of SIPC information at account opening or annually thereafter.

(5) Rule 2360(b)(5) — Failure to report options positions.

(6) Rule 3160(a)(1), (3), (4) and (5) — Standards of conduct for conducting broker-dealer services on or off the premises of a financial institution pursuant to a networking arrangement, but excluding the networking agreement requirements.

(7) Rule 4360(b) — Failure to maintain adequate fidelity bond coverage.

(8) Rule 4370(a), (b), (c), (e) and (f) — Requirements to create, maintain and update a written business continuity plan and disclosure of such to customers.

(9) Rule 4524 — Failure to timely file or filing of incomplete reports or information.

(10) Rule 5110(b) — Failure to timely file or filing of incomplete documents or information.

(11) Rule 5121(a) — Failure to prominently disclose conflict of interest.

(12) Rule 5121(b)(2) — Failure to give timely notification of termination or settlement of public offering, or failure to file net capital computation.

(13) Rule 5122(b)(2) — Failure to timely file private placement documents.

(14) Rule 5190 — Failure to give timely notification of participation in offerings.

(15) Rules 6380B, 7230B, 7260B, 7330, and 7360 — Transaction reporting in equity and debt securities.

(16) Rules 6181 and 6623 — Failure to timely report transactions in NMS, OTC and restricted equity securities.

(17) Rules 6182 and 6624 — Failure to accurately mark short sale transactions in NMS and OTC equity securities.

(18) Rule 6250 — Failure to comply with quote and order access requirements for FINRA's Alternative Display Facility.

(19) Rule 6760 — Failure to give timely or complete notification concerning offerings of TRACE-Eligible Securities.

(20) Rule 7430 — Failure to synchronize business clocks used for recording date and time as required by applicable FINRA By-laws and rules.

(21) NASD Rules 1021(d) — Failure to timely register.

(22) NASD Rule 1150 — Failure to review and update executive representative designation and contact information.

(23) NASD Rule 1160 — Failure to report or update contact information.

(24) NASD Rule 3010 — Failure to maintain adequate written supervisory procedures where the underlying conduct is subject to Rule 9217.

(25) SEA Rules 17a-3(a) and 17a-4 — Record retention rule violations.

(26) SEA Rule 10b-10 — Confirmation of Transactions.

(27) Rule 200(g) of SEC Regulation SHO— Failure to accurately mark sell orders of equity securities.

(28) Rule 605(a)(1) and (3) of SEC Regulation NMS — Failure to timely report or provide complete order execution information.

(29) Rule 606 of SEC Regulation NMS — Failure to timely disclose or provide complete order routing information.

(30) MSRB Rules G-2 and G-3 (b)(ii)(D)and (c)(ii)(D) — Failure to timely register.

(31) MSRB Rule G-3(h) — Failure to comply with the continuing education requirements.

(32) MSRB Rule G-6 — Failure to maintain adequate fidelity bond coverage.

(33) MSRB Rules G-8 and G-9 — Record retention rule violations.

(34) MSRB Rule G-10(a) — Failure to deliver investor brochure to customers promptly.

(35) MSRB Rule G-21 — Advertising.

(36) MSRB Rule G-27(c) — Failure to maintain adequate written supervisory procedures where the underlying conduct is subject to Rule 9217.

(37) MSRB Rule G-40(a) and (c) — Failure to designate and update electronic mail contact information for communications with MSRB.

Regulatory Notice 13-33

Continuing Education

Securities Industry/Regulatory Council on Continuing Education Issues Firm Element Advisory Update

The Securities Industry/Regulatory Council on Continuing Education (Council) has released its Fall 2013 Firm Element Advisory (FEA). The Council produces the FEA to identify regulatory and sales practice topics that firms should consider in their Firm Element training plans. Topics updated or added since the prior FEA are indicated in the document as such.

The updated FEA is available at: *http://cecouncil.com/Documents/FEA_Semi_Annual_Update.pdf*.

The FEA topics are not exhaustive and are intended as a guide to firms when they determine what to include in their training plans. Firms should consider the specific nature of their business, clients, products and services when creating their training plans.

Previous editions of the FEA, as well as a *matrix* indicating the topics covered in those editions, are available at the Council's website at *www.cecouncil.com.*

Questions concerning this *Notice* should be directed to:

- *cecounciladmin@finra.org*; or
- Roni Meikle, Director, Continuing Education, FINRA, at (212) 858-4084.

October 2013

Notice Type
- Guidance

Suggested Routing
- Compliance
- Continuing Education
- Legal
- Registration
- Senior Management

Key Topics
- Continuing Education
- Firm Element

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Regulatory Notice 13-34

Jumpstart Our Business Startups (JOBS) Act

FINRA Requests Comment on Proposed Funding Portal Rules and Related Forms

Comment Period Expires: February 3, 2014

Executive Summary

FINRA is soliciting public comment on a set of proposed rules—referred to as the Funding Portal Rules—and related forms for SEC-registered funding portals[1] that become FINRA members pursuant to the crowdfunding provisions of the JOBS Act.[2]

The text of the proposed rules is available in Attachment A and the related forms are available as Attachments B through E.

Questions regarding this *Notice* should be directed to:

- Patricia Albrecht, Associate General Counsel, Office of General Counsel (OGC), at (202) 728-8026; or
- Adam Arkel, Associate General Counsel, OGC, at (202) 728-6961.

Action Requested

FINRA encourages all interested parties to comment on the proposal. Comments must be received by February 3, 2014.

Comments must be submitted through one of the following methods:

- Emailing comments to *pubcom@finra.org*; or
- Mailing comments in hard copy to:

  Marcia E. Asquith
  Office of the Corporate Secretary
  FINRA
  1735 K Street, NW
  Washington, DC 20006-1506

October 2013

Notice Type

- Request for Comment

Suggested Routing

- Compliance
- Legal
- Senior Management

Key Topics

- Crowdfunding
- Funding Portals
- JOBS Act

Referenced Rules & Notices

- FINRA By-Laws
- FINRA Rule 2010
- FINRA Rule 2020
- FINRA Rule 2210
- FINRA Rule 2268
- FINRA Rule 3310
- FINRA Rule 4360
- FINRA Rule 4530
- FINRA Rule 8000 Series
- FINRA Rule 8312
- FINRA Rule 9000 Series
- FINRA Rule 9520
- FINRA Rule 12000 Series
- FINRA Rule 13000 Series
- FINRA Rule 14000 Series
- NASD Rule 1010 Series
- NASD Rule 1160
- NASD Rule 3010
- NTM 03-73
- Regulatory Notice 12-34

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To help FINRA process comments more efficiently, persons should use only one method to comment on the proposal.

