

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 73392; File No. SR-FINRA-2014-044)

October 21, 2014

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Revise the Implementation Date for the Supplemental Inventory Schedule Approved Pursuant to SR-FINRA-2014-025

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 October 10, 2014, the Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I and II, below, which Items have been substantially prepared by FINRA. 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 revise the implementation date for the supplementary inventory schedule approved pursuant to SR-FINRA-2014-025.

The text of the proposed rule change is available on FINRA’s website at <http://www.finra.org>, at FINRA’s principal office, and at the Commission’s Public Reference Room.

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

---

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

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

below. FINRA has prepared summaries, set forth in sections II.A., II.B., and II.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 September 23, 2014, the Commission approved FINRA's proposal to adopt the SIS pursuant to FINRA Rule 4524 (Supplemental FOCUS Information).<sup>3</sup> In SR-FINRA-2014-025, FINRA stated that the proposed rule change will be effective upon Commission approval. In addition, FINRA stated it would announce the implementation date of the SIS in a Regulatory Notice to be published no later than 60 days following Commission approval and that the due date for the first SIS would be no later than 90 days following Commission approval of the proposed rule change. FINRA understands that firms may need to make systems changes to map inventory positions to the line items on the SIS. In order to provide additional time for firms to make any necessary systems changes to comply with SR-FINRA-2014-025, FINRA is proposing to revise the implementation date for the SIS. The due date for the first SIS, disclosing inventory positions for the reporting period ending December 31, 2014, will be January 30, 2015.

As noted in Item II.A.2. of this filing, FINRA has filed the proposed rule change for immediate effectiveness and has requested that the Commission waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing. The operative date will be the date of filing of the proposed rule change.

---

<sup>3</sup> See Securities Exchange Act Release No. 73192 (September 23, 2014), 79 FR 58390 (September 29, 2014) (Notice of Filing of Amendment No. 1, and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Adopt a Supplementary Schedule for Inventory Positions Pursuant to FINRA Rule 4524 (Supplemental FOCUS Information)).

## 2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>4</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. FINRA believes that the proposed rule change is consistent with the Act in that it provides firms with additional time to make any necessary systems changes to comply with SR-FINRA-2014-025, which will, among other things, provide FINRA with greater insights into the types of securities held in inventory by firms and the related market risk associated with such inventory positions.

### 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. FINRA believes that extending the implementation date of SR-FINRA-2014-025 will provide firms additional time to make necessary systems changes. The due date for the first SIS, disclosing inventory positions for the reporting period ending December 31, 2014, will be January 30, 2015.

### 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 proposed rule change is effective upon filing pursuant to Section 19(b)(3) of the Act<sup>5</sup> and paragraph (f)(6) of Rule 19b-4 thereunder,<sup>6</sup> because the proposed rule change does not

---

<sup>4</sup> 15 U.S.C. 78q-3(b)(6).

<sup>5</sup> 15 U.S.C. 78s(b)(3).

significantly affect the protection of investors or the public interest; does not impose any significant burden on competition; and does not become operative for 30 days after filing or such shorter time as the Commission may designate. The proposed rule change solely modifies the implementation date for SR-FINRA-2014-025.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing.<sup>7</sup> Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest.<sup>8</sup> FINRA has requested that the Commission waive the 30-day operative delay so that FINRA can provide firms as much notice as possible regarding the reporting period and due date for the first SIS.

The Commission believes that the waiver of the 30-day operative delay is consistent with the protection of investors and the public interest because it provides firms with a reasonable amount of additional time to make necessary systems changes so they can accurately complete and file the SIS. Therefore, the Commission designates the proposal operative upon filing.<sup>9</sup>

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act.<sup>10</sup> If the Commission takes such action,

---

<sup>6</sup> 17 CFR 240.19b-4(f)(6).

<sup>7</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>8</sup> Id.

<sup>9</sup> 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).

<sup>10</sup> 15 U.S.C. 78s(b)(3)(C).

the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.<sup>11</sup>

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-2014-44 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-FINRA-2014-44. 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

---

<sup>11</sup> Id.

Street, NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at FINRA's principal office. 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-2014-44 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>12</sup>

Kevin M. O'Neill  
Deputy Secretary

---

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