

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-71819; File No. SR-FINRA-2013-039)

March 27, 2014

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Designation of Longer Period for Commission Action on Proceedings to Determine Whether to Disapprove Proposed Rule Change, as Modified by Amendment No. 1, to Clarify the Classification and Reporting of Certain Securities to FINRA

On September 16, 2013, the Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to clarify the classification and reporting of certain securities to FINRA. The proposed rule change was published for comment in the Federal Register on September 30, 2013.³ The Commission received two comments on the proposal.⁴ On November 12, 2013, FINRA granted the Commission an extension of time to act on the proposal until December 29, 2013.

On December 24, 2013, the Commission instituted proceedings to determine whether to disapprove the proposed rule change (“Order Instituting Proceedings”).⁵ On February 12, 2014, FINRA submitted Amendment No. 1 to respond to the comment letters and amend the proposed rule change, which the Commission published for comment in the Federal Register on March 5,

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 70482 (September 23, 2013), 78 FR 59995 (September 30, 2013).

⁴ See Letters to the Commission from Sean Davy, Managing Director, Capital Markets, SIFMA, dated October 21, 2013; and Manisha Kimmel, Executive Director, Financial Information Forum, dated October 31, 2013.

⁵ See Securities Exchange Act Release No. 71180 (December 24, 2013), 78 FR 79716 (December 31, 2013).

2014 (“Notice of Amendment No. 1”).⁶ In response to the Order Instituting Proceedings and the Notice of Amendment No. 1, the Commission received one additional comment letter on the proposal.⁷

Section 19(b)(2) of the Act⁸ provides that, after initiating disapproval proceedings, the Commission shall issue an order approving or disapproving the proposed rule changes not later than 180 days after the date of publication of notice of their filing. The Commission may extend the period for issuing an order approving or disapproving the proposed rule changes, however, by up to 60 days if the Commission determines that a longer period is appropriate and publishes the reasons for such determination. In this case, the proposed rule changes were published for notice and comment in the Federal Register on September 30, 2013; March 29, 2014, is 180 days from that date, and May 28, 2014, is 240 days from that date.

The Commission finds it appropriate to designate a longer period within which to issue an order approving or disapproving the proposed rule change so that it has sufficient time to evaluate Amendment No. 1 and the issues that commenters have raised concerning the proposed rule change and Amendment No. 1. Furthermore, the comment period for Amendment No. 1 expires on March 27, 2014, only one day prior to the end of the period within which the Commission otherwise would be required to issue its approval or disapproval order.

⁶ See Securities Exchange Act Release No. 71629 (February 27, 2014), 79 FR 12541.

⁷ See Letter to the Commission from Sean Davy, Managing Director, Capital Markets, SIFMA, dated March 14, 2014.

⁸ 15 U.S.C. 78s(b)(2).

Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,⁹ designates May 28, 2014, as the date by which the Commission shall either approve or disapprove the proposed rule change (File No. SR-FINRA-2013-039).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁰

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Deputy Secretary

⁹ 15 U.S.C. 78s(b)(2).

¹⁰ 17 CFR 200.30-3(a)(57).