Important Notes: All comments received in response to this *Notice* will be made available to the public on the FINRA website. In general, FINRA will post comments as they are received.[3]

Before becoming effective, a proposed rule change must be authorized for filing with the SEC by the FINRA Board of Governors, and then must be filed with the SEC pursuant to SEA Section 19(b).[4]

Background & Discussion

The JOBS Act, enacted in 2012 with the goal of increasing American job creation and economic growth, contains key provisions relating to securities offered or sold through "crowdfunding."[5] Funding portals that engage in crowdfunding on behalf of issuers relying on the JOBS Act's "crowdfunding exemption"[6] must register with the SEC and become a member of a national securities association.[7] The JOBS Act prohibits funding portals from a variety of activities, including offering investment advice or recommendations, soliciting transactions for securities displayed on their websites, compensating employees for securities solicitations, and holding investor funds or securities.

FINRA is proposing rules and related forms for funding portals. This proposal, which reflects the rules recently proposed by the SEC, would implement in our rules the provisions of the JOBS Act. FINRA has streamlined the proposed rules to the extent possible to reflect the limited scope of activity permitted by funding portals while also maintaining investor protection.

In developing the proposed rules, FINRA has considered the comments that we received in response to *Regulatory Notice 12-34* (FINRA Requests Comment on Proposed Regulation of Crowdfunding Activities). In January, FINRA made available on its website the Interim Form for Funding Portals (IFFP), an online form for intermediaries that intend to apply for membership with FINRA as funding portals. Prospective funding portal members were invited, on a voluntary basis, to submit information to FINRA using the IFFP and thereby help to inform FINRA's rulemaking process.[8]

The proposed Funding Portal Rules consist of a set of seven rules—Funding Portal Rules 100, 110, 200, 300, 800, 900 and 1200[9]—and related forms. Following are highlights of the proposed requirements.

General Standards (Funding Portal Rule 100)

Proposed Funding Portal Rule 100 provides that all funding portal members (*i.e.*, including both funding portals and their associated persons) shall be subject to the FINRA By-Laws, unless the context requires otherwise, and the Funding Portal Rules. The rule further sets forth basic definitions modified as appropriate to apply to funding portal members.

Funding Portal Application (Funding Portal Rule 110, Form FP-NMA, Form FP-CMA and FP-SD Schedule)

Proposed Funding Portal Rule 110(a) sets forth the membership application process (MAP) for funding portals. The membership application process will enable FINRA to assess whether funding portals are capable of complying with applicable regulations. The rule is based on the current NASD Rule 1010 Series membership rules that apply to broker-dealers. However, the process for funding portals is simplified to reflect the limited nature of their business.

Proposed Funding Portal Rule 110(a) thus would tailor the NASD Rule 1010 Series by:

- shortening the time frames for key events. For instance, the time frame for the Department of Member Regulation (Department) to provide a decision on a funding portal MAP application is 60 days after the application is filed (as opposed to 180 days in the broker-dealer MAP rules);
- streamlining and consolidating, from 14 to five, the NASD Rule 1010 Series standards for granting or denying an application. These five consolidated standards address a funding portal's: (1) ability to comply with applicable federal securities laws, rules and regulations and FINRA's Funding Portal Rules; (2) contractual or other arrangements and business relationships necessary to initiate operations; (3) supervisory system; (4) direct and indirect funding sources; and (5) recordkeeping system;
- providing that the membership interview may be conducted by video conference (or such other means as FINRA may specify);
- streamlining the process for appealing the Department's decision by reducing applicable filing and response time frames from 25 days for broker-dealers to 14 days and eliminating provisions providing for an appellate hearing; and
- narrowing the changes in ownership or control for which a funding portal member would be required to apply for approval.

Funding portals will apply for membership using proposed Form FP-NMA[10] and for changes in ownership and control using Form FP-CMA.[11] They will submit statutory disqualification information using the FP-SD Schedule.[12] The Form FP-NMA and Form FP-CMA require significantly less information than the broker-dealer counterpart forms, consistent with the limited scope of business to be conducted by funding portals.[13]

Proposed Funding Portal Rule 110(b) sets forth a streamlined version of FINRA Rule 4360 (Fidelity Bonds) and requires funding portal members to maintain fidelity bond coverage. The rule addresses among other things the minimum required coverage, deductible provision and notification of cancellation, termination or substantial modification of coverage.

Funding Portal Conduct (Funding Portal Rule 200)

Based in large part on FINRA Rule 2010 (Standards of Commercial Honor and Principles of Trade), proposed Funding Portal Rule 200(a) requires a funding portal member, in the conduct of its business, to observe high standards of commercial honor and just and equitable principles of trade.

Proposed Funding Portal Rule 200(b), based in large part on FINRA Rule 2020 (Use of Manipulative, Deceptive or Other Fraudulent Devices), prohibits a funding portal member from effecting any transaction in, or inducing the purchase or sale of, any security by means of, or by aiding or abetting,[14] any manipulative, deceptive or other fraudulent device or contrivance.

Proposed Funding Portal Rule 200(c) is an abbreviated version of FINRA Rule 2210 (Communications with the Public), essentially prohibiting false and misleading statements.

Funding Portal Compliance (Funding Portal Rule 300)

A funding portal member is required under proposed Funding Portal Rule 300(a) to establish and maintain a system to supervise the activities of each associated person of the funding portal member that is reasonably designed to achieve compliance with applicable securities laws and regulations and with the Funding Portal Rules. The rule is a streamlined version of current NASD Rule 3010 (Supervision) and is designed to permit funding portal members flexibility to tailor their supervisory systems to their business models.

Proposed Funding Portal Rule 300(b) requires each funding portal member to implement a written anti-money laundering (AML) program. This is consistent with the SEC's proposed requirements and Chapter X of Title 31 of the Code of Federal Regulations.[15] Accordingly, the proposed rule is similar to current FINRA Rule 3310 (Anti-Money Laundering Compliance Program); however, the proposed rule contemplates that all funding portals will be eligible to conduct the required independent testing for compliance every two years.

Proposed Funding Portal Rule 300(c) requires funding portal members to report to FINRA (and the obligations of such members' associated persons to report to the member) regulatory proceedings, disciplinary and other events. The rule is largely based on current FINRA Rule 4530 (Reporting Requirements). Funding portal members would use the Funding Portal Rule 300(c) Form for their reporting requirements pursuant to the rule.[16]

Based in large part on current NASD Rule 1160 (Contact Information Requirements), proposed Funding Portal Rule 300(d) requires funding portal members to report to FINRA all contact information required by FINRA through such means as FINRA may specify and to promptly update their required contact information.

