

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-72066; File No. SR-FINRA-2014-022)

May 1, 2014

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Delay the Implementation Date of SR-FINRA-2013-046

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 April 24, 2014, the 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 and II 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 delay the implementation date of amendments pursuant to SR-FINRA-2013-046. The proposed rule change would not make any changes to the text of 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 November 13, 2013, FINRA filed a proposed rule change (SR-FINRA-2013-046) to amend the FINRA Rule 6700 Series and the Trade Reporting and Compliance Engine ("TRACE") dissemination protocols to provide for dissemination of additional Asset-Backed Securities ("ABS") transactions and to reduce the reporting period for such securities.⁴ The proposed rule change also included amendments to: (1) redefine the term "Asset-Backed Security" to accurately describe the securities for which FINRA will commence dissemination pursuant to the rule change; and (2) make other definitional, technical and conforming changes.⁵

⁴ See Securities Exchange Act Release No. 70906 (November 20, 2013), 78 FR 70602 (November 26, 2013) (Notice of Filing of File No. SR-FINRA-2013-046) ("Proposing Release").

⁵ See Proposing Release.

The proposed rule change, as amended,⁶ was approved by the Commission on February 24, 2014.⁷

FINRA is filing this proposed rule change to revise the time frame for implementation of SR-FINRA-2013-046 to provide additional time to complete the technological changes required for the dissemination of the additional securities. In SR-FINRA-2013-046, FINRA stated that it would announce the effective date of the rule change in a Regulatory Notice to be published no later than April 25, 2014, and that the effective date would be no later than 270 days following publication of the Regulatory Notice. However, FINRA has since discovered that the technology changes required to implement the rule change will require additional time and, therefore, is delaying the time frame both for the publication of the Regulatory Notice and the implementation of the amendments pursuant to SR-FINRA-2013-046. Specifically, FINRA will issue a Regulatory Notice announcing the implementation date of SR-FINRA-2013-046 no later than August 22, 2014. The implementation date of the amendments pursuant to SR-FINRA-2013-046 will be no later than 365 days following publication of the Regulatory Notice.

FINRA has filed the proposed rule change for immediate effectiveness and has requested that the SEC waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing, so FINRA can implement the proposed rule change immediately.

⁶ In response to comments received by the Commission, on February 14, 2014, FINRA filed Amendment No. 1 to, among other things, modify certain definitions in FINRA Rule 6710 (Definitions) to revise the types of products that are to be included in the additional ABS transactions that would be subject to dissemination under FINRA Rule 6750 (Dissemination of Transaction Information) and the reduced reporting times specified in FINRA Rule 6730 (Transaction Reporting).

⁷ See Securities Exchange Act Release No. 71607 (February 24, 2014), 79 FR 11481 (February 28, 2014) (Order Approving File No. SR-FINRA-2013-046).

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁸ 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 is consistent with Section 15A(b)(6) of the Act in that it provides the required additional time to complete technological changes that will enable the dissemination of the additional securities, which will improve transparency for investors, including by facilitating the ability of investors to identify and negotiate fair and competitive prices for ABSs. Dissemination of ABS transactions also may assist both buy and sell-side market participants in price discovery when pricing and trading such securities. Thus, the proposed rule change is consistent with Section 15A(b)(6) of the Act,⁹ in that it will provide adequate time for FINRA to properly implement the required technology changes such that the launch of the new functionality will operate effectively when dissemination is commenced.

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. Based on the characteristics of the market, FINRA believes that additional price transparency in the ABS market may enhance the ability of investors to identify and negotiate fair and competitive prices for these securities. In addition, dissemination may assist institutional and retail customers in determining the quality of executions provided to them, which should encourage broker-dealers to provide competitive executions in such securities.

⁸ 15 U.S.C. 78o-3(b)(6).

⁹ 15 U.S.C. 78o-3(b)(6).

Further, because the additional securities that are the subject of SR-FINRA-2013-046 currently are not being disseminated, the delay of the implementation does not change the status quo or involve any disparate treatment among affected parties. Finally, FINRA believes that providing adequate time to properly implement the required technology changes such that the launch of the new functionality operates effectively when dissemination is commenced will benefit all interested parties. Thus, 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.

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

FINRA has asked the Commission to waive the 30-day operative delay because the deadline set forth in SR-FINRA-2013-046 for publication of a Regulatory Notice announcing that filing's effective date would occur during the operative delay. The Commission believes

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. FINRA has satisfied this requirement.

that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because such action would implement the extension for FINRA's publication of a Regulatory Notice announcing SR-FINRA-2013-046's effective date before the current deadline for such publication expires. Therefore, the Commission hereby waives the 30-day operative delay and designates the proposal operative upon filing.¹²

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-2014-022 on the subject line.

Paper comments:

¹² For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

- 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-2014-022. 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; 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-2014-022 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.¹³

Kevin M. O'Neill
Deputy Secretary

¹³ 17 CFR 200.30-3(a)(12).