

Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSE-2022-11 and should be submitted on or before July 8, 2022. Rebuttal comments should be submitted by July 22, 2022.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>37</sup>

**J. Matthew DeLesDernier,**  
Assistant Secretary.

[FR Doc. 2022-13042 Filed 6-16-22; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-95092; File No. SR-FINRA-2022-015]

### Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change To Amend FINRA Rule 8312 (FINRA BrokerCheck Disclosure) To Release Information on BrokerCheck® Relating to Firm Designation as a Restricted Firm

June 13, 2022.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 3, 2022, the Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

### I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

FINRA is proposing to amend Rule 8312 (FINRA BrokerCheck Disclosure) to release information on BrokerCheck® as to whether a particular member firm or former member firm is currently

designated as a “Restricted Firm” pursuant to Rule 4111 (Restricted Firm Obligations) and Rule 9561 (Procedures for Regulating Activities Under Rule 4111).

Below is the text of the proposed rule change. Proposed new language is in italics; proposed deletions are in brackets.

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### 8000. INVESTIGATIONS AND SANCTIONS

\* \* \* \* \*

### 8300. SANCTIONS

\* \* \* \* \*

### 8312. FINRA BrokerCheck Disclosure

(a) No Change.

(b)(1) No Change.

(2) The following information shall be released pursuant to this paragraph (b):

(A) through (F) No Change.

(G) Historic Complaints (i.e., the information last reported on Registration Forms relating to customer complaints that are more than two (2) years old and that have not been settled or adjudicated, and customer complaints, arbitrations or litigations that have been settled for an amount less than \$10,000 prior to May 18, 2009 or an amount less than \$15,000 on or after May 18, 2009 and are no longer reported on a Registration Form), provided that any such matter became a Historic Complaint on or after August 16, 1999; [and]

(H) the name and succession history for current or former BrokerCheck Firms[.]; and

(I) information as to whether a particular current or former member is currently designated as a Restricted Firm pursuant to Rules 4111 and 9561.

(c) through (g) No Change.

• • • Supplementary Material:

.01 through .03 No Change.

\* \* \* \* \*

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

In its filing with the Commission, FINRA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

#### 1. Purpose

##### Background

On July 30, 2021, the SEC issued an order approving proposed rule changes concerning firms with a significant history of misconduct.<sup>3</sup> The new rules include new Rule 4111 (Restricted Firm Obligations), new Rule 9561 (Procedures for Regulating Activities Under Rule 4111), and amendments to Rule 9559 (Hearing Procedures for Expedited Proceedings Under the Rule 9550 Series).

Rule 4111 establishes an annual process to designate as “Restricted Firms” member firms that present a high degree of risk to the investing public, based on numeric thresholds of firm-level and individual-level disclosure events, and then impose on such firms a “Restricted Deposit Requirement”<sup>4</sup> or, in addition or in the alternative, conditions or restrictions on the member firm’s operations that are necessary or appropriate to protect investors and the public interest.<sup>5</sup>

Rule 4111 is designed to protect investors and the public interest by strengthening tools available to FINRA to address the risks posed by member firms with a significant history of misconduct.<sup>6</sup> The rule will create incentives for firms to change behaviors and activities, either to avoid being designated or re-designated as a Restricted Firm, to mitigate FINRA’s concerns.<sup>7</sup>

New Rules 4111 and 9561, and the amendments to Rule 9559, were

<sup>3</sup> See Securities Exchange Act Release No. 92525 (July 30, 2021), 86 FR 42925 (August 5, 2021) (Order Approving File No. SR-FINRA-2020-041, as Modified by Amendment Nos. 1 and 2) (“SEC Order”); see also Securities Exchange Act Release No. 92525 (July 30, 2021), 86 FR 49589 (September 3, 2021) (Order Approving File No. SR-FINRA-2020-041) (Correction).

<sup>4</sup> See Rule 4111(i)(15) (definition of “Restricted Deposit Requirement”). A firm subject to a Restricted Deposit Requirement will be required to establish a Restricted Deposit Account and deposit in that account cash or qualified securities with an aggregate value that is not less than the member’s Restricted Deposit Requirement. See Rule 4111(a); 4111(i)(14) (definition of “Restricted Deposit Account”).

