



February 14, 2013

Elizabeth M. Murphy  
Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-1090

**Re: File SR-FINRA-2013-006**

Dear Ms. Murphy:

This letter is submitted on behalf of the National Society of Compliance Professionals, Inc. (the “NSCP”) in response to the publication by the Securities and Exchange Commission (“SEC,” or the “Commission”) rules proposed by the Financial Industry Regulatory Authority, Inc. (“FINRA”). FINRA proposes to amend its Rule 4530 (Reporting Requirements) to: (1) provide an exception from the rule for reporting information disclosed on the Form U4 (Uniform Application for Securities Industry Registration or Transfer); (2) enable members to file required documents with FINRA online; and (3) provide an exception from the rule for reporting findings and actions by FINRA.

### **1. About the NSCP**

The NSCP is a non-profit membership organization with approximately 2,000 securities industry professionals dedicated to developing education initiatives and practical solutions to compliance-related issues. Our members work in the compliance areas of broker-dealers, investment advisers and private fund firms and come from firms of all sizes. To our knowledge, NSCP is the largest organization of securities industry professionals in the United States devoted exclusively to compliance.

Our remarks reflect the NSCP’s fundamental mission, which is to set the standard for excellence in the securities compliance profession. This commitment is exemplified by, among other things, the time and resources the NSCP, and the industry professionals whose volunteer services it marshals, have devoted in the past five years to the development of a voluntary certification and examination program for compliance professionals.<sup>1</sup>

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<sup>1</sup> Persons who complete NSCP’s certification program qualify for the “Certified Securities Compliance Professional” (CSCP) designation.

Our mission is directed at the interests of compliance programs and compliance officers. We accordingly support a regulatory scheme that: (1) promotes practices that support market integrity and the interests of investors; (ii) creates clarity as to a firm's obligations to provide a reasonable system of supervision; (iii) promotes requirements that enable compliance officers to create reasonably workable programs; and (iv) avoids requirements or mandated tasks that are more costly or less efficient in realizing a regulator's public policy objectives, thereby increasing the difficulty facing a compliance officer in the discharge of his or her duties.

## **2. Background/Scope of Proposed Amendments**

*Exception for Duplicate Filing of Certain Events Information.* FINRA has proposed amending its Rule 4530 reporting requirements to reduce the duplication of efforts by FINRA members. FINRA Rule 4530(e) currently allows a firm to not report a specified event to FINRA if that event has been reported on the Form U5 (Uniform Termination Notice for Securities Industry Registration). FINRA proposes to provide a similar exception for certain specified events reported on the Form U4. The process applicable under the proposed Form U4 exception will be different from the existing Form U5 process because of differences in the reporting criteria between Form U4 and FINRA Rule 4530 events.

Under the Form U4 exception process, a member will be required to affirmatively request through functionality on the Central Registration Depository ("CRD System) that the data reported on a Form U4 Disclosure Reporting Page ("DRP") also be applied to satisfy its corresponding FINRA Rule 4530 reporting obligation. Firms would be enabled to designate that data on certain Form U4 DRP events.

The proposed Form U4 exception will not extend to the reporting of quarterly statistical and summary information related to written customer complaints pursuant to FINRA Rule 4530(d).

### *Availability of Online Filings.*

The proposed rule amendment would also allow firms to electronically file through Firm Gateway copies of non-FINRA arbitrations and civil litigations and criminal filings under Rule 4530(f). If firms elect to submit these filings electronically, they will be required to provide certain summary information similar to that required for other Rule 4530 filings. Firms would still be permitted under the Rule as amended to file 4530(f) documents by either email or in hard copy.

### *Exception for FINRA Findings and Actions.*

The proposed rule change also provides an exception under Rule 4530 for the reporting of disciplinary or other actions by FINRA. FINRA notes that the staff will "continue to have access to such information through an enterprise-wide solution."

*The NSCP Supports FINRA's Proposal as to Amend Rule 4530.*

The NSCP agrees with FINRA that the proposed amendments would relieve firms from duplicative filing requirements. The exceptions should improve the efficiency and accuracy of reporting various events to FINRA and indeed reduce the current burden of separately reporting events via the FINRA Rule 4530 application as well as through CRD.

Likewise, the ability to submit non-FINRA complaints and other required documents through Firm Gateway is another welcome modification that further eases administrative burdens. Because firms will be asked to provide summary information for items submitted under 4530(f) through Firm Gateway, the processing and review time for FINRA staff will also be improved. In addition, the proposed rule change eliminates the redundancy of reporting to FINRA actions by FINRA and is another positive step towards easing the burdens and complexities of required disclosure reporting.

Conclusion: We commend FINRA for developing these rule and process changes, as they will relieve member firms from certain burdens and reduce the chances of errors. We also commend FINRA for continuing to allow firm's to file documents under Rule 4530(f) via mail and email in addition to the online Firm Gateway. We believe that maintaining these current filing methods provides needed flexibility to smaller member firms.

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Thank you for your attention to these comments. The NSCP appreciates the opportunity to submit comments in response to the Notice and would welcome the opportunity to answer any follow-up questions the SEC has on this submission. Questions regarding the foregoing should be directed to the undersigned at (860) 672-0843.

Very truly yours,



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