

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-71027; File No. SR-FINRA-2013-051)

December 9, 2013

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change to Amend the Uniform Branch Office Registration Form (Form BR)

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 November 25, 2013, 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, II, and III below, which Items have been 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 amend the Uniform Branch Office Registration Form (“Form BR”) to (1) eliminate Section 6 (NYSE Branch Information), which is currently applicable only to NYSE-registered firms; (2) add questions relating to space sharing arrangements and the location of books and records that are currently only in Section 6 and make them applicable to all members; (3) modify existing questions and instructions to provide more detailed selections for describing the types of activities conducted at the branch office; (4) add an optional question to identify a branch office as an “Office of Municipal Supervisory Jurisdiction,” as defined under the rules of the Municipal Securities Rulemaking Board (MSRB); and (5) make other technical changes to adopt uniform terminology and clarify questions and instructions (collectively, the proposed amendments to Form BR are hereinafter referred to as the “Updated Form BR”).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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.

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

The purpose of the proposed rule change is to amend Form BR, which is used by firms to register their branch offices with FINRA, the New York Stock Exchange ("NYSE"), and participating states via the Central Registration Depository ("CRD[®]"). Form BR enables a firm to register a branch office³ (either by notice filing or approval) as required by the relevant jurisdiction or self-regulatory organization ("SRO"), amend a registration, close or terminate a registration, or withdraw a filing in the appropriate participating jurisdiction and SRO.

In concert with a committee of regulatory and industry representatives, FINRA recently undertook a review of Form BR. As a result of this review, FINRA is proposing to amend Form

³ See NASD Rule 3010(g)(2) for a definition of the term "branch office." Certain states participating in the use of Form BR via CRD have adopted a similar definition. See also Securities Exchange Act Release No. 69902 (July 1, 2013), 78 FR 40792 (July 8, 2013) (Notice of Filing File No. SR-FINRA-2013-025).

BR to (1) eliminate Section 6 (NYSE Branch Information), which is currently applicable only to NYSE-registered firms; (2) add questions relating to space sharing arrangements and the location of books and records that are currently only in Section 6 and make them applicable to all members; (3) modify existing questions and instructions to provide more detailed selections for describing the types of activities conducted at the branch office; (4) add an optional question to identify a branch office as an “Office of Municipal Supervisory Jurisdiction,” as defined under MSRB rules; and (5) make other technical changes to adopt uniform terminology and clarify questions and instructions.

FINRA believes the proposed Updated Form BR will provide a more comprehensive profile of each firm’s registered branch offices, which will allow regulators and firms to better understand the activities occurring at each registered branch office. This understanding should enable firms to strengthen their own compliance and regulators to conduct more focused and effective examinations.

FINRA further believes that the proposal will have a minimal impact on firms based principally upon FINRA’s experience with Form BR, discussions with industry representatives who participated in the working group that developed the proposed amendments, and the approach to implementation that FINRA is proposing for the Updated Form BR.

In that regard, and as discussed in more detail below, firms with existing registered branch offices will not be required to complete the proposed new information items on the Updated Form BR by a date certain after implementation, but rather when the firm is otherwise required, in the ordinary course, to amend the form to update existing information items that

have become inaccurate or incomplete.⁴ FINRA believes that this more flexible approach accomplishes the important regulatory objective of collecting the proposed new information items from those members that have not previously reported it,⁵ while limiting the associated burden on firms.

Background

Form BR was developed jointly in 2005 by a working group consisting of representatives of FINRA (then the National Association of Securities Dealers, Inc. (“NASD”)), the NYSE, the North American Securities Administrators Association (“NASAA”) and states to establish a uniform electronic process via the CRD system for registering branch offices with various jurisdictions. Form BR replaced Schedule E of the SEC’s Form BD (Broker-Dealer Registration Form), the NYSE Branch Office Application Form and state branch office forms, and enabled firms to register branch offices electronically with FINRA, the NYSE and participating states via a single filing through the CRD system.⁶ Form BR enables firms to file, for notice or approval, Form BR as required by the applicable jurisdiction or SRO.

Since its implementation in 2005, Form BR has not been substantively updated.⁷ Based

⁴ Member firms have a continuing obligation to promptly update Form BR whenever the information becomes inaccurate or incomplete. Amendments require updating only the appropriate section of Form BR. FINRA and most participating jurisdictions require that an amendment be filed not later than 30 days after the firm learns of facts and circumstances giving rise to the amendment.