<sup>5</sup> See SEC Order, 86 FR 42925, 42932. Firms designated as Restricted Firms will have significantly higher levels of risk-related disclosures as compared to firms of similar sizes. See SEC Order, 86 FR 42925, 42926. There are numeric thresholds for seven firm-size categories, based on the number of Registered Persons In-Scope. See Rule 4111(i)(11); see also Rule 4111(i)(13) (definition of “Registered Persons In-Scope”).

<sup>6</sup> See SEC Order, 86 FR 42925, 42926.

<sup>7</sup> See SEC Order, 86 FR 42925, 42926, 42932.

<sup>37</sup> 17 CFR 200.30-3(a)(57).

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

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

effective on January 1, 2022.<sup>8</sup> FINRA explained in *Regulatory Notice 21-34* that FINRA would announce, in a separate *Regulatory Notice*, the first Evaluation Date no less than 120 calendar days before the first Evaluation Date, and that FINRA expected that the first Evaluation Date would be mid-year 2022. On February 1, 2022, FINRA announced that the first Evaluation Date for Rule 4111 would be June 1, 2022.<sup>9</sup>

#### Proposed Amendments to Rule 8312

To enhance the investor-protection benefits of Rule 4111, FINRA is proposing rule changes to amend Rule 8312 (FINRA BrokerCheck Disclosure) to release information on BrokerCheck as to whether a particular member firm or former member firm is currently designated as a Restricted Firm pursuant to Rules 4111 and 9561.<sup>10</sup>

Rule 8312 governs the information FINRA releases to the public through its BrokerCheck system.<sup>11</sup> BrokerCheck helps investors make informed choices about the brokers and member firms with which they conduct business by providing registration and disciplinary history to investors at no charge. FINRA requires member firms to inform their customers of the availability of BrokerCheck.<sup>12</sup>

Information that is released on BrokerCheck includes, among other things, information reported on the most recently filed “Registration Forms” (with limited exceptions) for both firms

and registered individuals, and summary information about certain arbitration awards against a firm involving a securities or commodities dispute with a public customer.<sup>13</sup> To provide enhanced disclosure to the public, FINRA is proposing to amend Rule 8312 to release information on BrokerCheck as to whether a particular member firm or former member firm is currently designated as a “Restricted Firm” pursuant to Rules 4111 and 9561. As explained above, Rule 4111 will be an important new tool to identify and respond to firms that present a high degree of risk to investors. Disclosing on BrokerCheck the firms that are designated as Restricted Firms would provide material information to investors concerning the identity of firms that FINRA has determined pose far higher risks to the public than firms of similar size.<sup>14</sup>

If the proposed rule change is approved, information that a firm is a Restricted Firm would display on BrokerCheck while that firm is designated as a Restricted Firm. This would include while a Rule 9561 expedited proceeding to review a Department of Member Regulation (“Department”) decision is pending, because a Department decision that designates a firm as a Restricted Firm will not be stayed during a Rule 9561 expedited proceeding.<sup>15</sup> When a firm is not designated, or is no longer designated, as a Restricted Firm, no historical information would be displayed on BrokerCheck that the firm was a Restricted Firm.

For example:

➤ If FINRA designates a firm as a Restricted Firm in Year 1 but does not re-designate the firm as a Restricted Firm in Year 2, the Restricted Firm status would display in BrokerCheck beginning from the date in Year 1 when the Department designated the firm as a Restricted Firm to the date in Year 2 when the firm is no longer designated as a Restricted Firm.

