

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-87407; File No. SR-FINRA-2019-012)

October 28, 2019

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Designation of a Longer Period for Commission Action on Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change to Amend FINRA Rule 5110 (Corporate Financing Rule – Underwriting Terms and Arrangements) to Make Substantive, Organizational and Terminology Changes, as Modified by Partial Amendment No. 1

On April 11, 2019, 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 (“Exchange Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend FINRA Rule 5110 (Corporate Financing Rule – Underwriting Terms and Arrangements) (“Rule” or Rule 5110) to make substantive, organizational and terminology changes to the Rule.

The proposed rule change was published for comment in the Federal Register on May 1, 2019.<sup>3</sup> On June 12, 2019, the Commission extended to July 30, 2019, the time period in which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to approve or disapprove the proposed rule change.<sup>4</sup> The Commission received six comment letters on the proposal.<sup>5</sup>

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

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

<sup>3</sup> See Securities Exchange Act Release No. 85715 (April 25, 2019), 84 FR 18592 (May 1, 2019) (“Notice”).

<sup>4</sup> See Securities Exchange Act Release No. 34-86091 (June 12, 2019), 84 FR 28371 (June 18, 2019).

<sup>5</sup> See letter from Suzanne Rothwell, Managing Member, Rothwell Consulting LLC, to Secretary, Commission, dated May 14, 2019; letter from Stuart J. Kaswell, Esq., to Vanessa Countryman, Acting Director, Commission, dated May 17, 2019; letter from Eversheds Sutherland (US) LLP, on behalf of the Committee of Annuity Insurers, to

On July 11, 2019, FINRA responded to the comments and filed Partial Amendment No. 1 to the proposal.<sup>6</sup> On July 29, 2019, the Commission instituted proceedings pursuant to Section 19(b)(2)(B) of the Exchange Act<sup>7</sup> to determine whether to approve or disapprove the proposed rule change.<sup>8</sup> The Commission received three comment letters in response to the Order Instituting Proceedings.<sup>9</sup>

Section 19(b)(2) of the Exchange Act<sup>10</sup> provides that, after initiating disapproval proceedings, the Commission shall issue an order approving or disapproving the proposed rule change not later than 180 days after the date of publication of notice of the filing of the proposed rule change. The Commission may, however, extend the period for issuing an order approving or disapproving the proposed rule change by not more than 60 days if the Commission

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Brent J. Fields, Secretary, Commission, dated May 21, 2019; letter from Aseel Rabie, Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association, to Vanessa Countryman, Acting Secretary, Commission, dated May 30, 2019 (“SIFMA”); letter from Robert E. Buckholz, Chair, Federal Regulation of Securities Committee, ABA Business Law Section, American Bar Association, to Vanessa Countryman, Acting Secretary, Commission, dated May 30, 2019; letter from Davis Polk & Wardwell LLP, to Vanessa Countryman, Acting Secretary, Commission, dated June 5, 2019.

<sup>6</sup> See letter from Jeanette Wingler, Associate General Counsel, FINRA, to Vanessa Countryman, Secretary, Commission, dated July 11, 2019. Partial Amendment No. 1 is available at <https://www.finra.org/industry/rule-filings/sr-finra-2019-012>.

<sup>7</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>8</sup> See Securities Exchange Act Release No. 86509 (July 29, 2019), 84 FR 37921 (Aug. 2, 2019).

<sup>9</sup> See letter from Hardy Callcott and Joseph McLaughlin, to Vanessa Countryman, Secretary, Commission, dated August 14, 2019; letter from Stuart J. Kaswell, Law Office of Stuart J. Kaswell, LLC, to Jill M. Peterson, Assistant Secretary, Commission, dated August 16, 2019; and letter from Aseel Rabie, Managing Director and Associate General Counsel, SIFMA, to Vanessa Countryman, Secretary, Commission, dated August 23, 2019.

<sup>10</sup> 15 U.S.C. 78s(b)(2).

determines that a longer period is appropriate and publishes the reasons for such determination. The proposed rule change was published for notice and comment in the Federal Register.<sup>11</sup> The 180<sup>th</sup> day after publication of the notice of the filing of the proposed rule change in the Federal Register is October 28, 2019.

The Commission finds that it is 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 consider the proposed rule change, as amended by Partial Amendment No.1, comment letters, and FINRA's submission.

Accordingly, the Commission, pursuant to Section 19(b)(2) of the Exchange Act, designates December 27, 2019, as the date by which the Commission shall approve or disapprove the proposed rule change.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

Jill M. Peterson  
Assistant Secretary

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<sup>11</sup> See Notice, supra note 3.

<sup>12</sup> 17 CFR 200.30-3(a)(57).