Investigations and Sanctions (Funding Portal Rule 800)

Under proposed Funding Portal Rule 800(a), funding portal members will be subject to the FINRA Rule 8000 Series (Investigations and Sanctions), unless the context requires otherwise. Paragraph (b) of the proposed rule includes a streamlined version of FINRA Rule 8312 (FINRA BrokerCheck Disclosure). The rule provides that FINRA shall make available to the public information filed by a funding portal member that is currently or was previously registered with FINRA, and that, except as otherwise provided by the rule, FINRA shall make available any information reported on the funding portal's most recently filed SEC registration forms. Further, under the rule, FINRA shall make available information filed by a funding portal member indicating whether the funding portal member or any associated person of the funding portal member is subject to a statutory disqualification.

Code of Procedure (Funding Portal Rule 900)

Under proposed Funding Portal Rule 900(a), funding portal members will be subject to the FINRA Rule 9000 Series (Code of Procedure), unless the context requires otherwise. Paragraph (b) of the proposed rule includes a streamlined version of the current FINRA Rule 9520 Series (Eligibility Proceedings) and sets forth the procedures for a person to become or remain associated with a funding portal member notwithstanding the existence of a statutory disqualification, and for a funding portal member or person associated with a funding portal member to obtain relief from the eligibility or qualification requirements of the FINRA By-Laws or Funding Portal Rules.

Arbitration and Mediation (Funding Portal Rule 1200)

Under proposed Funding Portal Rule 1200(a), funding portal members will be subject to the FINRA Rule 12000 Series (Code of Arbitration Procedure for Customer Disputes), FINRA Rule 13000 Series (Code of Arbitration Procedure for Industry Disputes) and FINRA Rule 14000 Series (Code of Mediation Procedure), unless the context requires otherwise. Paragraph (b) of the proposed rule addresses the use by funding portal members of predispute arbitration agreements for investor accounts. The rule is a streamlined version of current FINRA Rule 2268 (Requirements When Using Predispute Arbitration Agreements for Customer Agreements).

Request for Comment

FINRA requests comment on all aspects of the proposed rules and related forms, including any potential costs and burdens that the proposal could impose on funding portals. FINRA particularly requests comment concerning the following issues:

- Do the proposed rules appropriately accommodate the scope of funding portal business as provided by the JOBS Act? If not, what other accommodations are appropriate and why?
- Do the proposed rules provide sufficient protections to investors who might use funding portals? If not, what additional protections are warranted and why?
- Is there any segment of the funding portal industry for which the rules will be more burdensome? Are these additional burdens justified by the business engaged in by these funding portals?
- The proposed rules do not impose licensing requirements on associated persons of funding portal members, as they do not appear necessary in light of the limited activities of funding portals. Should there be licensing requirements for associated persons of funding portals? Why or why not?
- What costs will be associated with the fidelity bond coverage required by proposed Funding Portal Rule 110(b)? Are there financial responsibility or net capital requirements that FINRA should adopt in addition to or in lieu of a fidelity bond requirement? Why or why not?
- As discussed earlier, proposed Funding Portal Rule 300(a) requires funding portal members to establish and maintain supervisory systems. Are there specific supervisory requirements that FINRA should adopt? Why or why not? What potential costs do prospective funding portal members expect in developing and implementing supervisory systems? Similarly, what costs do prospective funding portal members expect would be imposed by compliance with the proposed requirements to:
  - develop and implement a written anti-money laundering program as specified under proposed Funding Portal Rule 300(b); and
  - promptly report to FINRA the regulatory proceedings, disciplinary and other events as set forth under proposed Funding Portal Rule 300(c)?

FINRA requests that commenters provide empirical data or other factual support for their comments wherever possible.

Endnotes

1. The term "funding portal" is defined under Section 3(a)(80) of the Securities Exchange Act of 1934 (SEA), as revised by the JOBS Act. *See* Pub. L. No. 112-106, 126 Stat. 306 (2012). The SEC has separately proposed rules to implement the provisions of the JOBS Act governing funding portals. Exchange Act Release No. 70741 (October 23, 2013).
2. *See* Title III of the JOBS Act.
3. FINRA will not edit personal identifying information, such as names or email addresses, from submissions. Persons should submit only information that they wish to make publicly available. *See NTM 03-73* (November 2003) (NASD Announces Online Availability of Comments) for more information.
4. *See* SEA Section 19 and rules thereunder. After a proposed rule change is filed with the SEC, the proposed rule change generally is published for public comment in the *Federal Register*. Certain limited types of proposed rule changes, however, take effect upon filing with the SEC. *See* SEA Section 19(b)(3) and SEA Rule 19b-4.
5. Crowdfunding generally refers to the use of the Internet by small businesses to raise capital through limited investments from a large number of investors.
6. *See* Section 4(a)(6) of the Securities Act of 1933, as amended by the JOBS Act.
7. The SEC's proposed Rule 400(a) under Regulation Crowdfunding requires in part that a funding portal must register with the Commission and become a member of FINRA or any other applicable national securities association registered under SEA Section 15A. FINRA is the only registered national securities association.
8. *See* Exchange Act Release No. 68633 (January 11, 2013), 78 FR 4186 (January 18, 2013) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change; File No. SR-FINRA-2013-005).
9. The text of the proposed rules is set forth in Attachment A.
10. *See* Attachment B.
11. *See* Attachment C.
12. *See* Attachment D. Funding portals are required to keep statutory disqualification information current and to update the information promptly, but in any event not later than 10 days following any change in such information. Proposed Funding Portal Rule 110(a)(3)(B) sets forth this update requirement as to funding portal *applicants*; proposed Funding Portal Rule 800(b)(2) sets forth the requirement as to intermediaries once they become funding portal *members*.
13. FINRA will separately address the specific membership application and other fees that apply to funding portals.
14. FINRA notes that current FINRA Rule 2020 does not expressly include the term "aiding and abetting."
15. *See* Exchange Act Release No. 70741 (October 23, 2013).
16. *See* Attachment E.

