

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-72638; File No. SR-FINRA-2014-033)

July 17, 2014

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Serving Electronically Written Decisions on Members Seeking Exemptive Relief Under NASD Rule 1070

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 July 9, 2014, 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 FINRA Rule 9620 (Decision) to permit FINRA staff to serve by an electronic method written decisions on members seeking exemptive relief from FINRA’s qualification examination requirements under NASD Rule 1070.

Below is the text of the proposed rule change. Proposed new language is in italics.

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9000. CODE OF PROCEDURE

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9600. PROCEDURES FOR EXEMPTIONS

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¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

9620. Decision

After considering an application, FINRA staff shall issue a written decision setting forth its findings and conclusions. The decision shall be served on the Applicant pursuant to Rules 9132 and 9134, except with respect to written decisions for exemptive relief under NASD Rule 1070 (Qualification Examinations and Waiver of Requirements), which shall be served on the Applicant electronically. After the decision is served on the Applicant, the application and decision may be publicly available.

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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

FINRA is proposing to amend FINRA Rule 9620 (Decision) permit [sic] FINRA staff to serve by an electronic method written decisions on members seeking exemptive relief from FINRA's qualification examination requirements.

The NASD Rule 1000 Series specifies, among other things, registration and qualification requirements for registered representatives and principals associated with firms. NASD Rule 1070(d) authorizes FINRA, pursuant to the FINRA Rule 9600 Series, in exceptional cases and

where good cause is shown, to waive qualification examinations (as specified in the NASD Rule 1000 Series) and accept other standards as evidence of an applicant's qualification for registration. Under the FINRA Rule 9600 Series, an initial application for relief under any FINRA rule for which exemptive relief may be granted, including qualification examination waivers under NASD Rule 1070 (Qualification Examinations and Waiver of Requirements), is filed with the appropriate department or staff.

All applications for qualification examination waivers under NASD Rule 1070 are filed by a member. As of January 16, 2009, members have been required to submit all applications for qualification examination waivers to FINRA's Department of Member Regulation ("Department") through the Firm Gateway, a comprehensive web-based tool that provides members with consolidated access to FINRA regulatory and filing applications.³ Each member has a Firm Gateway account and an account administrator who can apply for a qualification examination waiver electronically or can give entitlement privileges to other firm personnel to file the application electronically. In connection with each qualification examination waiver application, the member contemporaneously provides, among other things, an email address for a contact person at the firm. Once submitted, the Department examines the merits of the application, determines what action to take, and issues a decision to the applicant that grants or denies the application. Currently, the Department serves the decision on the applicant by U.S. mail in accordance with FINRA Rules 9132 (Service of Orders, Notices, and Decisions by Adjudicator) and 9134 (Methods of, Procedures for Service).

FINRA proposes that the Department use the examination-waiver email address provided by the applicant in Firm Gateway to serve electronically a written decision on the FINRA

³ See Regulatory Notice 08-67 (November 2008).

member seeking exemptive relief from a FINRA qualification examination. Serving written decisions electronically on applicants would allow the Department to issue decisions and allow the applicants to receive the decision more expeditiously. It also would reduce FINRA's costs because of inefficiencies and expenses associated with printing and mailing hard copies of written decisions and scanning hard copies of written decisions for electronic storage. In the event that the Department is unable to serve electronically a decision on a particular applicant because the email address provided by the applicant is no longer valid, the Department would serve the decision on the applicant by U.S. mail in accordance with FINRA Rules 9132 and 9134.

FINRA has filed the proposed rule change for immediate effectiveness. The implementation date of the proposed rule change will be August 18, 2014. FINRA will announce the implementation date of the proposed rule change no later than 60 days following Commission notice of the filing of the proposed rule change for immediate effectiveness.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁴ 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 will promote efficiency because it will enable members seeking relief under NASD Rule 1070 to receive more expeditiously a written decision regarding an associated person's request to waive a qualification examination. It is in the public interest, and consistent

⁴ 15 U.S.C. 78o-3(b)(6).

with the Act's purpose, that decisions concerning an associated person's qualifications for registration are timely resolved.

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. The proposed rule change would not change for any member the process of submitting electronically a qualification examination waiver application through Firm Gateway. The proposed rule change only would change the method of serving the decision on applicants seeking a qualification examination waiver. FINRA believes the proposed rule change would promote efficiency because qualification examination waiver applicants would receive decisions more expeditiously. FINRA further believes that members would not be adversely affected because, in the unlikely circumstance that the Department is unable to serve electronically a decision on the applicant because the email address provided by the applicant is no longer valid, the Department would serve the decision on the applicant in accordance with FINRA Rules 9132 and 9134.

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 Act⁵ and Rule 19b-4(f)(6) thereunder.⁶

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-2014-033 on the subject line.

Paper Comments:

⁵ 15 U.S.C. 78s(b)(3)(A).

⁶ 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 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.

- 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-2014-033. 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-2014-033 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.⁷

Kevin M. O'Neill
Deputy Secretary

⁷ 17 CFR 200.30-3(a)(12).