

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 21	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2014 - * 051	Amendment No. (req. for Amendments *)
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Filing by Financial Industry Regulatory Authority  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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**Description**

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

Proposed Rule Change Relating to In Concert Reporting of Options Positions

**Contact Information**

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name \* Kathryn Last Name \* Moore

Title \* Associate General Counsel

E-mail \* kathryn.moore@finra.org

Telephone \* (202) 728-8200 Fax (202) 728-8264

**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title \*)

Date 12/11/2014

By Stephanie Dumont

Senior Vice President and Director of Capital Markets Policy

Stephanie Dumont,

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

**Form 19b-4 Information \***

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

**1. Text of the Proposed Rule Change**

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> Financial Industry Regulatory Authority, Inc. (“FINRA”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend Rule 2360(b)(5) regarding reporting of options positions to codify an existing requirement that the reporting rules apply to all accounts acting in concert, consistent with the application of the reporting rules of the options exchanges.

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

\* \* \* \* \*

**2000. DUTIES AND CONFLICTS**

\* \* \* \* \*

**2300. SPECIAL PRODUCTS**

\* \* \* \* \*

**2360. Options**

(a) No Change.

**(b) Requirements**

(1) through (4) No Change.

**(5) Reporting of Options Positions**

(A)(i)a. Conventional Options

Each member shall file or cause to be filed with  
FINRA a report with respect to each account in which the

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

member has an interest, each account of a partner, officer, director or employee of such member, and each customer, non-member broker, or non-member dealer account, which, acting alone or in concert, has established an aggregate position of 200 or more option contracts (whether long or short) of the put class and the call class on the same side of the market covering the same underlying security or index, combining for purposes of this subparagraph long positions in put options with short positions in call options and short positions in put options with long positions in call options, provided, however, that such reporting with respect to positions in conventional index options shall apply only to an option that is based on an index that underlies, or is substantially similar to an index that underlies, a standardized index option.

b. Standardized Options

Each member that conducts a business in standardized options but is not a member of the options exchange upon which the standardized options are listed and traded shall file or cause to be filed with FINRA a report with respect to each account in which the member has an interest, each account of a partner, officer, director or employee of such member, and each customer, non-

member broker, or non-member dealer account, which, acting alone or in concert, has established an aggregate position of 200 or more option contracts (whether long or short) of the put class and the call class on the same side of the market covering the same underlying security or index, combining for purposes of this subparagraph long positions in put options with short positions in call options and short positions in put options with long positions in call options.

(ii) No Change.

(B) No Change.

(6) through (24) No Change.

(c) No Change.

••• Supplementary Material: -----

.01 through .03 No Change.

\* \* \* \* \*

(b) Not applicable.

(c) Not applicable.

## **2. Procedures of the Self-Regulatory Organization**

The Chief Legal Officer of FINRA authorized the filing of the proposed rule change with the SEC pursuant to delegated authority. No other action by FINRA is necessary for the filing of the proposed rule change.

FINRA has filed the proposed rule change for immediate effectiveness and has requested that the SEC waive the requirement that the proposed rule change not become

operative for 30 days after the date of the filing, so FINRA can implement the proposed rule change immediately.

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

(a) Purpose

FINRA Rule 2360(b)(5) requires that members file, or cause to be filed, reports for each account that has an aggregate position of 200 or more options contracts (whether long or short) on the same side of the market covering the same underlying security or index. These reports are referred to as Large Options Position Reports (“LOPRs”). All LOPRs are filed electronically and The Options Clearing Corporation (“OCC”) currently hosts and maintains the LOPR reporting system. FINRA Rule 2360(b)(5)(A)(i)a. sets forth the requirements for the LOPR for conventional options.<sup>2</sup> FINRA Rule 2360(b)(5)(A)(i)b. sets forth the requirements for the LOPR for standardized options by members that are not members of the options exchange upon which the standardized options are listed (so called “access members”).<sup>3</sup> Among other things, the LOPRs allow FINRA to confirm that firms have not exceeded the options

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<sup>2</sup> FINRA Rule 2360(b)(5)(A)(i)a. provides that the reporting requirement for conventional index options only applies to an option that is based on an index that underlies, or is substantially similar to an index that underlies, a standardized index option. As a result, conventional index options based on customized indexes are not required to be reported. See Notice to Members 07-03 (January 2007); and see also Securities Exchange Act Release No. 54755 (November 15, 2006), 71 FR 67675 (November 22, 2006) (Order Approving File No. SR-NASD-2006-007).

