

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="22"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2015"/> - * <input type="text" value="009"/> Amendment No. (req. for Amendments *) <input type="text"/>
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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 checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
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 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 *).

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 * Last Name *

Title *

E-mail *

Telephone * Fax

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 Senior Vice President and Deputy General Counsel

By

(Name *)

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 *

Add Remove View

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 *

Add Remove View

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

Add Remove View

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

Add Remove View

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

Add Remove View

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

Add Remove View

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” or “Exchange Act”),¹ Financial Industry Regulatory Authority, Inc. (“FINRA”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to adopt FINRA Rule 2272, which would govern sales or offers of sales of securities on the premises of any military installation to members of the U.S. Armed Forces or their dependents.

The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

At its meeting on February 12, 2015, the FINRA Board of Governors authorized the filing of the proposed rule change with the SEC. No other action by FINRA is necessary for the filing of the proposed rule change.

FINRA will announce the effective date of the proposed rule change in a Regulatory Notice to be published no later than 60 days following Commission approval. The effective date will be no later than 180 days following publication of the Regulatory Notice announcing Commission approval.

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

(a) Purpose

Background

¹ 15 U.S.C. 78s(b)(1).

The proposed rule change would adopt FINRA Rule 2272, which would govern sales or offers of sales of securities on the premises of any military installation to members of the U.S. Armed Forces or their dependents.

Statutory Requirement

The Military Personnel Financial Services Protection Act (“Military Act”) was enacted to protect members of the U.S. Armed Forces from unscrupulous practices regarding sales of insurance, financial and investment products.² Congress amended Section 15A(b) of the Exchange Act with the enactment of the Military Act to require FINRA, as a registered securities association, to adopt rules governing the sales or offers of sales of securities on the premises of any military installation to members of the U.S. Armed Forces or their dependents.³ Such rules must require: (1) the broker-dealer performing brokerage services to clearly and conspicuously disclose to potential investors (a) that the securities offered are not being offered or provided by the broker-dealer on behalf of the federal government, and that its offer is not sanctioned, recommended, or encouraged by the federal government and (b) the identity of the registered broker-dealer offering the securities; (2) such broker-dealer to perform an appropriate suitability determination, including consideration of costs and knowledge about securities, prior to making a recommendation of a security to a member of the U.S. Armed Forces or a dependent thereof; and (3) that no person receive any referral fee or incentive compensation in connection with a sale or offer of sale of securities, unless such person is

² Pub. L. No. 109-290, 120 Stat. 1317.

³ 15 U.S.C. 78q-3(b).

an associated person of a registered broker-dealer and is qualified pursuant to the rules of a self-regulatory organization.⁴

Proposal

FINRA, as a registered securities association, is proposing to adopt Rule 2272 to comply with the statutory requirements. Proposed Rule 2272 would require that any member engaging in sales or offers of sales of securities on the premises of a military installation to any member of the U.S. Armed Forces or a dependent thereof shall clearly and conspicuously disclose in writing, which may be electronic, to such potential investor prior to engaging in sales or offers of sales of securities to such investor: (1) the identity of the member offering the securities; and (2) that the securities offered are not being offered or provided by the member on behalf of the federal government, and that the offer of such securities is not sanctioned, recommended or encouraged by the federal government.⁵ Electronic delivery of the disclosures required by proposed Rule 2272 must be consistent with SEC guidance on the use of electronic media to satisfy delivery obligations which, among other things, requires affirmative consent of the customer for delivery of certain documents.⁶

Proposed Rule 2272 also would incorporate the suitability obligations under FINRA Rule 2111. Specifically, the proposed rule would explicitly provide that a member must satisfy the suitability obligations imposed by Rule 2111 when making a recommendation on the premises of a military installation to any member of the U.S.

⁴ 15 U.S.C. 78o-3(b)(14).

⁵ See proposed Rule 2272(b).

⁶ See Securities Exchange Act Release No. 42728 (April 28, 2000); 65 FR 25843 (May 4, 2000).