➤ If a firm is designated as a Restricted Firm in Year 1 and subsequently in Year 1 withdraws from

FINRA membership and becomes a former member firm,<sup>16</sup> the Restricted Firm status would continue to display in BrokerCheck until the date in Year 2 when the firm is no longer designated as a Restricted Firm (*i.e.*, when the annual calculation of the “Preliminary Criteria for Identification”<sup>17</sup> for member firms occurs), even though the firm had withdrawn from FINRA membership before that date.<sup>18</sup>

Information that a firm is currently a Restricted Firm would be displayed in BrokerCheck on both a firm’s summary report and detailed report. Specifically, those reports would include the text, “This firm is currently designated as a Restricted Firm pursuant to FINRA Rule 4111 (Restricted Firm Obligations),” in a color or font that is prominent. The alert also would include the text “Click here for more information,” with a hyperlink to a page on FINRA’s website that provides for the investing public a clear explanation of Rule 4111 and what it means to be a Restricted Firm.<sup>19</sup> FINRA believes that releasing information on BrokerCheck as to whether a particular member firm or former member firm is currently designated as a Restricted Firm would help inform investors of firms that may pose outlier-level risks compared to firms of similar sizes, which may incent investors to research more carefully the background of the firm. FINRA also believes that the public disclosure of the firms currently designated as Restricted

<sup>8</sup> See *Regulatory Notice 21-34* (September 2021). On May 26, 2022, FINRA filed for immediate effectiveness a proposed rule change to make non-substantive and technical amendments to Rules 4111 and 9561. See SR-FINRA-2022-014 (Form 19b-4), available at <https://www.finra.org/sites/default/files/2022-05/sr-finra-2022-014.pdf>.

<sup>9</sup> See *Information Notice*, February 1, 2022 (FINRA Announces Rule 4111 (Restricted Firm Obligations) Evaluation Date); *see also* Rule 4111(i)(5) (definition of “Evaluation Date”). As FINRA explained in that *Information Notice*, FINRA plans to actually perform the annual calculation at least 30 days after the June 1, 2022 Evaluation Date.

<sup>10</sup> In the rulemaking that approved the new rules concerning firms with a significant history of misconduct, FINRA committed to file this proposed rule change to Rule 8312. See Letter from Michael Garawski, Associate General Counsel, FINRA, to Vanessa Countryman, Secretary, SEC, dated July 20, 2021, at p. 3, (“July 2021 FINRA Response to Comments”).

<sup>11</sup> The BrokerCheck website address is [brokercheck.finra.org](http://brokercheck.finra.org).

<sup>12</sup> See Rule 2210(d)(8) (requiring that each of a member’s websites include a readily apparent reference and hyperlink to BrokerCheck on the initial web page that the member intends to be viewed by retail investors and any other web page that includes a professional profile of one or more registered persons who conduct business with retail investors); Rule 2267 (requiring members to provide to customers the FINRA BrokerCheck Hotline Number and a statement as to the availability to the customer of an investor brochure that includes information describing BrokerCheck).

<sup>13</sup> See Rule 8312. Rule 8312 uses the term “Registration Forms” to refer collectively to the Uniform Application for Securities Industry Registration or Transfer (Form U4), the Uniform Termination Notice for Securities Industry Registration (Form U5), the Uniform Disciplinary Action Reporting Form (Form U6), the Uniform Application for Broker-Dealer Registration (Form BD), and the Uniform Request for Broker-Dealer Withdrawal (Form BDW). See Rule 8312(b)(2)(A).

<sup>14</sup> This disclosure would be similar to disclosures on BrokerCheck as to whether a particular member is subject to the provisions of Rule 3170 (the “Taping Rule”). See Rule 8312(b)(2)(F).

<sup>15</sup> See Rule 9561(a)(4) (Effectiveness of the Rule 4111 Requirements).

<sup>16</sup> See Rule 4111(i)(7) (definition of “Former Member”).

<sup>17</sup> See Rule 4111(i)(9) (definition of “Preliminary Criteria for Identification”).

<sup>18</sup> FINRA believes that disclosing on BrokerCheck the former members that are currently designated as Restricted Firms would provide valuable information to investors and third parties. A former member that is currently designated as a Restricted Firm was a member at the time it was designated as a Restricted Firm, and it remains designated as a Restricted Firm until the date when the next annual calculation of the Preliminary Criteria for Identification for member firms occurs. During the period when a former member remains designated as a Restricted Firm, it continues to be subject to the obligations imposed on it pursuant to Rule 4111 and to a presumption that any application it files to withdraw all or any portion of its Restricted Deposit Requirement should be denied. See Rule 4111(f)(1), (3). Disclosure on BrokerCheck of information for a firm that was designated as a Restricted Firm and became a former member in the same year also could be information that investors consider when weighing their options in active or contemplated arbitration claims against former members. See *Regulatory Notice 20-11* (April 2020).