⁵ FINRA notes that members that also are registered with the NYSE currently report information related to space sharing arrangements and the location of books and records for each registered branch office on Section 6 (NYSE Branch Information) on Form BR.

⁶ Currently, 24 states utilize Form BR; of those, 16 states have a notice-filing requirement and eight have a pre-approval process.

⁷ In 2007, Form BR was amended to change references of “NASD” to “FINRA” and to

on a recent review of the form and experience with the form to date, FINRA and a committee of representatives from industry, NASAA and participating states (the “Form BR Working Group”) believe that the proposed changes are appropriate and will result in efficiencies for firms and regulators. In particular, FINRA believes the proposed amendments to Form BR will make the branch office registration process more efficient by eliminating duplicative provisions, eliciting certain information items from all filers, and clarifying existing questions so that regulators and firms can better understand the activities of each registered branch office.

Proposed Amendments

Current Form BR consists of the following nine sections: (1) General Information; (2) Registration/Notice Filing/Type of Office; (3) Types of Activities/Other Business Names/Websites; (4) Branch Office Arrangements; (5) Associated Individuals; (6) NYSE Branch Information; (7) Branch Closing; (8) Branch Withdrawal (Pending Application); and (9) Signature.

FINRA is proposing to amend Form BR to consist of eight sections with the following section titles: (1) General Information; (2) Registration/Notice Filing/Type of Office/Activities; (3) Other Business Activities/ Names/Websites; (4) Branch Office Arrangements; (5) Associated Individuals; (6) Branch Office Closing; (7) Branch Office Withdrawal (Pending Application); and (8) Signature. In addition to this reorganization of sections, FINRA is proposing the amendments to Form BR described below.

Delete Section 6 (NYSE Branch Information). Currently only NYSE-registered firms can view Section 6 (NYSE Branch Information) on the CRD system and only NYSE-registered

make other technical amendments. See Securities Exchange Act Release No. 57033 (December 21, 2007), 72 FR 74382 (December 31, 2007) (Notice of Filing File No. SR-FINRA-2007-036).

firms are required to complete and update Section 6. Section 6 of Form BR allowed NYSE to administer a pre-approval process for registration of certain branch offices that was in place at the time Form BR was implemented.⁸ However, following the NASD/NYSE regulatory consolidation, the NYSE amended NYSE Rule 342 to change its branch office registration requirement from a pre-approval process to a notice-filing requirement in an effort to eliminate disparate regulatory standards.⁹ As a result, FINRA and the Form BR Working Group believe this separate NYSE-registered firm section of Form BR is no longer necessary and should be deleted in the Updated Form BR. The proposed revisions also will remove references to the NYSE-specific terms from the form such as “regular branch” and “small branch.” FINRA believes the proposed changes will create efficiencies for firms that are members of both FINRA and the NYSE by eliminating nine questions from the current Form BR and for regulators by eliminating those questions deemed redundant or of limited regulatory value. In addition, FINRA believes that all members will benefit from having one, uniform form.

Add Questions on Space Sharing Arrangements and Location of Books and Records. As described above, FINRA is proposing to eliminate Section 6 (NYSE Branch Information) from the current Form BR because pre-approval of certain branch offices of NYSE-registered firms is no longer required. However, FINRA is proposing to retain questions from that section relating to space sharing arrangements and the location of books and records and add them to proposed

⁸ In 2005 when Form BR was initially launched, NYSE Rule 342 (Offices – Approval, Supervision and Control) required approval of new branch office registrations, and NYSE Rule 343 (Offices – Sole Tenancy, Hours, Display of Membership Certificates) required approval of space sharing arrangements, before the branch office was able to conduct business.

⁹ See Securities Exchange Act Release No. 56143 (July 26, 2007), 72 FR 42453 (August 2, 2007) (Notice of Filing and Immediate Effectiveness of File No. SR-NYSE-2007-59).

Section 4 (Branch Office Arrangements) of the Updated Form BR. FINRA and the Form BR Working Group determined to retain these questions because they provide valuable regulatory information and also will allow continued monitoring for compliance with Incorporated NYSE Rule 343.¹⁰

Specifically, FINRA is proposing to add a new question to proposed Section 4 (Branch Office Arrangements) of the Updated Form BR that will ask members to disclose if the branch office occupies, shares space with or jointly markets with any other investment-related entity, and if the answer is yes, to provide the name of such entity.¹¹ FINRA believes applying the space sharing arrangement question to all members will allow regulators to better understand the specific activities occurring at each registered branch office and monitor that such arrangements are structured in a manner that allow [sic] public customers to identify the entity with which they are conducting business.