Armed Forces or a dependent thereof.⁷ FINRA believes that the suitability obligations imposed by Rule 2111 satisfy the statutory requirement that FINRA adopt rules requiring its members to perform an appropriate suitability determination, including consideration of costs and knowledge about securities, prior to making a recommendation to a member of the U.S. Armed Forces or a dependent thereof. FINRA has previously stated that the cost associated with a recommendation is one factor for a member or an associated person to consider when determining whether a security or investment strategy is suitable for a customer pursuant to Rule 2111.⁸ Further, Rule 2111 requires a member or associated person to use reasonable diligence to obtain and consider, among other things, the customer's investment experience.⁹

Proposed Rule 2272 also would provide that no member shall cause a person to receive a referral fee or incentive compensation in connection with sales or offers of sales of securities on the premises of a military installation with any member of the U.S. Armed Forces or a dependent thereof, unless such person is an associated person of a registered broker-dealer who is appropriately qualified consistent with FINRA rules, and the payment complies with applicable federal securities laws and FINRA rules.¹⁰

⁷ See proposed Rule 2272(c).

⁸ See Regulatory Notice 12-25 (May 2012). FINRA stated that the cost associated with a recommendation is one of many important factors to consider when determining whether the subject security or investment strategy involving a security or securities is suitable.

⁹ See Rule 2111(a) (requiring that a member or associated person use reasonable diligence to obtain and consider a customer's investment profile, which includes the customer's investment experience). See also Regulatory Notice 12-25.

¹⁰ See proposed Rule 2272(d).

For purposes of the proposed rule change, FINRA proposes to define “military installation” to include “any federally owned, leased or operated base, reservation, post, camp, building or other facility to which members of the U.S. Armed Forces are assigned for duty, including barracks, transient housing and family quarters.”¹¹ FINRA will read with interest comments as to whether proposed Rule 2272 should be broadened to apply to sales or offers of sales of securities both on and off the premises of a military installation to any member of the U.S. Armed Forces or a dependent thereof. In this regard, FINRA reminds members that any such sales or offers of sales of securities off the premises of a military installation must comply with applicable FINRA rules, including suitability requirements, and that any misleading representation made to a member of the U.S. Armed Forces or a dependent thereof off the premises of a military installation that the securities are being offered or provided on behalf of, or sanctioned, recommended, or encouraged by the federal government would be otherwise prohibited by FINRA rules.¹²

As noted in Item 2 of this filing, FINRA will announce the effective date of the proposed rule change in a Regulatory Notice to be published no later than 60 days following Commission approval. The effective date will be no later than 180 days following publication of the Regulatory Notice announcing Commission approval.

(b) Statutory Basis

¹¹ See proposed Rule 2272(a). The proposed definition is consistent with the definition included in the Military Sales Practices Model Regulation adopted by the National Association of Insurance Commissioners. See <http://www.naic.org/store/free/MDL-568.pdf>.

¹² See, e.g., Rules 2010, 2020, and 2210.

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,¹³ 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 the proposed rule change will further the purposes of the Act by providing members of the U.S. Armed Forces and their dependents on the premises of military installations with clear disclosure that the securities offered are not being offered or provided by the member on behalf of the federal government, and that the offer of such securities is not sanctioned, recommended or encouraged by the federal government. The proposed rule change also would require persons receiving referral fees or other incentive compensation in connection with such sales to be appropriately qualified associated persons of a broker-dealer so as to mitigate potentially abusive and unscrupulous sales practices.

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. Proposed Rule 2272 is intended to benefit members of the U.S. Armed Forces and their dependents on the premises of military installations by providing enhanced disclosure about securities investments and limiting compensation for referrals.

¹³ 15 U.S.C. 78o-3(b)(6).

According to the 2012 National Financial Capability Study's Military Report,¹⁴ approximately half of the survey respondents hold non-retirement investments and approximately 65% have self-directed retirement plans. In addition, approximately two-thirds of respondents indicated that they have consulted with a financial professional outside the military over the past five years.