<sup>19</sup> This would be similar in nature to how the information in BrokerCheck that a firm is a “taping firm” includes a hyperlink to a page on FINRA’s website containing a clear description of what it means to be a “taping firm.” See *Regulatory Notice 21-09* (March 2021); FINRA Taping Rule, available at <https://www.finra.org/rules-guidance/guidance/taping-rule>.

Firms would create additional incentives for firms with a significant history of misconduct to change behaviors and activities to reduce risk.

If the proposed rule change is approved, FINRA expects that the effective date of the proposed rule change would be a date after FINRA completes the first annual Rule 4111 cycle, but no later than the Evaluation Date for the second annual Rule 4111 cycle. After the effective date, FINRA would make the relevant disclosures on BrokerCheck beginning with the firms that are designated or re-designated as Restricted Firms in the second annual Rule 4111 cycle. This would allow FINRA to gain meaningful experience with new Rule 4111, including any operational shortcomings, before FINRA begins disclosing Restricted Firms on BrokerCheck.<sup>20</sup>

If the Commission approves the proposed rule change, FINRA will announce the effective date of the proposed rule change in a *Regulatory Notice* following Commission approval.

## 2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>21</sup> which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and Section 15A(i)(1) of the Act,<sup>22</sup> which requires that FINRA establish and maintain a toll-free telephone listing, and a readily accessible electronic or other process, to receive and promptly respond to inquiries regarding, registration information on its members and their associated persons, and to adopt rules governing the process for making inquiries and the type, scope, and presentation of information to be

<sup>20</sup> Information that a firm is currently designated as a Restricted Firm would not be made available on BrokerCheck prior to the effective date of the proposed rule change, and information about the obligations to which a Restricted Firm is subject would not be made available on BrokerCheck. FINRA recognizes that information about a firm's Restricted Firm designation and the obligations imposed on it would be important to state securities regulators, both before and after the effective date of the proposed rule change. FINRA reiterates its commitment to working with individual state securities regulators to share information concerning whether firms that operate in their individual states have been designated by FINRA as Restricted Firms, along with information concerning any obligations that have been imposed pursuant to Rules 4111 and 9561 on the Restricted Firm. *See* July 2021 FINRA Response to Comments, *supra* note 10, at p. 3.

<sup>21</sup> 15 U.S.C. 78o-3(b)(6).

<sup>22</sup> 15 U.S.C. 78o-3(i)(1).

provided in response to such inquiries. Publicly disclosing through BrokerCheck information concerning the current status of a member firm as a Restricted Firm would inform more investors of which firms pose high risks to the investing public, compared to firms of similar sizes, and thereby incent investors to research carefully the background of the firm and may also act to incentivize firms with a significant history of misconduct to change behaviors and activities to reduce risk.

## B. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

## Economic Impact Assessment

FINRA has undertaken an economic impact assessment, as set forth below, to analyze the regulatory need for the proposed rule change, its potential economic impacts, including anticipated benefits and costs, and the alternatives FINRA considered in assessing how to best meet its regulatory objectives.

### 1. Regulatory Need

Rule 4111 identifies member firms that present a high degree of risk to the investing public and allows FINRA to impose on such firms a Restricted Deposit Requirement and, in addition or in the alternative, other conditions or restrictions on firms' operations. FINRA anticipates that investors may benefit from the public disclosure of information that a firm is a "Restricted Firm," both in how it would help investors decide whether to use a firm and its registered representatives for brokerage services, and in how it would make stronger the incentives for a firm to improve its supervisory and compliance practices. The proposed amendments to Rule 8312 would provide this information to investors through BrokerCheck.