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Regulatory Notice 13-35

Trade Reporting and Compliance Engine (TRACE)

SEC Approves Amendments to TRACE Rules and Dissemination Protocols to Disseminate Rule 144A Transactions in TRACE-Eligible Securities and Related Fees

Effective Date: June 30, 2014

October 2013

Notice Type
- Rule Amendment

Suggested Routing
- Compliance
- Fixed Income
- Legal
- Operations
- Systems
- Trading
- Training

Key Topics
- Dissemination
- Rule 144A transactions
- TRACE-Eligible Securities
- TRACE Fees

Referenced Rules & Notices
- FINRA Rule 6750
- FINRA Rule 7730
- Securities Act Rule 144A

Executive Summary

The SEC approved amendments to FINRA Rule 6750 and TRACE dissemination protocols that provide for the dissemination of transactions in TRACE-eligible securities that are effected pursuant to Securities Act Rule 144A (Rule 144A transactions). In addition, the SEC approved amendments to FINRA Rule 7730 to establish real-time and historic data sets for Rule 144A transactions.[1] In a related rule filing, FINRA amended Rule 7730 to establish the fees for Rule 144A real-time and historic data at the same rates currently in effect for similar data sets.[2]

The effective date is June 30, 2014.

The amended rule text is available at *www.finra.org/notices/13-35*.

Questions regarding this *Notice* may be directed to:

- Elliot Levine, Associate Vice President and Counsel, Transparency Services, at (202) 728-8405;
- Sharon Zackula, Associate Vice President and Associate General Counsel, Office of General Counsel (OGC), at (202) 728-8985; or
- Kathryn Moore, Associate General Counsel, OGC, at (202) 728-8200.

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Background and Discussion

FINRA amended Rule 6750 and the dissemination protocols to provide for the dissemination of Rule 144A transactions in TRACE-eligible securities, provided the asset type (*e.g.*, corporate bonds) is currently subject to dissemination under Rule 6750. In addition, FINRA amended Rule 7730 to establish real-time and historic data sets for Rule 144A transactions and related fees. FINRA also modified Rule 7730 to incorporate clarifying and technical amendments to various provisions. The more significant amendments to the FINRA rules are as follows:

- **Dissemination.** FINRA amended Rule 6750 to provide for the dissemination of Rule 144A transactions upon receipt of a transaction report. Under TRACE dissemination protocols, a Rule 144A transaction will be disseminated subject to the same dissemination cap that is currently in effect for a non-Rule 144A transaction involving the same type of security. Thus, for Rule 144A transactions in investment-grade corporate bonds, the dissemination cap is $5 million, which is the same dissemination cap that applies to non-Rule 144A transactions in such securities. Similarly, for Rule 144A transactions in non-investment grade corporate bonds, the dissemination cap is $1 million.[3]
- **Fees.** FINRA amended Rule 7730(c) and (d) to establish the Rule 144A Data Set for real-time TRACE data and the Historic Rule 144A Data Set and the fees for the data sets. The fees are set at the same rate currently in effect for the other real-time and historic data sets discussed in Rule 7730.[4]
- **Clarifying Amendments.** FINRA also incorporated a number of clarifying and technical amendments to Rule 7730, including modifications to Rule 7730(f)(4) to refine the definition of Historic TRACE Data; Rule 7730(a)(1)(B) to clarify the TRACE Web browser fees applicable to subscriptions involving more than two data sets; and Rule 7730(b)(1)(A) to clarify that the to be announced (TBA) transaction reporting fee of $1.50 applies to TBA transactions in SBA-backed ABS as well as TBA transactions in agency pass-through mortgage-backed securities.[5]

Endnotes

1. *See* Securities Exchange Act Release No. 70345 (September 6, 2013), 78 FR 56251 (September 12, 2013) (SEC Order Granting Approval of Proposed Rule Change Relating to the Dissemination of Transactions in TRACE-Eligible Securities that are Effected Pursuant to Securities Act Rule 144A, File No. SR-FINRA-2013-029).
2. *See* Securities Exchange Act Release No. 70691 (October 16, 2013), 78 FR 62788 (October 22, 2013) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to TRACE Fees for Securities Act Rule 144A Transaction Data, File No. SR-FINRA-2013-043).
3. *See* SR-FINRA-2013-029. The terms Investment Grade and Non-Investment Grade are defined in FINRA Rule 6710(h) and FINRA Rule 6710(i), respectively.
4. *See* SR-FINRA-2013-029 and SR-FINRA-2013-043.
5. *See* SR-FINRA-2013-029 and SR-FINRA 2013-043. The terms agency pass-through mortgage-backed security, to be announced (TBA), and SBA-Backed ABS are defined in FINRA Rule 6710(v), FINRA Rule 6710(u), and FINRA Rule 6710(bb), respectively.

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Regulatory Notice 13-36

Qualification Examinations

FINRA Revises the Investment Company and Variable Contracts Products Representative (Series 6) Examination Program

Implementation Date: December 16, 2013

October 2013

Notice Type
- Guidance

Suggested Routing
- Compliance
- Legal
- Operations
- Registration
- Training

Key Topics
- Series 6 Qualification Examination

Referenced Rules & Notices
- FINRA Rule 1250
- FINRA Rule 2111
- FINRA Rule 4510
- Information Notice 3/12/08
- NASD Rule 1032(a)
- NASD Rule 1032(b)
- NASD Rule 1070
- NYSE Rule 345.15(3) and its interpretation
- SEA Rule 17f-2
- SEA Section 15A(g)(3)
- Securities Act Section 3(a)(8)

Executive Summary

FINRA periodically reviews the content of qualification examinations to determine whether revisions are necessary or appropriate in view of changes—including changes to the laws, rules and regulations—pertaining to the subject matter the examinations cover. Based on this review process, FINRA has revised the Investment Company and Variable Contracts Products Representative (Series 6) examination program.[1]

The changes are reflected in the Series 6 content outline on FINRA's website and will appear in Series 6 examinations administered on or after December 16, 2013.

Questions regarding this *Notice* should be directed to:

- Amaka Omenka, Senior Qualifications Analyst, Testing and Continuing Education Department, at (240) 386-4678; or
- Eva Cichy, Senior Qualifications Analyst, Testing and Continuing Education Department, at (240) 386-4680.

Background & Discussion

Section 15A(g)(3) of the Securities Exchange Act of 1934[2] authorizes FINRA to prescribe standards of training, experience and competence for persons associated with FINRA-regulated firms. In accordance with that provision, FINRA has developed examinations that are designed to establish that persons associated with FINRA-regulated firms have attained specified levels of competence and knowledge, consistent with applicable registration requirements under FINRA rules.

