



February 18, 2014

Submitted via email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

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

**Re: SR-FINRA-2014-003**

Dear Ms. Murphy:

The Securities Industry and Financial Markets Association (“SIFMA”)<sup>1</sup> submits this letter in response to the Commission’s request for comments on SR-FINRA-2014-003,<sup>2</sup> which sets forth certain proposed amendments to FINRA Rules 5110 and 5121 (the “Corporate Financing Proposal”).

In particular, the Corporate Financing Proposal would:

- narrow the scope of the definition of “participation or participating in a public offering” in Rule 5110(a)(5) to exclude advisory and consulting services provided by an “independent financial adviser”;
- modify the lock-up restrictions in Rule 5110(g)(1) to exclude, under the conditions specified in Rule 5110(d)(5)(D)(i)(b), securities acquired within the 180-day review period as the result of a stock split or pro rata rights or similar offering relating to securities that were originally acquired prior to the commencement of the review period;

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<sup>1</sup> SIFMA brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA’s mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association. For more information, visit [www.sifma.org](http://www.sifma.org).

<sup>2</sup> See Release No. 34-71372 (Jan. 23, 2014).

- clarify that the information requirements set forth in Rule 5110(b)(6)(iii) apply only to relationships with a “participating” member (rather than any FINRA member); and
- narrow the scope of the definition of “control” in Rule 5121(f)(6) (which is also incorporated by reference in Rule 5110) to exclude beneficial ownership of 10% or more of the outstanding subordinated debt of an entity.

SIFMA appreciates the efforts of the FINRA Corporate Financing Department in proposing the foregoing amendments and in taking the time to consult with various buy and sell side offering participants in a well-considered effort to evaluate the potential impact of the proposed amendments on such participants as well as on corporate finance transactions as a whole. SIFMA fully supports the substance of the proposed revisions and believes that the proposed changes will benefit all offering participants by reducing unnecessary costs and burdens, while continuing to preserve important investor protection standards.

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We thank the Commission for its consideration of our comments. If you have any questions with regard to this letter, please do not hesitate to call the undersigned at 212-313-1118 or Dana Fleischman of Latham & Watkins LLP, our outside counsel for this matter, at 212-906-1220.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sean Davy". The signature is written in black ink and is positioned above the printed name.

Sean Davy

Managing Director, Corporate Credit Markets Division  
Securities Industry and Financial Markets Association