### 2. Economic Baseline

The economic baseline for the proposed rule change is the current regulatory framework and Rule 4111 (which was approved by the SEC on July 30, 2021, and was effective on January 1, 2022), the information currently available on BrokerCheck, and current investor utilization of BrokerCheck.<sup>23</sup> Rule 4111 creates a

<sup>23</sup> This analysis uses a baseline inclusive of Rule 4111 for clarity and simplicity. The expected impacts of Rule 4111 were considered in detail in SR-FINRA-2020-041. *See* Securities Exchange Act

multi-step process for FINRA's determination of whether a member firm should be designated as a Restricted Firm. The first step in the process is an annual calculation to determine whether a member firm meets the Preliminary Criteria for Identification.<sup>24</sup> Only some of the firms that meet the Preliminary Criteria for Identification will be designated as Restricted Firms at the end of the multi-step process.<sup>25</sup>

The proposed amendments to Rule 8312 are expected to affect users of BrokerCheck, currently and formerly registered firms, and, indirectly, the individuals associated with those firms. Users of BrokerCheck include, among others, investors, member firms and other entities in the financial services industry, regulators, and individuals registered as brokers or seeking employment in the brokerage industry. The information about firms currently available to investors through BrokerCheck is derived from the Registration Forms and the disclosures required thereunder, and includes a description of where and when the firm was established, people and entities that own controlling shares or directly influence the firm's daily operations, a firm's history that details mergers, acquisitions or name changes affecting the firm, the firm's active licenses and registrations, the types of businesses it conducts, information about arbitration awards and disciplinary matters, and information as to whether a particular

Release No. 90527 (November 27, 2020), 85 FR 78540, 78551-54 (December 4, 2020) (Notice of Filing of File No. SR-FINRA-2020-041) ("Filing").

<sup>24</sup> The Preliminary Criteria for Identification are based on information that is reportable on Forms U4, U5, U6 and BD or derived from customer arbitrations filed with FINRA Dispute Resolution Services' arbitration forum. *See* Rule 4111(i)(4). Most of this information is disclosed on BrokerCheck.

<sup>25</sup> In 2019, for example, there were 40 small firms (1.3% of all small member firms) and five mid-size firms (2.5% of all mid-size member firms) that would have met the Preliminary Criteria for Identification had it existed at that time. *See* SR-FINRA-2020-041, Exh. 3g, available at <https://www.finra.org/sites/default/files/2021-07/SR-FINRA-2020-041-Amendment2.pdf>. These statistics correspond to the number of firms that would have met the Preliminary Criteria for Identification as of year-end (December 31, 2019) of the identification year. The total number of member firms that would have met the Preliminary Criteria for Identification had it existed at the time has trended down since 2014, when 75 small firms (2% of all small member firms), four mid-size firms (1.9% of all mid-size member firms) and one large firm (0.6% of all large member firms) would have met the Preliminary Criteria for Identification. FINRA defines a small firm as a member with at least one and no more than 150 registered persons, a mid-size firm as a member with at least 151 and no more than 499 registered persons, and a large firm as a member with 500 or more registered persons. *See* FINRA By-Laws, Article I.

member is subject to the provisions of the Taping Rule, among other information and disclosures.<sup>26</sup> In 2020, BrokerCheck helped users conduct almost 38 million searches of firms and individual brokers. Information available on BrokerCheck may reach investors through additional channels, because the data may be copied and compiled through data gathering or extraction tools, subject to applicable terms of use.<sup>27</sup>

### 3. Economic Impacts

The proposed amendments to Rule 8312 would disclose in BrokerCheck a firm's designation as a Restricted Firm for the duration of that designation. As noted above, the potential benefits to investors need not be limited to individuals who consult BrokerCheck, because third parties may harvest and compile the information and make it available through other outlets, subject to applicable terms of use.