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Election Notice

Notice of SFAB Election and Ballots

Ballot Due Date: November 15, 2013

October 16, 2013

Suggested Routing

- Executive Representatives
- Senior Management

Executive Summary

The purpose of this *Notice* is to distribute to eligible FINRA small firms[1] the ballots to elect a New York Region member of the Small Firm Advisory Board (SFAB). FINRA small firm members in the New York Region as of the close of business on October 15, 2013, are eligible to vote in this election.

Ballots are due by Friday, November 15, 2013, and the newly elected SFAB member will take office in January 2014. Eligible firms are urged to vote in this SFAB election.

Attachment A lists the candidates certified by the Corporate Secretary of FINRA as satisfying the requirements for the New York region SFAB seat. Additional information about each candidate is available at *http://www.finra.org/sfab/candidateprofiles*.

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

- Marcia E. Asquith, Senior Vice President and Corporate Secretary, at (202) 728-8949;
- Jennifer Piorko Mitchell, Assistant Corporate Secretary, at (202) 278-8949; or
- Chip Jones, Senior Vice President, Member Relations, at (240) 386-4797.

SFAB Election

Composition of the FINRA Small Firm Advisory Board

The SFAB comprises ten members as follows:

- five regional members elected by small firms in the five FINRA regions (one from each region); and
- five at-large members appointed by FINRA.

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Additionally, the FINRA Board's Small Firm Governors[2] serve as ex-officio members of the SFAB.

The five regional members represent the following geographic regions:

Midwest Region: Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin (Districts 4 and 8)

New York Region: New York (the counties of Nassau and Suffolk, and the five boroughs of New York City) (District 10)

North Region: Connecticut, Delaware, the District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York (except for the counties of Nassau and Suffolk, and the five boroughs of New York City), Pennsylvania, Rhode Island, Vermont, Virginia and West Virginia (Districts 9 and 11)

South Region: Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Panama, Puerto Rico and the Virgin Islands (Districts 5, 6 and 7)

West Region: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming and the former U.S. Trust Territories (Districts 1, 2 and 3)

As mentioned above, a New York Region seat is currently up for election.

Candidate Eligibility

Any senior member of a small firm whose primary place of business and whose firm has its main office (as indicated in FINRA records) in the New York Region was eligible to have his or her name placed on the ballot for this election. SFAB members must also continue to meet their qualifications for election at all times during their terms of office.

Attachment A lists the candidates certified by the Corporate Secretary of FINRA as satisfying requirements for the SFAB seat. Information about each candidate is available at *http://www.finra.org/sfab/candidateprofiles*.

Terms of SFAB Members

The successful candidate will be the individual who receives the most votes and will be elected to serve a three-year term.

The term of an SFAB member shall terminate immediately upon a determination by the SFAB, by a majority vote of the remaining members, that the member no longer satisfies the eligibility criteria. Additionally, the FINRA Board may remove from the SFAB, a member who is unable or fails to discharge the member's duties or violates SFAB policies.

Once an individual has completed a full three-year elected term on the SFAB, he or she is ineligible to run for re-election to the SFAB for another three years.

Voting Eligibility

As mentioned above, FINRA small firms are eligible to vote for candidates running for the SFAB seat representing the region corresponding to the district to which they are assigned in the Central Registration Depository®.

Ballots have only been mailed, along with a copy of this *Notice*, to the executive representatives of small firms in the New York Region to elect their SFAB representative. Firms may vote for only one candidate listed on the ballot.

Voting Methods

Firms will be able to vote by telephone, the Internet or by U.S. mail. The ballot sent to eligible small firms contains detailed instructions on the submission procedures.

It is important that all eligible firms vote. Ballots are due on Friday, November 15, 2013.

Endnotes

1. A small firm is defined as a member that employs at least one and no more than 150 registered persons. *See* Article I (ww) of the FINRA By-Laws.
2. A Small Firm Governor is defined as a member of the FINRA Board elected by small firm members. In order to be eligible to serve, a Small Firm Governor must be registered with a member that is a small firm and must be an Industry Governor. *See* Article I (xx) of the FINRA By-Laws.

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Attachment A: SFAB Candidates

Information about each candidate is available at *http://www.finra.org/sfab/candidateprofiles*.

New York Region Seat Candidates

Erin Baskett	Managing Partner - CFO/CCO, Autonomous Research US LP
Myles Edwards	Chief Compliance Officer & General Counsel, Constellation Wealth Advisors LLC
Paul Ehrenstein	President, CCO, Finop, Katalyst Securities LLC
Steve Hart	Chief Compliance Officer, Robotti & Company, LLC

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Election Notice

Notice of FINRA District Committee Elections and Ballots

Ballots Due: November 15, 2013

October 16, 2013

Suggested Routing

- Executive Representatives
- Senior Management

Executive Summary

The purpose of this *Notice* is to inform firms of the upcoming elections to fill vacancies on the FINRA District Committees and distribute ballots to the firms eligible to vote in these elections. Firms that are members of FINRA as of the close of business on Tuesday, October 15, 2013, are eligible to vote for the seat corresponding to their district and firm size.

Firms are urged to vote in this election using one of the methods described in this *Notice*. In order for a ballot to be considered valid, the executive representative of the firm eligible to vote in the election must sign it. Ballots are due by Friday, November 15, 2013.

The candidates running for election are listed in Attachment A to this *Notice*. Information about each candidate is available at *www.finra.org/district/candidateprofiles*.

The elected committee members will take office in January 2014.

A list of the current District Committee members is available at *www.finra.org/districtcommittees*.

Note: This *Notice* was distributed electronically to the executive representative of each FINRA member firm and is posted on FINRA's website.

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

- Marcia Asquith, Senior Vice President and Corporate Secretary, at (202) 728-8949, or via email to *CorporateSecretary@finra.org*;
- Jennifer Piorko Mitchell, Assistant Corporate Secretary, at (202) 728-8949, or via email to *jennifer.mitchell@finra.org*; or
- Chip Jones, Senior Vice President, Member Relations, at (240) 386-4797, or via email to *chip.jones@finra.org*.

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Background

The FINRA District Committees serve an important role in the self-regulatory process by, among other things:

- serving on disciplinary panels in accordance with FINRA rules;
- alerting FINRA to industry trends that could present regulatory concerns; and
- consulting with FINRA on proposed policies and rule changes.

Committee members must have the experience, ability and commitment to fulfill these responsibilities, including:

- understanding the issues facing the securities industry and possessing the ability to apply knowledge and expertise to these issues to develop solutions;
- educating firms in their district on the responsibilities of FINRA;
- attending regularly and participating in a collegial manner in District Committee meetings; and
- remaining objective and unbiased, regardless of the interest of their firm, in the performance of District Committee matters.

