



8011-01
SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-82441; File No. SR-FINRA-2017-036)

January 4, 2018

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Make Technical and Other Non-Substantive Changes within FINRA Rules

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 December 22, 2017, 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,³ 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 make technical and other non-substantive changes within FINRA rules.

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.

³ 17 CFR 240.19b-4(f)(6).

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

On September 13, 2016, the SEC approved changes to FINRA Rules 2210 (Communications with the Public), 2213 (Requirements for the Use of Bond Mutual Fund Volatility Ratings), and 2214 (Requirements for the Use of Investment Analysis Tools) that, among other things, eliminated the filing requirements for investment analysis tool report templates and retail communications concerning such tools and instead requires members to provide FINRA staff with access to investment analysis tools upon request.⁴ The implementation date for the changes was January 9, 2017.⁵

The proposed rule change would delete FINRA Rule 2214.03 to eliminate the requirement to re-file a written-report template or retail communication concerning an investment analysis tool, and conform the rule to changes approved in SR-FINRA-2016-018. In addition, the proposed rule change would renumber FINRA Rule 2214.04 through 2214.07 as 2214.03 through 2214.06, accordingly.

⁴ See Securities Exchange Act Release No. 78823 (September 13, 2016), 81 FR 64240 (September 19, 2016) (Order Approving File No. SR-FINRA-2016-018).

⁵ See Regulatory Notice 16-41 (October 2016).

Also, the proposed rule change would make technical changes to FINRA Rule 7730 (Trade Reporting and Compliance Engine (TRACE)). On July 11, 2017, the SEC approved SR-FINRA-2017-015, which added the definition of “End-of-Day TRACE Transaction File” to Rule 7730 as paragraph (g)(6). On August 4, 2017, the SEC approved SR-FINRA-2017-021, which added “TRACE Security Activity Report” also as paragraph (g)(6). The proposed rule change would redesignate Rule 7730(g)(6) (TRACE Security Activity Report) as 7730(g)(7) to avoid duplication.⁶

Finally, the proposed rule change would update a reference in FINRA Rule 9217 (Violations Appropriate for Disposition Under Plan Pursuant to SEA Rule 19b-1(c)(2)) to reflect that FINRA Rule 7430 (Synchronization of Member Business Clocks) has been renumbered as FINRA Rule 4590 (Synchronization of Member Business Clocks) to conform with SEC approval in SR-FINRA-2016-005.⁷

FINRA has filed the proposed rule change for immediate effectiveness. The implementation date for the proposed changes to FINRA Rules 2214 and 9217 will be January 22, 2018. The implementation date for the proposed changes to FINRA Rule 7730 will be February 1, 2018, to coincide with the implementation date of earlier changes to the rule.⁸

2. Statutory Basis

⁶ See Securities Exchange Act Release No. 81114 (July 11, 2017), 82 FR 32728 (July 17, 2017) (Order Approving File No. SR-FINRA-2017-015) and Securities Exchange Act Release No. 81318 (August 4, 2017), 82 FR 37484 (August 10, 2017) (Order Approving File No. SR-FINRA-2017-021).

⁷ See Securities Exchange Act Release No. 77565 (April 8, 2016), 81 FR 22136 (April 14, 2016) (Order Approving File No. SR-FINRA-2016-005); see also Regulatory Notice 16-23 (July 2016).

⁸ See Regulatory Notice 17-36 (November 2017).

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 the proposed rule change will provide greater clarity to members and the public regarding FINRA's rules by deleting the re-filing requirements in Rule 2214.03 to conform to changes approved in SR-FINRA-2016-018 and by making technical updates in Rules 7730(g)(6) and 9217.

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. The proposed rule change brings clarity and consistency to FINRA rules without adding any burden on firms.

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 Act¹⁰ and Rule 19b-4(f)(6) thereunder.¹¹

⁹ 15 U.S.C. 78o-3(b)(6).

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(6).

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. Please include File Number SR-FINRA-2017-036 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-FINRA-2017-036. 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 the filing also will be available for inspection and copying at the principal office of FINRA. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FINRA-2017-036, 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.¹²

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Assistant Secretary

¹² 17 CFR 200.30-3(a)(12).

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