<sup>3</sup> As noted below, the reporting rules are meant to be uniform across the industry and thus FINRA’s rules only require access members to report standardized options positions to FINRA. If a firm is a member of the options exchange on which the standardized option trades, then the firm would report the LOPR to the exchange of which is a member.

position limits set forth in FINRA Rule 2360(b)(3).<sup>4</sup> The position limit requirements are uniform across the options exchanges and FINRA.<sup>5</sup>

The position limit rules require that all accounts acting in concert, by the same individual or entity, must be aggregated to ensure position *limit* compliance. Accordingly, the position *report* should also be based on when accounts acting in concert exceeds the 200 contract threshold. This would ensure the report is accurately capturing the entire position to monitor for position limit purposes. The options exchanges and FINRA acting through the Intermarket Surveillance Group (the “ISG”) outlined this requirement in a May 1, 1991 Notice.<sup>6</sup> In addition, the LOPR Frequently Asked Questions (“FAQs”) maintained on the OCC’s site that are updated by the ISG members, including FINRA, outline the requirement that the “[m]embers must report any account or accounts acting “in concert” that hold over 200 contracts on either the long call/short put (bullish) or the short call/long put (bearish) side of the market.”<sup>7</sup> Like the position

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<sup>4</sup> FINRA Rule 2360(b)(3)(A) imposes a ceiling or position limit on the number of conventional and standardized equity options contracts in each class on the same side of the market (i.e., aggregating long calls and short puts or long puts and short calls) that can be held or written by a firm, a person associated with a firm, or a customer acting alone or in concert with others.

<sup>5</sup> See, e.g., CBOE Rule 4.11, ISE Rule 412 and NYSE Arca Options Rule 6.8. The standards for the calculation of position limits for a particular underlying security are the same across the options exchanges.

<sup>6</sup> See ISG Important Notice, Large Options Position Report (LOPR)/Mandatory Automated Reporting Requirement Notice dated May 1, 1991 (“ISG Notice”).

<sup>7</sup> See Large Options Positions Reporting (LOPR) Frequently Asked Questions (FAQs), FAQ #24 available at [http://www.optionsclearing.com/components/docs/clearing/industry-services/lopr/lopr\\_faqs.pdf](http://www.optionsclearing.com/components/docs/clearing/industry-services/lopr/lopr_faqs.pdf).

limit rules, the reporting rules and requirements are meant to be uniform across the industry.

Certain options exchanges rules are explicit about the requirement to report a position whether acting alone or in concert,<sup>8</sup> while FINRA and other options exchanges rules have by interpretation and relying on the ISG Notice and LOPR FAQs required firms to report such information. FINRA proposes to amend Rule 2360(b)(5)(A)(i)a. and b.<sup>9</sup> to codify the existing requirement that members must report each account in which the member has an interest, each account of a partner, officer, director or employee of such member, and each customer, non-member broker, or non-member dealer account which, acting alone or in concert, has established an aggregate position of 200 or more option contracts. FINRA believes that firms are already complying with this requirement as it has been a stated FINRA interpretation since May 1991. FINRA believes that harmonizing its rule with those options exchanges rules that are explicit about the in concert requirement will clarify firms reporting requirements and ensure continued consistency in monitoring for position limits.

As noted in Item 2 of this filing, FINRA has filed the proposed rule change for immediate effectiveness and has requested that the SEC waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing, so FINRA can implement the proposed rule change immediately.