Committee members also must adhere to the following prohibitions and restrictions:

- being sensitive to conflicts, such as those that can arise from firm-related work and service on industry committees, or as an expert witness, hearing panelist or arbitrator, and refraining from participating in a particular matter when a conflict exists;
- refraining from using membership on the District Committee for commercial purposes, for qualifying as an expert or suggesting special access to FINRA; and
- keeping sensitive, non-public or proprietary information confidential.

Candidate Nomination Process and Eligibility

All candidates who submitted their names and met the qualifications set forth in Article VIII, Section 8.2 of the FINRA Regulation By-Laws were included on their district's ballot.

Terms of District Committee Members and Vacancies

The full term for District Committee members is three years. There is no limit on the number of terms that a member of a District Committee may serve, except that a District Committee member may not serve two full terms consecutively. Terms of District Committee members will terminate if they do not remain eligible for the seat for which they were elected.

Those individuals elected or appointed in this election will serve terms beginning on January 1, 2014.

Full-Term Vacancies

In this election, the District Committees for Districts 1, 2, 3, 4, 5, 6, 7, 8, 9 and 11 each have two seats to fill: one representing small firms and one representing large firms.[1] District 10 has four seats to fill: two representing small firms and two representing large firms.

The individuals elected to fill these vacancies will serve a term expiring December 31, 2016.

Partial-Term Vacancy

In addition to the vacancies listed above, Districts 1, 2 and 10 each have an additional vacancy to fill. District 1 has a small firm vacancy and District 2 has a mid-size firm vacancy to fill. The individuals elected or appointed will serve a one-year term expiring December 31, 2014. District 10 has a large firm vacancy to fill. The individual elected or appointed to fill this vacancy will serve a two-year term expiring December 2015.

Firm size categories are:

- small firm—a firm that employs at least one and no more than 150 registered persons;[2]
- mid-size firm—a firm that employs at least 151 and no more than 499 registered persons:[3] and
- large firm—a firm that employs 500 or more registered persons.[4]

Candidates

Only one eligible individual submitted his or her name for consideration for the following seats:

- District 1 Small Firm Seat (one-year term)
- District 2 Large Firm Seat
- District 5 Small Firm Seat
- District 5 Large Firm Seat
- District 6 Large Firm Seat
- District 7 Small Firm Seat
- District 9 Large Firm Seat

Therefore, because the candidates for the above-listed seats are running unopposed, FINRA will not distribute ballots and the candidates will take office in January 2014.

FINRA will distribute ballots for the following seats for which more than one candidate qualified to be included on the ballot:

- District 2 Small Firm Seat
- District 3 Small Firm Seat
- District 3 Large Firm Seat
- District 4 Small Firm Seat
- District 4 Large Firm Seat
- District 6 Small Firm Seat
- District 7 Large Firm Seat
- District 8 Small Firm Seat
- District 8 Large Firm Seat
- District 9 Small Firm Seat
- District 10 Small Firm Seat
- District 11 Small Firm Seat
- District 11 Large Firm Seat

Additionally, no candidates self-nominated for the seats listed below. Therefore, in accordance with the by-laws, FINRA will not distribute ballots for these positions and individuals will be appointed to fill the following seats:[5]

- District 1 Small Firm Seat
- District 1 Large Firm Seat
- District 2 Mid-size Firm Seat
- District 10 Large Firm Seat
- District 10 Large Firm Seat (two-year term)

FINRA will announce the committee members once the appointments have been made.

Voting Eligibility

Firms that are members of FINRA as of the close of business on Tuesday, October 15, 2013, are eligible to vote for candidates running for the seat corresponding to their firm size in the district in which it has its principal office and in districts where it has one or more registered branch offices as indicated in the Central Registration Depository®. For example, a firm headquartered in Atlanta with one branch office in New Jersey and nine branch offices in Boston would have one vote in District 7, one vote in District 9 and one vote in District 11.

Ballots have been mailed, along with a copy of this *Notice*, to the executive representatives of those firms eligible to vote in this election. Detailed voting instructions are included on the ballots.

Voting Methods

Firms will be able to vote by telephone, the Internet or by U.S. mail. The ballot sent to eligible firms contains detailed instructions on the submission procedures. **Ballots are due on Friday, November 15, 2013.**

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 the FINRA Contact System. This will ensure that important mailings, such as election information, are properly directed. A firm's failure to keep this information accurate may jeopardize the firm's ability to participate in elections.[6]

To update an executive representative 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 FCS, contact FINRA's Call Center at (301) 590-6500.

Endnotes

1. On May 4, 2011, the SEC approved amendments to FINRA Regulation's By-Laws to, among other things, adjust the size and composition of District Committees to align more closely with the industry representation on the FINRA Board of Governors and replace District Nominating Committees with a process of direct nomination and election based on firm size. *See* Securities Exchange Act Release No. 64363 (April 28, 2011). The By-Law change adjusts the composition of the District Committees over a three-year transition period to align more closely with the industry representation by firm size on the Board of Governors. All District Committees except District 10 (New York) are adjusted from nine to seven members and District 10 is adjusted from 12 to 14 members. All currently serving District Committee members will serve out their original terms. Vacancies since the last election will not be filled because they entail partial terms that were not elected based on firm size.
2. *See* Article I (jj) of the FINRA Regulation By-Laws.
3. *See* Article I (aa) of the FINRA Regulation By-Laws.
4. *See* Article I (y) of the FINRA Regulation By-Laws.
5. *See* Article VIII, Sec. 8.8 of the FINRA Regulation By-Laws.
6. Under NASD Rule 1160, firms must 1) update their contact information promptly, but in any event not later than 30 days following any change in such information, as well as 2) 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 agreed to by FINRA staff. *See* NASD Rule 1160 and *Regulatory Notice 07-42* (September 2007).

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Attachment A—Candidates for District Committee Seats

Information about each candidate is available at *www.finra.org/district/candidateprofiles*.

Those individuals elected or appointed in this election will serve three-year terms unless otherwise noted.

District 1: *Northern California (the counties of Monterey, San Benito, Fresno and Inyo, and the remainder of the state north or west of such counties), northern Nevada (the counties of Esmeralda and Nye), and the remainder of the state north or west of such counties) and Hawaii*

Small Firm Representative Candidates

- None

Small Firm Representative Candidate (one-year term)

- Adrian E. Dollard, Chief Operating Officer, Qatalyst Partners

Large Firm Representative Candidates

- None

District 2: *Southern California (that part of the state south or east of the counties of Monterey, San Benito, Fresno and Inyo), southern Nevada (that part of the state south or east of the counties of Esmeralda and Nye) and the former U.S. Trust Territories*

Small Firm Representative Candidates

- Paul Meehl, CEO, Sprott Global Resource Investments Ltd.
- Sandy Pappalardo, Chief Operating Officer/Chief Compliance Officer/FINOP, Puplava Securities, Inc.