FINRA also is proposing to add a question to proposed Section 4 (Branch Office Arrangements) that will ask members if books and records pertaining to the registered branch

¹⁰ Incorporated NYSE Rule 343 (Supervision) is still in effect and applicable to NYSE-registered firms. As part of the effort to develop the consolidated FINRA rulebook, FINRA is proposing to adopt FINRA Rule 3110 (Supervision) and delete NYSE Rule 343. In 2007, the NYSE amended its branch office registration process from a prior consent requirement to a notice requirement (but retained the approval standard for space sharing arrangements). Under NYSE Rule 343, space sharing arrangements must be evaluated by the NYSE and FINRA (who has assumed by contract regulatory responsibility to review for NYSE member firm compliance). See SR-NYSE-2007-59 and *NYSE Information Memo* 07-81 (August 1, 2007). See also Securities Exchange Act Release No. 69902 (July 1, 2013), 78 FR 40792 (July 8, 2013) (Notice of Filing File No. SR-FINRA-2013-025).

¹¹ The term “investment-related” is defined in Form BR as “[p]ertains to securities, commodities, banking, insurance, or real estate (including, but not limited to, acting as or being associated with a Broker-Dealer, issuer, investment company, Investment Adviser, futures sponsor, bank, or savings association).”

office are maintained at any location other than that branch office, the main office or office of supervisory jurisdiction (OSJ) (if applicable). If the answer is yes, a member will need to provide the address of such location and the name and telephone number of a contact person. FINRA believes many firms elect to keep books and records in a centralized office rather than at the branch office; therefore, eliciting whether books and records are maintained offsite will enable regulators to conduct more effective and efficient branch office examinations.

Modify Existing Question on “Types of Activities”. FINRA is proposing to relocate questions relating to “Types of Activities” occurring at the branch office from Section 3 (Other Business/Names/Websites) to proposed Section 2 (Registration/Notice Filing/Type of Office/Activities) of the Updated Form BR and to expand the list of activity types that may be selected to (1) include Retail and Institutional (as types of Sales Activity), Public Finance, and Other; (2) add “Trading” to the existing Market Making activity; and (3) combine Investment Banking and Underwriting, which are now listed separately. FINRA and the Form BR Working Group believe that clarifying and expanding the list of activity types will enhance regulators’ understanding of the types of activities that occur at each registered branch office and assist regulators and members in conducting risk-based branch office reviews. For example, a member that selects “Sales” can then identify if that activity relates to “Retail” or “Institutional” customers. In addition, based on feedback from firms, FINRA is proposing to add “Public Finance” as an option to enable members and regulators to identify via the Form BR office locations that require a principal to be registered as a Series 53 (Municipal Securities Principal).

Modify Supervisor/Person-in-Charge Details. FINRA is proposing to expand the supervisor and person-in-charge details provided by firms in Section 2 (Registration/Notice Filing/Type of Office/Activities) of the Updated Form BR, to enable firms (at their option) to

provide the “type of activity” associated with each on-site supervisor or person-in-charge listed. FINRA is proposing to add this option based on feedback from firms to date. Firms have requested the ability to link each supervisor or person-in-charge listed for a registered branch office to identified lines of business to better reflect their supervisory structures.

Add Optional MSRB Branch Office of Municipal Supervisory Jurisdiction Question.

The MSRB regulates brokers, dealers and municipal securities dealers that engage in municipal securities activities. Under MSRB rules, certain of these participants are required to identify whether a branch is designated as an Office of Municipal Supervisory Jurisdiction (“OMSJ”), as defined under MSRB rules.¹² To assist those participants that use Form BR in complying with that MSRB requirement, FINRA is proposing to add an optional question to Section 2 (Registration/Notice Filing/Type of Office/Activities) to the Updated Form BR to provide FINRA members that also are registered with the MSRB a means to track their OMSJs through a standard CRD report that FINRA expects to develop following the deployment of the Updated Form BR.