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<sup>8</sup> See BATS Rule 18.10(a), CBOE Rule 4.13(a), NYSE Arca Rule 6.6(a), and NASDAQ OMX PHLX Rule 1003(a).

<sup>9</sup> FINRA proposes to harmonize the reporting provision with the options exchanges for standardized options and clarify the requirement for conventional options to similarly ensure the report is accurately capturing the entire position to monitor for position limit purposes.



(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>10</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. FINRA believes that clarifying that members must report options position reports for accounts of members, each account of a partner, officer, director or employee of such member, and each customer, non-member broker, or non-member dealer acting alone or in concert with others is necessary to fully and effectively monitor compliance with the position limit requirements, which are based on similar standards. In addition, FINRA believes that the proposed rule change will promote consistent regulation by harmonizing FINRA's rules with those of the options exchanges.

**4. 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. FINRA believes that clarifying that members must report options position reports for accounts of members, each account of a partner, officer, director or employee of such member, and each customer, non-member broker, or non-member dealer acting alone or in concert with others is necessary to fully and effectively monitor compliance with the position limit requirements. This proposed rule change reflects existing FINRA and ISG interpretation, which has been express since 1991 and is widely understood by firms. In addition, FINRA believes that the proposed rule change will promote consistent

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<sup>10</sup> 15 U.S.C. 78q-3(b)(6).

regulation by harmonizing FINRA's rules with those of the options exchanges and thus will impose no burden on members since such reports are already being filed.

**5. 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.

**6. Extension of Time Period for Commission Action**

Not applicable.

**7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)**

The proposed rule change is effective upon filing pursuant to Section 19(b)(3) of the Act<sup>11</sup> and paragraph (f)(6) of Rule 19b-4 thereunder,<sup>12</sup> in that the proposed rule change does not significantly affect the protection of investors or the public interest; does not impose any significant burden on competition; and does not become operative for 30 days after filing or such shorter time as the Commission may designate.

FINRA requests that the Commission waive the requirement that the rule change, by its terms, not become operative for 30 days after the date of the filing as set forth in Rule 19b-4(f)(6)(iii),<sup>13</sup> so that the reporting requirements can be immediately clarified and harmonized with those of the options exchanges. In accordance with Rule 19b-4(f)(6),<sup>14</sup> FINRA submitted written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business

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<sup>11</sup> 15 U.S.C. 78s(b)(3).

<sup>12</sup> 17 CFR 240.19b-4(f)(6).

<sup>13</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>14</sup> 17 CFR 240.19b-4(f)(6).

days prior to the date of filing, or such shorter time as the Commission may designate, as specified in Rule 19b-4(f)(6)(iii) under the Act.<sup>15</sup>

**8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission**

The proposed rule change is similar to BATS Rule 18.10(a), CBOE Rule 4.13(a), NYSE Arca Rule 6.6(a), and NASDAQ OMX PHLX Rule 1003(a).

**9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act**

Not applicable.

**10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act**

Not applicable.

**11. Exhibits**

Exhibit 1. Completed notice of proposed rule change for publication in the Federal Register.

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<sup>15</sup> 17 CFR 240.19b-4(f)(6)(iii).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-FINRA-2014-051)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to In Concert Reporting of Options Positions

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 , 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. FINRA has designated the proposed rule change as constituting a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4 under the Act,<sup>3</sup> which renders the proposal effective upon receipt of this filing by the Commission. 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 2360(b)(5) regarding reporting of options positions to codify an existing requirement that the reporting rules apply to all accounts acting in concert, consistent with the application of the reporting rules of the options exchanges.

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

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

<sup>3</sup> 17 CFR 240.19b-4(f)(6).

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

\* \* \* \* \*

**2000. DUTIES AND CONFLICTS**

\* \* \* \* \*

**2300. SPECIAL PRODUCTS**

\* \* \* \* \*

**2360. Options**

(a) No Change.

**(b) Requirements**

(1) through (4) No Change.

