



8011-01p
SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-70880; File No. SR-FINRA-2013-047)

November 14, 2013

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 Include Information About Members and Their Associated Persons of Any Registered National Securities Exchange that Uses the CRD System for Registration Purposes

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 November 1, 2013, the Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“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 FINRA Rule 8312 (FINRA BrokerCheck Disclosure) to include in BrokerCheck information about members and their associated persons of any registered national securities exchange that uses the Central Registration Depository (“CRD[®]”) for registration purposes. The proposed rule change also would make non-substantive technical changes to FINRA Rule 8312 to reflect a change in FINRA’s style convention for referencing the CRD system.

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

FINRA BrokerCheck provides the public with information on the professional background, business practices, and conduct of FINRA member firms and their associated persons. The information that FINRA releases to the public through BrokerCheck is derived from the CRD system, the securities industry online registration and licensing database. FINRA member firms, their associated persons, and regulators report information to the CRD system via the uniform registration forms. By making most of this information publicly available, BrokerCheck, among other things, helps investors make informed choices about the individuals and firms with which they conduct business. BrokerCheck allows investors and others to obtain registration information about firms and their associated persons by telephone³ and the Internet.⁴

In 2006, Congress amended Section 15A(i) of the Act⁵ with the enactment of the Military Personnel Financial Services Protection Act ("MPFSPA").⁶ The amendment requires, among

³ The BrokerCheck Hotline telephone number is (800) 289-9999.

⁴ BrokerCheck is available online at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck>.

⁵ 15 U.S.C. 78o-3(i).

other things, that FINRA, as a registered securities association, maintain a toll-free telephone listing and a readily accessible electronic or other process to receive and promptly respond to inquiries regarding (i) registration information on its members and their associated persons, and (ii) registration information on the members and their associated persons of any registered national securities exchange that uses the CRD system for the registration of its members and their associated persons (“CRD Exchange”).⁷

The registration information currently available through BrokerCheck is limited to firms and individuals that are currently or were previously registered with FINRA. BrokerCheck does not contain information regarding firms or individuals whose registrations have been exclusively with a registered national securities exchange (although such information is contained in the CRD system).

The proposed rule change would amend FINRA Rule 8312 to include these non-FINRA member firms and their associated persons in BrokerCheck. Specifically, the proposed rule change would make publicly available in BrokerCheck information about members and their associated persons of any CRD Exchange.⁸ The information that would be disclosed through BrokerCheck about CRD Exchange members and their associated persons would be the same as

⁶ Pub.L. No. 109-290, 120 Stat. 1317 (2006).

⁷ For purposes of Section 15A(i) of the Act, registration information is defined as “the information reported in connection with the registration or licensing of brokers and dealers and their associated persons, including disciplinary actions, regulatory, judicial, and arbitration proceedings, and other information required by law, or exchange or association rule, and the source and status of such information.”

⁸ Firms and individuals that have been registered exclusively with a CRD Exchange will be included in BrokerCheck only if such registration occurred on or after August 16, 1999. Filings for those firms and individuals whose registrations terminated prior to August 16, 1999 were not made electronically so BrokerCheck reports for such firms and individuals cannot be made in an automated fashion. See proposed Supplementary Material .03 to FINRA Rule 8312.

the information disclosed about FINRA members and their associated persons pursuant to FINRA Rule 8312. CRD Exchange members and their associated persons would be able to dispute inaccuracies in their BrokerCheck reports as provided for in FINRA Rule 8312(e).

The proposed rule change also would make non-substantive technical changes to FINRA Rule 8312 to reflect a change in FINRA's style convention for referencing the CRD system.

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,⁹ 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 enhance investor protection by providing investors and other users of BrokerCheck with information regarding the professional background, business practices, and conduct of additional firms and their associated persons.

FINRA also believes that the proposed rule change is consistent with the provisions of Section 15A(i)(1) of the Act,¹⁰ which requires, among other things, that FINRA 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 CRD Exchange members and their associated persons. FINRA believes that the proposed rule change satisfies this requirement by

⁹ 15 U.S.C. 78o-3(b)(6).

¹⁰ 15 U.S.C. 78o-3(i)(1).

expanding BrokerCheck to include registration information about CRD Exchange members and their associated persons.

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. As discussed above, Section 15A(i) of the Act requires FINRA to maintain a toll-free telephone listing and a readily accessible electronic or other process to respond to inquiries regarding registration information on FINRA members and their associated persons, as well as CRD Exchange members and their associated persons. BrokerCheck is the program by which FINRA releases to the public registration information on its members and their associated persons and, consistent with Section 15A(i) of the Act, FINRA intends to expand BrokerCheck to include CRD Exchange members and their associated persons. The proposed rule change will enhance consistency with respect to the information available via BrokerCheck by providing public access to the same information for FINRA and CRD Exchange members and their associated persons. Such information allows investors to make informed choices about the individuals and firms with which they conduct business. FINRA does not anticipate that the proposed rule change will impose any costs or burdens on CRD Exchange members or their associated persons. Specifically, FINRA expects that the only costs associated with the proposed rule change will involve programming changes to BrokerCheck, which will be borne by FINRA. No action will be required on the part of CRD Exchange members or their associated persons to implement the proposed rule change. In addition, the proposed rule change will have no impact on the reporting requirements or registration process for CRD Exchange members or their associated persons.

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 e-mail to rule-comments@sec.gov. Please include File Number SR-FINRA-2013-047 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-FINRA-2013-047. 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 10:00 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; 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-2013-047 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.¹¹

Kevin M. O'Neill
Deputy Secretary

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¹¹ 17 CFR 200.30-3(a)(12).