The Department of Defense has separately imposed requirements for personal commercial solicitations, including offers and sales of securities, on the premises of military installations. Among other things, the Department of Defense has required: (i) registering persons seeking to solicit on the premises of military installations with the installation's commander prior to soliciting on the premises; (ii) checking the person's license status and complaint history prior to granting permission for soliciting on the premises; (iii) permitting only previously scheduled meetings in a location designated by the commander or in family quarters; and (iv) maintaining a list of persons and companies who have had their commercial solicitation privileges withdrawn.¹⁵ The Department of Defense's requirements have the practical effect of limiting access to the premises of military installations for the purpose of commercial solicitations.

The proposed rule change would impose additional costs on members that offer to sell securities on the premises of U.S. military installations to members of the U.S. Armed Forces and their dependents. Specifically, members would be required to provide additional disclosure and to adopt supervisory policies and procedures reasonably

¹⁴ The report and related materials can be found at: <http://www.usfinancialcapability.org/results/m.php>. The report is based on a survey of 1,000 members of the U.S. Armed Forces, including active duty personnel, activated Reserve and National Guard personnel, and Reserve and National Guard personnel not currently on active duty.

¹⁵ See Department of Defense Instruction No. 1344.07 (March 30, 2006).

designed to ensure that the disclosure is provided where required. FINRA anticipates that the disclosure required by proposed Rule 2272 would be provided with other materials and disclosures typically provided to potential investors.

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

FINRA does not consent at this time to an extension of the time period for Commission action specified in Section 19(b)(2) of the Act.¹⁶

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)

Not applicable.

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

Not applicable.

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.

Exhibit 5. Text of the proposed rule change.

¹⁶ 15 U.S.C. 78s(b)(2).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-FINRA-2015-009)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change to Adopt FINRA Rule 2272 to Govern Sales or Offers of Sales of Securities on the Premises of Any Military Installation to Members of the U.S. Armed Forces or their Dependents

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² 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. 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 adopt FINRA Rule 2272, which would govern sales or offers of sales of securities on the premises of any military installation to members of the U.S. Armed Forces or their dependents.

The text of the proposed rule change is available on FINRA’s website at <http://www.finra.org>, at the principal office of FINRA and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

The proposed rule change would adopt FINRA Rule 2272, which would govern sales or offers of sales of securities on the premises of any military installation to members of the U.S. Armed Forces or their dependents.

Statutory Requirement

The Military Personnel Financial Services Protection Act ("Military Act") was enacted to protect members of the U.S. Armed Forces from unscrupulous practices regarding sales of insurance, financial and investment products.³ Congress amended Section 15A(b) of the Exchange Act with the enactment of the Military Act to require FINRA, as a registered securities association, to adopt rules governing the sales or offers of sales of securities on the premises of any military installation to members of the U.S. Armed Forces or their dependents.⁴ Such rules must require: (1) the broker-dealer

³ Pub. L. No. 109-290, 120 Stat. 1317.

⁴ 15 U.S.C. 78q-3(b).

performing brokerage services to clearly and conspicuously disclose to potential investors (a) that the securities offered are not being offered or provided by the broker-dealer on behalf of the federal government, and that its offer is not sanctioned, recommended, or encouraged by the federal government and (b) the identity of the registered broker-dealer offering the securities; (2) such broker-dealer to perform an appropriate suitability determination, including consideration of costs and knowledge about securities, prior to making a recommendation of a security to a member of the U.S. Armed Forces or a dependent thereof; and (3) that no person receive any referral fee or incentive compensation in connection with a sale or offer of sale of securities, unless such person is an associated person of a registered broker-dealer and is qualified pursuant to the rules of a self-regulatory organization.⁵

Proposal

FINRA, as a registered securities association, is proposing to adopt Rule 2272 to comply with the statutory requirements. Proposed Rule 2272 would require that any member engaging in sales or offers of sales of securities on the premises of a military installation to any member of the U.S. Armed Forces or a dependent thereof shall clearly and conspicuously disclose in writing, which may be electronic, to such potential investor prior to engaging in sales or offers of sales of securities to such investor: (1) the identity of the member offering the securities; and (2) that the securities offered are not being offered or provided by the member on behalf of the federal government, and that the offer of such securities is not sanctioned, recommended or encouraged by the federal