**(5) Reporting of Options Positions**

(A)(i)a. Conventional Options

Each member shall file or cause to be filed with FINRA a report with respect to each account in which the member has an interest, each account of a partner, officer, director or employee of such member, and each customer, non-member broker, or non-member dealer account, which, acting alone or in concert, has established an aggregate position of 200 or more option contracts (whether long or short) of the put class and the call class on the same side of the market covering the same underlying security or index, combining for purposes of this subparagraph long positions

in put options with short positions in call options and short positions in put options with long positions in call options, provided, however, that such reporting with respect to positions in conventional index options shall apply only to an option that is based on an index that underlies, or is substantially similar to an index that underlies, a standardized index option.

b. Standardized Options

Each member that conducts a business in standardized options but is not a member of the options exchange upon which the standardized options are listed and traded shall file or cause to be filed with FINRA a report with respect to each account in which the member has an interest, each account of a partner, officer, director or employee of such member, and each customer, non-member broker, or non-member dealer account, which, acting alone or in concert, has established an aggregate position of 200 or more option contracts (whether long or short) of the put class and the call class on the same side of the market covering the same underlying security or index, combining for purposes of this subparagraph long positions in put options with short positions in call options and short positions in put options with long positions in call options.

(ii) No Change.

(B) No Change.

(6) through (24) No Change.

(c) No Change.

••• Supplementary Material: -----

.01 through .03 No Change.

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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

FINRA Rule 2360(b)(5) requires that members file, or cause to be filed, reports for each account that has an aggregate position of 200 or more options contracts (whether long or short) on the same side of the market covering the same underlying security or index. These reports are referred to as Large Options Position Reports (“LOPRs”). All LOPRs are filed electronically and The Options Clearing Corporation (“OCC”) currently hosts and maintains the LOPR reporting system. FINRA Rule 2360(b)(5)(A)(i)a. sets

forth the requirements for the LOPR for conventional options.<sup>4</sup> FINRA Rule 2360(b)(5)(A)(i)b. sets forth the requirements for the LOPR for standardized options by members that are not members of the options exchange upon which the standardized options are listed (so called “access members”).<sup>5</sup> Among other things, the LOPRs allow FINRA to confirm that firms have not exceeded the options position limits set forth in FINRA Rule 2360(b)(3).<sup>6</sup> The position limit requirements are uniform across the options exchanges and FINRA.<sup>7</sup>

The position limit rules require that all accounts acting in concert, by the same individual or entity, must be aggregated to ensure position limit compliance. Accordingly, the position report should also be based on when accounts acting in concert exceeds the 200 contract threshold. This would ensure the report is accurately capturing

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<sup>4</sup> FINRA Rule 2360(b)(5)(A)(i)a. provides that the reporting requirement for conventional index options only applies to an option that is based on an index that underlies, or is substantially similar to an index that underlies, a standardized index option. As a result, conventional index options based on customized indexes are not required to be reported. See Notice to Members 07-03 (January 2007); and see also Securities Exchange Act Release No. 54755 (November 15, 2006), 71 FR 67675 (November 22, 2006) (Order Approving File No. SR-NASD-2006-007).

<sup>5</sup> As noted below, the reporting rules are meant to be uniform across the industry and thus FINRA’s rules only require access members to report standardized options positions to FINRA. If a firm is a member of the options exchange on which the standardized option trades, then the firm would report the LOPR to the exchange of which is a member.

<sup>6</sup> FINRA Rule 2360(b)(3)(A) imposes a ceiling or position limit on the number of conventional and standardized equity options contracts in each class on the same side of the market (i.e., aggregating long calls and short puts or long puts and short calls) that can be held or written by a firm, a person associated with a firm, or a customer acting alone or in concert with others.

