



March 19, 2015

Brent J. Fields, Secretary  
Securities and Exchange Commission  
100 F Street NE.  
Washington, DC 20549-1090  
*rule-comments@sec.gov*

Re: File Number SR-FINRA-2014-047

Dear Mr. Fields:

JMP Securities (“JMP”) respectfully submits these comments on the above-referenced matter and thanks the Commission for its consideration.

#### Identifying and Managing Conflicts of Interest

The rule proposal refers to managing conflicts between employees in the research department and those outside of it. We believe that it should clarify that senior managers who oversee Research in addition to other departments are exempt (e.g. managers at smaller firms such as JMP and many others who may have multiple departments to manage). In many smaller firms, senior managers who oversee a Director of Research (or may be the Director of Research personally) may also oversee Sales and Trading and/or Investment Banking. Those managers must provide input to a Director of Research in order to fulfill their supervisory duties and, while they may be theoretically conflicted by the number of “hats” they need to wear, in practice they do not risk compromising the best interest of the Research department in favor of another department.

#### Prepublication Review

This section should specifically permit senior managers who have multiple managerial responsibilities, including supervising the Director of Research as discussed above, to conduct prepublication review.

#### Coverage Decisions

We agree with the comment that input from employees outside of the Research Department should be permitted provided that the Research Department makes its final decision independently. There is no conflict if other departments identify potential candidates for coverage and such input can be helpful to a firm’s overall ability to serve its clients.

#### Compensation

We believe that the rule should clarify that selling concessions from public financings are permitted to be included in compensation decisions for research analysts. Selling concessions are effectively commission revenue, and are vastly different and distinct from investment banking revenue. In addition to helping the Investment Banking department vet corporate clients for potential public financings, research analysts are permitted to assist the sales force on these financings in educating potential investors. As with trading commission business, these selling concessions are directly generated by salespeople selling the shares to investors and differ in substance from investment banking revenues paid by issuing firms. Being that analysts take part in these sale efforts, they should be permitted to be compensated from these specific sources of revenue.

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#### Quiet Periods

The proposal uses the terms “manager” and “co-manager” of an offering. These terms are often used to describe a large proportion of the firms in a deal. Terms like “lead manager” and “book-running manager” are used to describe the firms that lead a deal. The terms in the proposal would benefit from additional clarity.

#### Joint Due-Diligence and Other Interactions With Investment Banking

Joint meetings are permitted by the JOBS Act. This section should be clarified to indicate how it is to be interpreted in light of the JOBS Act.

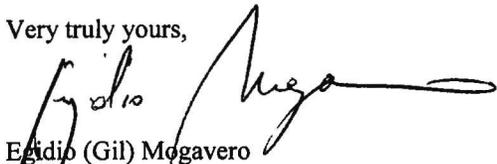
#### Content and Disclosure in Research Reports

We do not believe that the “expects to receive or intends to seek” investment banking compensation in the next three months provides any meaningful input to outweigh the burden and the potential leakage of material, non-public information (“MNPI”). This is especially true for broker-dealers that have no retail customers and only an institutional investor client base. The more sophisticated consumers of research reports know that firms generally seek banking business from the issuers that they cover and they therefore take that into consideration (or, more likely, ignore that fact) regardless of whether it is spelled out in a disclosure. Tracking such information is potentially burdensome and, ironically, requires more direct communications between the research and banking departments. Adding the disclosure for a report covering an issuer that did not previously have the disclosure will send a signal to the market, which perverts the desire to avoid the disclosure of MNPI. We therefore respectfully maintain that this particular disclosure requirement produces more negative consequences than positive ones (or any positive ones at all). As an alternative, we respectfully suggest disclosure of whether the subject company is a “current” corporate client of the firm. The definition of “current” may have different connotations that the SEC or FINRA may wish to determine, but, perhaps, it may include those issuers that have generated revenue for the firm in the recent past (i.e. 3-6 months), and is therefore factual in nature as it discloses only retrospective information rather than a generally less useful and potentially more risky disclosure that is prospective in nature.

As a general comment, we are cognizant of, and agree with, the fact that firms must develop and maintain policies and procedures reasonably designed to keep the Research department and its analysts shielded from the pressures from other departments to ensure investors are not harmed due to any inappropriate influences. However, when it comes to practical experience (i.e. during an examination) the SEC and FINRA may reach a different conclusion pertaining to the reasonableness of the policies. This is especially true when smaller firms are held to the same standards as larger ones. Perhaps a bit of guidance or leeway should be provided for the benefit of smaller firms and/or firms that have institutional clients only.

Thank you very much for your consideration of this comment letter.

Very truly yours,



Egidio (Gil) Mogavero  
Managing Director, Chief Compliance Officer