

Reporting Requirements

FINRA Reminds Firms of Their Obligation to Electronically Report Specified Events and Quarterly Customer Complaint Information and Provides Additional Guidance on Automated Reporting Under FINRA Rule 4530

Executive Summary

FINRA is issuing this *Notice* to remind member firms of their obligation to electronically report specified events and quarterly customer complaint information required under current NASD Rule 3070 and Incorporated NYSE Rule 351, and new FINRA Rule 4530, which is effective July 1, 2011.¹ This *Notice* also provides additional guidance on automated reporting via the Rule 4530 Application for matters that become subject to reporting on or after July 1, 2011.

Questions regarding this *Notice* should be directed to Afshin Atabaki, Assistant General Counsel, Office of General Counsel, at (202) 728-8902.

Technical questions regarding the Rule 4530 Application, including testing, should be directed to the FINRA Help Desk, at (800) 321-6273 (if your question relates to testing, rather than an actual submission, please indicate this to the help desk representative).

Background & Discussion

Obligation to Report Required Information Electronically

NASD Rule 3070 and Incorporated NYSE Rule 351 require member firms to, among other things, report to FINRA certain specified events (paragraphs (a)(1) through (a)(10) of the rules) and quarterly statistical and summary information regarding written customer complaints (paragraphs (c) and (d) of the rules, respectively). As stated in *Regulatory Notice 11-06*, these rules will remain in effect for matters that become subject to reporting prior to July 1, 2011. Moreover, firms are reminded that they are required to report these matters, including the specified events, electronically via the Regulatory Filings Application on the FINRA Firm Gateway.² The current application is named Disclosure Events and Complaints.³

March 2011

Notice Type

- ▶ Guidance

Suggested Routing

- ▶ Compliance
- ▶ Legal
- ▶ Operations
- ▶ Senior Management

Key Topics

- ▶ Customer Complaints
- ▶ Disclosure Events
- ▶ Electronic Reporting
- ▶ Reporting Application
- ▶ Technical Changes

Referenced Rules & Notices

- ▶ FINRA Rule 4530
- ▶ Incorporated NYSE Rule 351
- ▶ NASD Rule 3070
- ▶ NTM 95-81
- ▶ Regulatory Notice 08-40
- ▶ Regulatory Notice 11-06

For matters that become subject to reporting on or after July 1, 2011, under new FINRA Rule 4530, member firms must continue to report specified events (paragraphs (a)(1)(A) through (a)(1)(H), (a)(2) and (b) of Rule 4530) and quarterly statistical and summary information on written customer complaints (paragraph (d) of Rule 4530) electronically via the Regulatory Filings Application on the FINRA Firm Gateway.⁴ The Disclosure Events and Complaints application will be renamed the Rule 4530 Application on July 1, 2011.⁵

Automated Reporting via Rule 4530 Application⁶

Firms logging in to the reporting application on July 1, 2011, will notice the following changes:⁷

- ▶ As noted above, the name of the reporting application will be changed from “Disclosure Events and Complaints” to the “Rule 4530 Application.”
- ▶ Beginning July 1, the drop-down menu in the Rule 4530 Application will provide descriptions of reportable events that correlate with FINRA Rule 4530, and it will no longer include the numeric codes currently in use.⁸ (Right now, when reporting specified events, firms are required to select the appropriate event from a drop-down menu that includes a numeric code and description of the event.⁹)

There are no other significant changes to the reporting application.

Endnotes

- 1 FINRA Rule 4530 takes effect on July 1, 2011, replacing NASD Rule 3070 and the corresponding provisions in Incorporated NYSE Rule 351. See *Regulatory Notice 11-06* (February 2011) (SEC Approves Consolidated FINRA Rule Governing Reporting Requirements).
- 2 See Securities Exchange Act Release No. 35956 (July 11, 1995), 60 FR 36838 (July 18, 1995) (Notice of Filing of Proposed Rule Change; File No. SR-NASD-95-16); *Notice to Members (NTM) 95-81* (September 1995) (SEC Approves Rules For Reporting Customer Complaint Information); and *Regulatory Notice 08-40* (August 2008) (Technology Changes for Reporting Certain Complaint and Disclosure Information).
- 3 The application can be accessed directly through the following hyperlink: <https://regfiling.finra.org>.
- 4 See *Regulatory Notice 11-06*.
- 5 See *supra* note 4.
- 6 Firms with a higher volume of reporting may find that a batch submission is more efficient than reporting matters one at a time using the Regulatory Filings Application on the FINRA Firm Gateway. A batch submission via the file transfer protocol (FTP) allows a member firm to submit multiple reports directly to a secure server. For more information regarding batch submissions, please see the Regulation Filing Applications FTP Submission Fact Sheet at www.finra.org/web/groups/industry/@ip/@comp/@rf/documents/appsupportdocs/p117146.pdf.

Firms that will submit reports via FTP, rather than via the Rule 4530 Application, must use new event codes (11 through 20) for batch reporting specified events on or after July 1, 2011. See *Regulatory Notice 11-06*, Attachment B.
- 7 Firms should use their existing user ID and password to access the Rule 4530 Application.
- 8 The following will be the available selections in the new drop-down menu as of July 1, 2011: External Finding; Customer Complaint Involving Certain Allegations; Named in a Regulatory Proceeding; Subject to Other Regulatory Actions; Criminal Actions Involving Felonies and Certain Misdemeanors; Associated with a Financial Entity Subject to Certain Actions; Civil Litigation, Arbitration Matters, or Certain Claims for Damages; Statutory Disqualification; Disciplinary Action Taken by a Firm Against an Associated Person; and Internal Conclusion.
- 9 The following are the available selections in the current drop-down menu: 01 – Securities, Law, Rule, or Regulation Violation; 02 - Customer Complaint; 03 - Regulatory or Self-regulatory Proceeding; 04 - Regulatory or Self-regulatory Membership; 05 - Criminal Offense; 06 - Association with Investment Company; 07 - Civil Litigation or Arbitration; 08 - Damages Claim; 09 - Statutory Disqualification; and 10 - Disciplinary Action.