Mid-Size Firm Representative Candidates (one-year term)

- None

Large Firm Representative Candidate

- Mark Quinn, Chief Risk Officer, First Allied Securities, Inc.

District 3: *Alaska, Arizona, Colorado, Idaho, Montana, New Mexico, Oregon, Utah, Washington and Wyoming*

Small Firm Representative Candidates

- Ronald Olexsak, Chief Compliance Officer, Thornburg Securities Corporation
- Alexis Vanden Bos, CCO, E.K. Riley Investments, LLC

Large Firm Representative Candidates

- Bernard A. Breton, VP & Chief Compliance Officer, Cetera Advisors LLC
- Carrie Fleisher, Vice President, Chief Risk & Compliance Officer, M Holdings Securities, Inc.

District 4: *Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota and South Dakota*

Small Firm Representative Candidates

- Robert L. (Bob) Hamman, President/CCO, First Asset Financial Inc.
- Jessica Pastorino, President & CCO, M&A Securities Group, Inc.

Large Firm Representative Candidates

- Joseph C. Godfrey, Complex Managing Principal, Waddell & Reed, Inc.
- James M. Martin, Managing Director and Assistant General Counsel, Piper Jaffray & Co.
- Steve Melichar, Principal, Edward Jones
- Robert T. Mooney, Chief Compliance Officer, Wells Fargo Advisors, LLC
- Kelly M. Zigaitis, Chief Compliance Officer, Scottrade, Inc.

District 5: *Alabama, Arkansas, Louisiana, Mississippi, Oklahoma and Tennessee*

Small Firm Representative Candidate

- John L. Terry, III, President/CEO, High Street Securities, Inc.

Large Firm Representative Candidate

- Mayo Woodward, Branch Manager, Ameriprise Financial Services, Inc.

District 6: *Texas*

Small Firm Representative Candidates

- Ed Balsmann, Chief Compliance Officer, Tudor, Pickering, Holt & Co. Securities, Inc.
- Matthew Mowen, Chief Operating Officer, National Alliance Securities, LLC
- Barrett Schultz, Chief Compliance Officer, McNally Financial Services Corporation

Large Firm Representative Candidate

- Christopher Barton, Executive Director/Complex Manager, Morgan Stanley

District 7: *Florida, Georgia, North Carolina, Puerto Rico, Panama, South Carolina, and the Virgin Islands*

Small Firm Representative Candidates

- David Weinberger, President/CFO/FINOP, CBG Financial Group, Inc.

Large Firm Representative Candidates

- Ken Bell, Vice President, Audit, Cetera Advisor Networks, LLC
- David G. Pittinos, Financial Advisor/Financial Planning, 1st Global Capital Corp.
- Charles Lambert White III, Complex Manager, Morgan Stanley

District 8: *Illinois, Indiana, Kentucky, Michigan, Ohio and Wisconsin*

Small Firm Representative Candidates

- Ross M. Langill, Senior Managing Director—Syndicate, Regal Securities, Inc.
- Lisa L. Lauria, Co-CCO & Operations Manager, Thurston Springer Miller Herd & Titak, Inc.

Large Firm Representative Candidates

- Jeffery 'Jay' Bley, Chief Operating Officer, The O.N. Equity Sales Company
- Timothy P. Byrnes, Complex Manager, Morgan Stanley
- William Hayden, Chief Compliance Officer, Keybanc Capital Markets Inc.
- Donald E. Merrifield, Senior V. P./Director of Taxable Fixed Income, J.J.B.Hilliard, W.L.Lyons, LLC

District 9: *Delaware, the District of Columbia, Maryland, New Jersey, New York (except for the counties of Nassau and Suffolk, and the five boroughs of New York City), Pennsylvania, Virginia and West Virginia*

Small Firm Representative Candidates

- Peter M. Elish, President, Peter Elish Investments Securities
- Dale A. Pope, President, MerCap Securities, LLC
- Terri F. Rumans, Chief Compliance Officer, Sage Rutty & Co., Inc.
- Steven D. Trigili, CAMS, Chief Compliance Officer, Garden State Securities, Inc.
- Rose L. Wilson, VP/Chief Compliance Officer, United Brokerage Services, Inc.

Large Firm Representative Candidate

- Michael J. Carroll, Regional President, Wells Fargo Advisors, LLC

District 10: *New York (the counties of Nassau and Suffolk, and the five boroughs of New York City)*

Small Firm Representative Candidates

- Lew Breckenridge, Chief Compliance Officer, KKR Capital Markets
- Gordon Charlop, Ph.D., Managing Director, Rosenblatt Securities Inc.
- Chia Shin (Justin) Chen, Chief Compliance Officer, Banorte-Ixe Securities International, Ltd.
- Nina J. Ihnken, Vice President—Compliance, Abel/Noser Corp.
- Moses Silver, CEO, Kensington Capital Corp.
- Francis Treglia, CCO/Fin Op, SIG Brokerage LP

Large Firm Representative Candidates

- None

Large Firm Representative Candidates (two-year term)

- None

District 11: *Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont*

Small Firm Representative Candidates

- Mark Censale, President, Chief Compliance Officer, Mackie Research USA Inc.
- Lou D'Souza, Chief Compliance Officer, Cormark Securities (USA) Ltd.
- Earle F. Hollister, Compliance Manager, St. Germain Securites, Inc.
- Jennifer Hoopes, General Counsel, Funds Distributor, LLC
- Margaret S.C. Johns, Founder, Chairman, BLP Advisors, LLC
- Victoria Olson, Chief Compliance Officer, Forethought Distributors, LLC
- Jim Wallace, President, Advisor Direct

Large Firm Representative Candidates

- Norman L. Ashkenas, SVP, Chief Compliance Officer, Fidelity Brokerage Services, LLC
- John Cataldo, Chief Compliance Officer and Counsel, Investors Capital Corporation
- Steven Dean, VP, Senior Compliance Manager, CCO Investment Services Corp.

Information Notice

Continuing Education Planning

October 18, 2013

Executive Summary

On October 18, 2013, the Securities Industry/Regulatory Council on Continuing Education (the Council) released the semi-annual Firm Element Advisory (FEA) (see *Regulatory Notice 13-33*). The Council suggests that firms consult the FEA when developing their Firm Element training needs analysis.