The disclosure on BrokerCheck of firms' Restricted Firm designations may benefit investors. Currently, BrokerCheck already displays disclosures reported on the most recently filed Registration Forms for both firms and registered individuals, as well as summary information about certain arbitration awards against firms involving a securities or commodities dispute with a public customer. However, with the proposed additional disclosure of a firm's designation as a Restricted Firm, investors might be prompted to learn more about such Restricted Firms, engage with them more cautiously, or—for investors currently using the services of Restricted Firms—critically review their experiences with these firms. As discussed at length in SR-FINRA-2020-041, FINRA's analysis indicated that firms that would have met the Preliminary Criteria for Identification during the 2013–2017 review period had on average 6–20 times more new "Registered Person and Member Firm Events"<sup>28</sup> after their identification than other firms of the same size category.<sup>29</sup>

<sup>26</sup> See About BrokerCheck, <https://www.finra.org/investors/learn-to-invest/choosing-investment-professional/about-brokercheck>; Rule 8312.

<sup>27</sup> See Section 5 of the FINRA BrokerCheck Terms of Use, <https://brokercheck.finra.org/terms>.

<sup>28</sup> See Rule 4111(i)(12) (defining "Registered Person and Member Firm Events" to include "Registered Person Adjudicated Events," "Registered Person Pending Events," "Registered Person Termination and Internal Review Events," "Member Firm Adjudicated Events," and "Member Firm Pending Events," all of which are defined in Rule 4111(i)(4)).

<sup>29</sup> FINRA's analysis compared firms that satisfied the Preliminary Criteria for Identification in each year between 2013 and 2017 to firms of similar size that did not satisfy the criteria and looked at the

The disclosure on BrokerCheck of a firm's Restricted Firm designation and the resulting additional investor caution may help some investors avoid the harms associated with future misconduct. Although the magnitude of these effects is not known, they would supplement the protective effects of the obligations imposed by FINRA on the designated Restricted Firms.<sup>30</sup> The anticipated benefits to investors of the proposed amendments would increase with the likelihood that potential or actual customers of a designated Restricted Firm seek or learn information in BrokerCheck about a firm's Restricted Firm designation and consider it in their research on the background of a firm.

The disclosure on BrokerCheck of firms' Restricted Firm designations and additional investor caution may have a range of effects on such firms. Designated Restricted Firms may respond by offering more competitive pricing or improved customer service. Designated Restricted Firms may also act to improve internal controls in order to avoid additional reputational harm and being re-designated as a Restricted Firm in subsequent years. However, additional investor caution, if significant enough, may cause financial distress at some firms. Disclosing a firm's Restricted Firm designation on BrokerCheck may lead investors to review their engagement with the firm more critically and, therefore, also may potentially lead to increased customer complaints, arbitration cases and possible awards against, and settlements by, such firms. In addition, as noted in SR-FINRA-2020-041, Restricted Firms may have greater difficulty or increased costs associated with maintaining a clearing arrangement, loss of trading partners, or similar impairments where third parties can determine that a firm meets the Preliminary Criteria for Identification or has been deemed to be a Restricted Firm.<sup>31</sup> While some third parties like clearing firms may require a firm to disclose Restricted Firm status during private contract negotiations, other third-party firms may learn of a firm's Restricted Firm designation only after the information is disclosed publicly. These third-party firms may then anticipate an increase in legal and

number of subsequent disclosure events in the remainder of the period analyzed, which ended in 2019. See Filing, *supra* note 23, 85 FR 78540, 78552; SR-FINRA-2020-041, Exhibit 3c, available at <https://www.finra.org/sites/default/files/2020-11/SR-FINRA-2020-041.pdf>.

<sup>30</sup> Rule 4111 will create strong measures of deterrence of misconduct while a firm is designated as a Restricted Firm. See Filing, 85 FR 78540, 78550.

<sup>31</sup> See Filing, 85 FR 78540, 78553.

contingent costs through the potential liabilities that they face through their business relationships with a Restricted Firm. As a result, Restricted Firms may find that costs of these third-party agreements increase and potentially lose access to such providers. While the magnitude of these reactions from investors and third parties cannot be quantified, it is possible that the disclosure of the designation as a Restricted Firm may result in some firms going out of business.

### 4. Alternatives Considered

FINRA recognizes that the design and implementation of the rule proposals may impose direct and indirect costs on a variety of stakeholders, including firms, brokers, regulators, investors and the public. Accordingly, in developing its rule proposals, FINRA seeks to identify ways to enhance the efficiency and effectiveness of the proposed rules while maintaining their regulatory objectives.