Technical and Clarifying Changes. Based on feedback from the Form BR Working Group, FINRA is proposing technical and clarifying changes to General and Specific Instructions, Explanation of Terms and Sections of the Updated Form BR. These include global changes to adopt uniform terminology for terms such as “CRD number” and “branch office,” to capitalize “Broker-Dealer” and “Investment Adviser,” and to replace “person” with “individual” when referring to associated individuals. The use of the word “individual” is intended to make the terminology in the Updated Form BR consistent with terminology currently used in Section 5

¹² See MSRB Rule G-27 (Supervision).

of the Form BR, which elicits information with respect to all registered individuals who are associated with the branch office. In addition, the Instructions of the Updated Form BR will be amended to clarify that checking the “Private Residence Check Box” when providing the address of the branch office does not act to prevent public disclosure of the branch address.¹³ FINRA will continue to disclose the full address of registered branch offices through BrokerCheck even if the registered branch is a private residence, consistent with its existing policy.¹⁴

No Requirement to Submit Amended Forms BR by a Date Certain. Members with existing registered branch offices will not be required to file an Updated Form BR for such existing offices immediately upon deployment of the amended form, but will be required to provide the proposed new information items on the Updated Form BR when the member is otherwise required, in the ordinary course, to amend the form to update existing information items that have become inaccurate or incomplete.¹⁵ FINRA expects to evaluate the number of registered branch offices of FINRA members for which an Updated Form BR has not been filed (and, therefore, for which FINRA and other regulators do not have the proposed new information items) one year after deployment of the Form. Based on that evaluation, FINRA may consider imposing a future deadline for providing that proposed new information items [sic] in the Updated Form BR if a significant number of registered branch offices have not filed the

¹³ Some states elect to withhold disclosing to the public, in whole or in part, the address for a branch office of an investment adviser if the branch office also is a private residence.

¹⁴ FINRA believes that disclosure of the full address is appropriate where a member has registered the home office as a registered branch office and not relied on the primary residence exemption from branch office registration.

¹⁵ Member firms have a continuing obligation to promptly update Form BR whenever the information becomes inaccurate or incomplete. See supra note 4.

information through an amendment in the ordinary course.

FINRA will announce the effective date of the proposed rule change in a Regulatory Notice to be published no later than 60 days following Commission approval. The effective date will be no later than 90 days following publication of the Regulatory Notice announcing Commission approval.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,¹⁶ 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 Updated Form BR is necessary at this time to ensure that the form remains current and accurate by reflecting changes to applicable rules and regulations of the relevant participating jurisdictions, including specifically the regulatory consolidation of the NYSE and NASD (e.g., deletion of current Section 6 (NYSE Branch Information)). Further, the Updated Form BR will provide a more comprehensive profile of each firm's registered branch offices and thereby allow regulators to better prioritize and plan examinations.

(B) Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed changes to Form BR will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. FINRA is proposing to amend Form BR to reflect changes to applicable rules and regulations of the relevant participating jurisdictions, including specifically the regulatory consolidation of the

¹⁶ 15 U.S.C. 78o-3(b)(6).

NYSE and NASD, making the form more current and accurate. FINRA believes the operational burden associated with completion of the proposed Updated Form BR will be minimal for NYSE-registered firms because such firms already report space sharing arrangements and the location of books and records for each registered branch office on Form BR.¹⁷ FINRA believes all other firms should have this information readily available, as the questions are consistent with the types of information that members typically track for purposes of conducting their supervisory reviews and inspections of branch offices.

Further, FINRA believes the proposed Updated Form BR will provide a more comprehensive profile of each firm's registered branch offices, which will create efficiencies by allowing regulators and firms to better understand the activities occurring at each registered branch office and conduct more focused and effective examinations.

In addition, FINRA believes that the proposed rule change presents a modest burden upon firms because the proposed Updated Form BR does not impose an affirmative duty for members to immediately submit the amended form upon deployment, but only requires members to provide the proposed new information items on the Updated Form BR at the time the member otherwise is required, in the ordinary course, to update existing information items that have become inaccurate or incomplete on the Form BR.

Therefore, FINRA believes the incremental compliance costs of providing the proposed

¹⁷ To the extent possible, FINRA will identify information relating to space sharing arrangements and the location of books and records previously reported by NYSE-registered firms on Form BR that will be responsive to the questions being retained on the Updated Form BR (i.e., in proposed new Section 4 – Branch Office Arrangements) and will transfer that information to the appropriate data fields. However, firms will be required to verify the accuracy of the information that has been transferred to the Updated Form BR.

new information items on the Updated Form BR should not impose a burden on competition not necessary or appropriate in furtherance of the Act and in light of the benefits described above.

(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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be 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-2013-051 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-2013-051. 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 such 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-2013-051 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.¹⁸

Kevin M. O'Neill
Deputy Secretary

¹⁸ 17 CFR 200.30-3(a)(12).