<sup>7</sup> See, e.g., CBOE Rule 4.11, ISE Rule 412 and NYSE Arca Options Rule 6.8. The standards for the calculation of position limits for a particular underlying security are the same across the options exchanges.



the entire position to monitor for position limit purposes. The options exchanges and FINRA acting through the Intermarket Surveillance Group (the “ISG”) outlined this requirement in a May 1, 1991 Notice.<sup>8</sup> In addition, the LOPR Frequently Asked Questions (“FAQs”) maintained on the OCC’s site that are updated by the ISG members, including FINRA, outline the requirement that the “[m]embers must report any account or accounts acting “in concert” that hold over 200 contracts on either the long call/short put (bullish) or the short call/long put (bearish) side of the market.”<sup>9</sup> Like the position limit rules, the reporting rules and requirements are meant to be uniform across the industry.

Certain options exchanges rules are explicit about the requirement to report a position whether acting alone or in concert,<sup>10</sup> while FINRA and other options exchanges rules have by interpretation and relying on the ISG Notice and LOPR FAQs required firms to report such information. FINRA proposes to amend Rule 2360(b)(5)(A)(i)a. and b.<sup>11</sup> to codify the existing requirement that members must report each account in which the member has an interest, each account of a partner, officer, director or employee of

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<sup>8</sup> See ISG Important Notice, Large Options Position Report (LOPR)/Mandatory Automated Reporting Requirement Notice dated May 1, 1991 (“ISG Notice”).

<sup>9</sup> See Large Options Positions Reporting (LOPR) Frequently Asked Questions (FAQs), FAQ #24 available at [http://www.optionsclearing.com/components/docs/clearing/industry-services/lopr/lopr\\_faqs.pdf](http://www.optionsclearing.com/components/docs/clearing/industry-services/lopr/lopr_faqs.pdf).

<sup>10</sup> See BATS Rule 18.10(a), CBOE Rule 4.13(a), NYSE Arca Rule 6.6(a), and NASDAQ OMX PHLX Rule 1003(a).

<sup>11</sup> FINRA proposes to harmonize the reporting provision with the options exchanges for standardized options and clarify the requirement for conventional options to similarly ensure the report is accurately capturing the entire position to monitor for position limit purposes.

such member, and each customer, non-member broker, or non-member dealer account which, acting alone or in concert, has established an aggregate position of 200 or more option contracts. FINRA believes that firms are already complying with this requirement as it has been a stated FINRA interpretation since May 1991. FINRA believes that harmonizing its rule with those options exchanges rules that are explicit about the in concert requirement will clarify firms reporting requirements and ensure continued consistency in monitoring for position limits.

FINRA has filed the proposed rule change for immediate effectiveness and has requested that the SEC waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing, so FINRA can implement the proposed rule change immediately.

## 2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>12</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. FINRA believes that clarifying that members must report options position reports for accounts of members, each account of a partner, officer, director or employee of such member, and each customer, non-member broker, or non-member dealer acting alone or in concert with others is necessary to fully and effectively monitor compliance with the position limit requirements, which are based on similar standards. In addition,

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<sup>12</sup> 15 U.S.C. 78q-3(b)(6).

FINRA believes that the proposed rule change will promote consistent regulation by harmonizing FINRA's rules with those of the options exchanges.

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. FINRA believes that clarifying that members must report options position reports for accounts of members, each account of a partner, officer, director or employee of such member, and each customer, non-member broker, or non-member dealer acting alone or in concert with others is necessary to fully and effectively monitor compliance with the position limit requirements. This proposed rule change reflects existing FINRA and ISG interpretation, which has been express since 1991 and is widely understood by firms. In addition, FINRA believes that the proposed rule change will promote consistent regulation by harmonizing FINRA's rules with those of the options exchanges and thus will impose no burden on members since such reports are already being filed.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed,

or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>13</sup> and Rule 19b-4(f)(6) thereunder.<sup>14</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or 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 e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2014-051 on the subject line.

##### Paper Comments:

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

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<sup>13</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>14</sup> 17 CFR 240.19b-4(f)(6).

All submissions should refer to File Number SR-FINRA-2014-051. This file number should be included on the subject line if e-mail 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 a.m. and 3 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; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FINRA-2014-051 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>15</sup>

Brent J. Fields  
Secretary

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<sup>15</sup> 17 CFR 200.30-3(a)(12).