In developing the proposal, FINRA considered two different alternatives for when to begin releasing information on BrokerCheck as to whether a particular member firm or former member firm is currently designated as a Restricted Firm. Specifically, FINRA considered whether to begin releasing this information on BrokerCheck during the first annual Rule 4111 cycle or, instead, the second annual Rule 4111 cycle. FINRA has proposed to start this disclosure in the second annual Rule 4111 cycle, and not sooner, because it would allow FINRA and member firms to gain meaningful experience with new Rule 4111, including any operational shortcomings, before FINRA begins disclosing Restricted Firms on BrokerCheck.

### C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments were neither solicited nor received.

### III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic Comments

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2022-015 on the subject line.

##### Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-FINRA-2022-015. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FINRA-2022-015 and should be submitted on or before July 8, 2022.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>32</sup>

**J. Matthew DeLesDernier,**  
Assistant Secretary.

[FR Doc. 2022-13044 Filed 6-16-22; 8:45 am]

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#### SECURITIES AND EXCHANGE COMMISSION

**[SEC File No. 270-245, OMB Control No. 3235-0204]**

#### Submission for OMB Review; Comment Request Extension: Rule 19d-3

*Upon Written Request, Copies Available*  
From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549-2736

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) ("PRA"), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget ("OMB") a request for approval of extension of the previously approved collection of information provided for in Rule 19d-3 (17 CFR 240.19d-3) under the Securities Exchange Act of 1934 (17 U.S.C. 78a *et seq.*).

Rule 19d-3 prescribes the form and content of applications to the Commission by persons seeking Commission review of final disciplinary actions against them taken by self-regulatory organizations ("SROs") for which the Commission is the appropriate regulatory agency. The Commission uses the information provided in the application filed pursuant to Rule 19d-3 to review final actions taken by SROs including: (1) final disciplinary sanctions; (2) denial or conditioning of membership, participation or association; and (3) prohibitions or limitations of access to services offered by a SRO or member thereof.

The staff estimates that 32 respondents will file one application pursuant to Rule 19b-3 each year. The staff estimates that the average number of hours necessary to comply with the requirements of Rule 19d-3 is approximately eighteen hours. We estimate that approximately 16 firms or natural persons would draft the applications themselves, and therefore incur an hour burden of 18 hours each (a total hour burden of 288), and that 16 would hire outside counsel, and therefore incur a cost burden of \$8,496 each (a total cost burden of \$135,936).

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

The public may view background documentation for this information collection at the following website: [www.reginfogov](http://www.reginfogov). Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function. Written comments and recommendations for the proposed information collection should be sent by July 18, 2022 to (i) [www.reginfogov/public/do/PRA>Main](http://www.reginfogov/public/do/PRA>Main) and (ii) David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o John Pezzullo, 100 F Street NE, Washington, DC 20549, or by sending an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

Dated: June 13, 2022.

**J. Matthew DeLesDernier,**  
Assistant Secretary.

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BILLING CODE 8011-01-P

#### SECURITIES AND EXCHANGE COMMISSION

**[SEC File No. 270-242, OMB Control No. 3235-0206]**

#### Submission for OMB Review; Comment Request Extension: Rule 19d-1

*Upon Written Request, Copies Available*  
From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street, NE Washington, DC 20549-2736

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) ("PRA"), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget ("OMB") a request for approval of extension of the previously approved collection of information provided for in Rule 19d-1 (17 CFR 240.19d-1) under the Securities Exchange Act of 1934 (17 U.S.C. 78a *et seq.*) ("Exchange Act").

Rule 19d-1 prescribes the form and content of notices to be filed with the Commission by self-regulatory organizations ("SROs") for which the Commission is the appropriate regulatory agency concerning the following final SRO actions: (1) disciplinary actions with respect to any person; (2) denial, bar, prohibition, or limitation of membership, participation or association with a member or of access to services offered by an SRO or

<sup>32</sup> 17 CFR 200.30-3(a)(12).