FINRA offers the following online training resources that address many of the topics that the Council has outlined in the FEA:

- **E-Learning Courses:** Online training featuring assessment tests, scenarios, real-time completion tracking and certificates of completion (see *www.finra.org/elearning*).
- **Podcasts:** Short audio recordings on specific targeted topics, which can be heard online or downloaded to a portable media player (see *www.finra.org/podcasts*).
- **Webinars:** Free live, online video programs that include panel discussions with FINRA staff and/or industry experts, and feature online resource materials (see *www.finra.org/webinars*).

Send questions regarding this *Notice* to *education@finra.org*.

FIRM ELEMENT ADVISORY TOPICS	FINRA TRAINING
Consolidated FINRA Rulebook	• Rulebook Consolidation Series (Podcasts)
Alternative Investments	• Commodity Futures-Linked Securities (Podcast) • Heightened Supervision of Complex Products – Parts I and II (Podcasts) • Reverse Convertibles (Podcast) • Exchange-Traded Products: Understanding Leveraged and Inverse ETPs (E-Learning) • Understanding Commodity Futures-Linked Securities (E-Learning)
Anti-Money Laundering	• Anti-Money Laundering Series (Podcasts) Anti-Money Laundering Series (E-Learning)

Suggested Routing

- Compliance
- Continuing Education
- Legal
- Training

Key Topics

- Continuing Education
- Firm Element

Referenced Rules & Notices

- Notice 13-33

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FIRM ELEMENT ADVISORY TOPICS	FINRA TRAINING
Business Continuity	• FINRA's Business Continuity Planning Template (Podcast) Pandemic Preparedness – Parts I and II (Podcasts)
Communications With the Public	• Communications With the Public Consolidated Rule – Parts I and II (Podcasts) • Communications with the Public: New FINRA Rule 2210 (Webinar) • Communications With the Public: Real Estate Investment Programs (Podcast) • Electronic Communications With the Public Parts I and II (Podcasts) • Understanding Social Media for Retail Registered Representatives (E-Learning) • Use of Social Media for Business Purposes (E-Learning) • Social Media and Personal Electronic Devices Series (Podcasts) • Communications With the Public Series (E-Learning)
Corporate Finance	• Private Placements (E-Learning) • Private Placements: Conducting Reasonable Investigations for Regulation D Offerings (E-Learning)
Customer Accounts	• Communications With the Public: Retail and IRA Fee Disclosure (Podcast) • Consolidated Account Reports (Podcast) • Requirements for Customer Assets (Podcast)
Dispute Resolution	• Arbitration Panel Composition (Podcast)
FACT Act Red Flags Rule	• FTC's Red Flags Rule Template (Podcast) • FACT Act Red Flags Rule (Podcast)
Municipal Securities	• MSRB Supervision Rules (E-Learning) • Municipal Continuing Disclosure Report (Podcast) • Municipal Securities Series (Podcasts)

FIRM ELEMENT ADVISORY TOPICS	FINRA TRAINING
Registration and Disclosure	• BrokerCheck (Podcast) • Professional Registration Category Series (Podcast)
Sales Practices and Supervision	• Considerations for Working With Seniors Series (Podcasts) • Senior Designations – Parts I and II (Podcasts) • Suitability and Know Your Customer Rules (Podcast) • Suitability Guidance Series (Podcasts) • Outside Business Activities Series (E-Learning) • Understanding Supervisory Controls (Podcast) • Senior Investors Suitability Considerations (E-Learning) • Suitability and Know Your Customer Obligations: FINRA Rules 2111 and 2090 (E-Learning) • Suitability: Findings and Industry Practices (Webinar)
Transaction Reporting and Data Dissemination	• Trading-Pause Pilot Program (Podcast)

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Information Notice

Change to Form U4 Regarding the Reporting of Judgment/Lien Events

Effective Date: October 26, 2013

October 25, 2013

Suggested Routing

- Compliance
- Registered Representatives
- Registration
- Senior Management

Key Topic(s)

- FINRA By-Laws
- Form U4
- Reporting of Judgment/Lien Events

Executive Summary

FINRA is amending the Form U4 to update the Judgment/Lien Disclosure Reporting Page (DRP) to add a question regarding the date a registered person learns of an unsatisfied judgment or lien.[1] The amendments are effective October 26, 2013.

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

Discussion

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. Firms also must complete the corresponding Judgment/Lien DRP to provide details about the unsatisfied judgment or lien. 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).[2] 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.[3]

Currently, the Judgment/Lien DRP requires only the date a judgment or lien was filed; it does not ask for information about the date that the registered representative learned of the judgment or lien.[4] If the date that a judgment or lien is filed is different from the date that the registered representative learns of the event, the Central Registration Depository (CRD®) may assess an erroneous late disclosure fee when the matter is reported. To address this discrepancy until the Form U4 could be amended, in 2012, FINRA instructed firms to report in a free-text section at the end of the Judgment/Lien DRP the date that a registered representative learned of an unsatisfied judgment or lien if that date was different from the date that the judgment or lien was filed.[5] If a firm provides a date in the free text section of the DRP, FINRA staff reviews the information the firm provides 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.

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To provide clarity with respect to the reporting of events involving unsatisfied judgments and liens and re-automate the late disclosure fee process, the amendments add to the Judgment/Lien DRP a question regarding the date that a registered representative learns of the judgment or lien. The current question regarding the date the judgment or lien was filed also will remain in the DRP.[6] By amending the Judgment/Lien DRP in this manner, firms will be aware of the need to report both the date the judgment or lien was filed with a court and the date the registered representative learned of the matter. The amendments become effective October 26, 2013.[7]

Endnotes

1. *See* Securities Exchange Act Release No. 70227 (August 19, 2013), 78 FR 52594 (August 23, 2013) (Notice of Filing and Immediate Effectiveness of SR-FINRA-2013-034).
2. *See* FINRA By-Laws, Article V, Sec. 2(c).
3. The amount of the fee is based upon the number of days the disclosure is late. *See* Section 4(h) of Schedule A to the FINRA By-Laws.
4. *See* Section 4 of the Judgment/Lien DRP.
5. *See Information Notice 08/17/12*. *See also* Section 8 of the Judgment/Lien DRP.
6. FINRA, however, is proposing to clarify that this question pertains to the date that the judgment or lien was filed with a court.
7. Once the amendment is implemented, firms should no longer report the date that a registered representative learned of an unsatisfied judgment or lien in the free-text section at the end of the Judgment/Lien DRP.

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