

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-62429; File No. SR-FINRA-2010-031)

July 1, 2010

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Financial Industry Regulatory Authority, Inc. Online Form NMA

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 24, 2010, Financial Industry Regulatory Authority, Inc. (“FINRA”) (f/k/a National Association of Securities Dealers, Inc. (“NASD”)) 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 stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule” under Section 19(b)(3)(A)(i) of the Act<sup>3</sup> and Rule 19b-4(f)(1) thereunder,<sup>4</sup> 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 amend online Form NMA, the standardized membership application form applicants must file pursuant to NASD Rule 1013 (New Member Application and Interview) as part of their new membership application. The proposed change would amend

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(i).

<sup>4</sup> 17 CFR 240.19b-4(f)(1).

Form NMA’s hyperlink reference to SEC Form D (Notice of Exempt Offering of Securities) from “high net worth,” to “accredited investor,” the term used in SEC Form D.

The proposed rule change does not propose amendments to existing rule text.

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

Form NMA is the standardized online membership application form applicants must file pursuant to NASD Rule 1013 (New Member Application and Interview) as part of their new membership application. Form NMA assists applicants by identifying the information and supporting documentation required by Rule 1013. To that end, Form NMA Section I, Question 8a requires an applicant to identify (by indicating all that apply) the following types of customers the applicant will service: (1) retail excluding high net worth; (2) high net worth; (3) institutional excluding high net worth; or (4) other (as described by the applicant). Form NMA does not provide a definition of a “high net worth” retail or institutional customer; rather, the form provides guidance to applicants responding to the question by providing a hyperlink for the term “high net worth” to SEC Form D (Notice of Exempt Offering of Securities), which

references the term “accredited investor” as defined in Rule 501(a) of the Securities Act of 1933 (“Securities Act”).<sup>5</sup>

The proposed rule change will replace the hyperlink reference “high net worth” with “accredited investor,” thereby conforming the terminology used in Question I, Section 8a to SEC Form D.<sup>6</sup>

The effective date will be the date of filing; FINRA anticipates implementing the proposed rule change as part of a software release scheduled for July 31, 2010.

## 2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>7</sup> 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. The proposed rule change is consistent with the provisions stated above, as it updates a hyperlink reference in online Form NMA, providing greater clarity to applicants for FINRA membership.

### 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.

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<sup>5</sup> 17 C.F.R. 230.501(a). Securities Act Rule 501(a) defines the term “accredited investor” to mean any person who comes within certain categories, as specified in the definition, at the time of the sale of the securities to that person. Those categories include, among others, institutions, such as banks, insurance companies, and employee benefit plans; trusts with total assets in excess of \$5,000,000; and any natural persons with either an individual income for the past two years over \$200,000 (or joint income over \$300,000 if married) or an individual net worth (or joint net worth if married) exceeding \$1,000,000.

<sup>6</sup> The proposed rule change also will update the nonworking hyperlink address to SEC Form D with the current hyperlink address, [www.sec.gov/about/forms/formd.pdf](http://www.sec.gov/about/forms/formd.pdf).

<sup>7</sup> 15 U.S.C. 78q-3(b)(6).

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>8</sup> and paragraph (f)(1) of Rule 19b-4 thereunder.<sup>9</sup> At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate 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.

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](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2010-031 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-2010-031. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your

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<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f)(1).

comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<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 Web site 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; 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-2010-031 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.<sup>10</sup>

Elizabeth M. Murphy  
Secretary

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<sup>10</sup> 17 CFR 200.30-3(a)(12).