⁵ 15 U.S.C. 78o-3(b)(14).

government.⁶ Electronic delivery of the disclosures required by proposed Rule 2272 must be consistent with SEC guidance on the use of electronic media to satisfy delivery obligations which, among other things, requires affirmative consent of the customer for delivery of certain documents.⁷

Proposed Rule 2272 also would incorporate the suitability obligations under FINRA Rule 2111. Specifically, the proposed rule would explicitly provide that a member must satisfy the suitability obligations imposed by Rule 2111 when making a recommendation on the premises of a military installation to any member of the U.S. Armed Forces or a dependent thereof.⁸ FINRA believes that the suitability obligations imposed by Rule 2111 satisfy the statutory requirement that FINRA adopt rules requiring its members to perform an appropriate suitability determination, including consideration of costs and knowledge about securities, prior to making a recommendation to a member of the U.S. Armed Forces or a dependent thereof. FINRA has previously stated that the cost associated with a recommendation is one factor for a member or an associated person to consider when determining whether a security or investment strategy is suitable for a customer pursuant to Rule 2111.⁹ Further, Rule 2111 requires a member or

⁶ See proposed Rule 2272(b).

⁷ See Securities Exchange Act Release No. 42728 (April 28, 2000); 65 FR 25843 (May 4, 2000).

⁸ See proposed Rule 2272(c).

⁹ See Regulatory Notice 12-25 (May 2012). FINRA stated that the cost associated with a recommendation is one of many important factors to consider when determining whether the subject security or investment strategy involving a security or securities is suitable.

associated person to use reasonable diligence to obtain and consider, among other things, the customer's investment experience.¹⁰

Proposed Rule 2272 also would provide that no member shall cause a person to receive a referral fee or incentive compensation in connection with sales or offers of sales of securities on the premises of a military installation with any member of the U.S. Armed Forces or a dependent thereof, unless such person is an associated person of a registered broker-dealer who is appropriately qualified consistent with FINRA rules, and the payment complies with applicable federal securities laws and FINRA rules.¹¹

For purposes of the proposed rule change, FINRA proposes to define "military installation" to include "any federally owned, leased or operated base, reservation, post, camp, building or other facility to which members of the U.S. Armed Forces are assigned for duty, including barracks, transient housing and family quarters."¹² FINRA will read with interest comments as to whether proposed Rule 2272 should be broadened to apply to sales or offers of sales of securities both on and off the premises of a military installation to any member of the U.S. Armed Forces or a dependent thereof. In this regard, FINRA reminds members that any such sales or offers of sales of securities off the premises of a military installation must comply with applicable FINRA rules, including suitability requirements, and that any misleading representation made to a

¹⁰ See Rule 2111(a) (requiring that a member or associated person use reasonable diligence to obtain and consider a customer's investment profile, which includes the customer's investment experience). See also Regulatory Notice 12-25.

¹¹ See proposed Rule 2272(d).

¹² See proposed Rule 2272(a). The proposed definition is consistent with the definition included in the Military Sales Practices Model Regulation adopted by the National Association of Insurance Commissioners. See <http://www.naic.org/store/free/MDL-568.pdf>.

member of the U.S. Armed Forces or a dependent thereof off the premises of a military installation that the securities are being offered or provided on behalf of, or sanctioned, recommended, or encouraged by the federal government would be otherwise prohibited by FINRA rules.¹³

FINRA will announce the effective date of the proposed rule change in a Regulatory Notice to be published no later than 60 days following Commission approval. The effective date will be no later than 180 days following publication of the Regulatory Notice announcing 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,¹⁴ 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 the proposed rule change will further the purposes of the Act by providing members of the U.S. Armed Forces and their dependents on the premises of military installations with clear disclosure that the securities offered are not being offered or provided by the member on behalf of the federal government, and that the offer of such securities is not sanctioned, recommended or encouraged by the federal government. The proposed rule change also would require persons receiving referral fees or other incentive compensation in connection with such sales to be appropriately

¹³ See, e.g., Rules 2010, 2020, and 2210.

¹⁴ 15 U.S.C. 78o-3(b)(6).

qualified associated persons of a broker-dealer so as to mitigate potentially abusive and unscrupulous sales practices.

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. Proposed Rule 2272 is intended to benefit members of the U.S. Armed Forces and their dependents on the premises of military installations by providing enhanced disclosure about securities investments and limiting compensation for referrals.

According to the 2012 National Financial Capability Study's Military Report,¹⁵ approximately half of the survey respondents hold non-retirement investments and approximately 65% have self-directed retirement plans. In addition, approximately two-thirds of respondents indicated that they have consulted with a financial professional outside the military over the past five years.

The Department of Defense has separately imposed requirements for personal commercial solicitations, including offers and sales of securities, on the premises of military installations. Among other things, the Department of Defense has required: (i) registering persons seeking to solicit on the premises of military installations with the installation's commander prior to soliciting on the premises; (ii) checking the person's license status and complaint history prior to granting permission for soliciting on the premises; (iii) permitting only previously scheduled meetings in a location designated by

¹⁵ The report and related materials can be found at: <http://www.usfinancialcapability.org/resultsm.php>. The report is based on a survey of 1,000 members of the U.S. Armed Forces, including active duty personnel, activated Reserve and National Guard personnel, and Reserve and National Guard personnel not currently on active duty.

the commander or in family quarters; and (iv) maintaining a list of persons and companies who have had their commercial solicitation privileges withdrawn.¹⁶ The Department of Defense's requirements have the practical effect of limiting access to the premises of military installations for the purpose of commercial solicitations.

The proposed rule change would impose additional costs on members that offer to sell securities on the premises of U.S. military installations to members of the U.S. Armed Forces and their dependents. Specifically, members would be required to provide additional disclosure and to adopt supervisory policies and procedures reasonably designed to ensure that the disclosure is provided where required. FINRA anticipates that the disclosure required by proposed Rule 2272 would be provided with other materials and disclosures typically provided to potential investors.

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.

¹⁶ See Department of Defense Instruction No. 1344.07 (March 30, 2006).

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. Please include File Number SR-FINRA-2015-009 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.

All submissions should refer to File Number SR-FINRA-2015-009. 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-2015-009 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.¹⁷

Brent J. Fields
Secretary

¹⁷ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Exhibit 5 shows the text of the proposed rule change. Proposed new language is underlined.

* * * * *

2000. DUTIES AND CONFLICTS

* * * * *

2200. COMMUNICATIONS AND DISCLOSURES

* * * * *

2272. Sales and Offers of Sales of Securities on Military Installations

(a) Military Installations

For purposes of this Rule, a “Military Installation” shall mean any federally owned, leased or operated base, reservation, post, camp, building or other facility to which members of the U.S. Armed Forces are assigned for duty, including barracks, transient housing and family quarters.

(b) Disclosures

A member engaging in sales or offers of sales of securities on the premises of a Military Installation to any member in the U.S. Armed Forces or a dependent thereof shall clearly and conspicuously disclose in writing, which may be electronic, to such potential investor prior to engaging in sales or offers of sales of securities to such potential investor:

(1) the identity of the member offering the securities; and

(2) that the securities offered are not being offered or provided by the member on behalf of the Federal Government, and that the offer of such securities is not sanctioned, recommended or encouraged by the Federal Government.

(c) Suitability

A member shall satisfy the suitability obligations imposed by FINRA Rule 2111 when making a recommendation on the premises of a Military Installation to any member of the U.S. Armed Forces or a dependent thereof.

(d) Fees and Compensation

No member shall cause a person to receive a referral fee or incentive compensation in connection with sales or offers of sales of securities on the premises of a Military Installation with any member of the U.S. Armed Forces or a dependent thereof, unless such person is an associated person of a registered broker-dealer who is appropriately qualified consistent with FINRA rules, and the payment complies with applicable federal securities laws and FINRA rules.

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