

**POSTAL SERVICE****Product Change—Priority Mail Negotiated Service Agreement****AGENCY:** Postal Service™.**ACTION:** Notice.

**SUMMARY:** The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

**DATES:** *Date of required notice:* December 17, 2018.

**FOR FURTHER INFORMATION CONTACT:** Elizabeth Reed, 202–268–3179.

**SUPPLEMENTARY INFORMATION:** The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on December 11, 2018, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Contract 492 to Competitive Product List*. Documents are available at [www.prc.gov](http://www.prc.gov), Docket Nos. MC2019–43, CP2019–46.

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34–84788; File No. SR–FINRA–2018–040]

**Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change Relating to FINRA Rule 4512 (Customer Account Information)**

December 11, 2018.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“SEA,” “Act” or “Exchange Act”)<sup>1</sup> and Rule 19b–4 thereunder,<sup>2</sup> notice is hereby given that on November 28, 2018, 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 paragraph (a)(3) of FINRA Rule 4512 (Customer Account Information) to permit the use of electronic signatures and to clarify the scope of the rule.

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**

With respect to a discretionary customer account maintained by a member, FINRA Rule 4512(a)(3) requires the firm to obtain the manual dated signature of each named, natural person authorized to exercise discretion in the account. Because the rule only applies to discretionary accounts maintained by a member, the named natural person would inevitably be an associated person of the firm.<sup>3</sup> Currently, to comply with the rule, members must obtain the associated person’s “wet” signature or a copy of his or her wet signature, such as a scanned or faxed copy of the wet signature.<sup>4</sup> The rule also requires

<sup>3</sup> There is a corresponding requirement under NASD Rule 2510 (Discretionary Accounts) prohibiting members and their registered representatives from exercising any discretionary power in a customer’s account unless the customer has given prior written authorization to a stated individual or individuals, and the account has been accepted by the firm as evidenced in writing by the firm or a designated partner, officer or manager of the firm. These signatures need not be manual. In addition, SEA Rule 17a–3(a)(17)(ii) requires that, for discretionary accounts with a natural person, broker-dealers maintain a record containing the dated signature of each natural person to whom discretionary authority was granted. This signature also need not be manual.

<sup>4</sup> The terms “manual” and “wet” are used interchangeably in this proposed rule change.

members to maintain and preserve a record of the signature for at least six years after the date the account is closed.<sup>5</sup> The purpose of the signature is to validate that the authorized associated person is who he or she purports to be. In light of the industry’s shift towards automated and electronic processes, members have requested that FINRA reevaluate the need for wet signatures under the rule.

In general, members have stated that the requirement to obtain wet signatures raises operational and cost concerns without providing meaningful investor protection benefits. In addition, some members have noted that the requirement puts them at a competitive disadvantage over investment advisers because investment advisers are allowed to obtain electronic signatures. Finally, members that have adopted automated and electronic processes have stated that the current requirement results in significant administrative inefficiencies, particularly because all other account documentation, including the customer authorization form, and related recordkeeping may be completed electronically through a streamlined process.<sup>6</sup>

Given technological advances relating to electronic signatures, including with respect to authentication and security, FINRA believes that the requirement under Rule 4512(a)(3) that members obtain an associated person’s wet signature has become obsolete. Therefore, FINRA is proposing to amend the rule to permit the use of electronic signatures. The proposed rule change is consistent with the Electronic Signatures in Global and National Commerce Act (“E-Sign Act”), which facilitates the use of electronic signatures. The proposed rule change is also consistent with the requirements of SEA Rule 17a–3(a)(17)(ii),<sup>7</sup> which does not prescribe the type of signature that must be obtained from an authorized individual. While FINRA Rule 4512(a)(3) would continue to require members to obtain the signature of an associated person, it would provide

<sup>5</sup> For retention purposes, members may choose to maintain and preserve the signature record on any of the acceptable media specified in SEA Rule 17a–4, including electronic storage media consistent with SEA Rule 17a–4(f).

<sup>6</sup> To comply with FINRA Rule 4512(a)(3), most of these firms currently print a paper copy of the account record and require that the authorized associated person physically sign it. They then convert the paper record to an electronic record for retention on electronic storage media. These firms have stated that this two-step process creates unnecessary inefficiencies and administrative burdens.

<sup>7</sup> 17 CFR 240.17a–3(a)(17)(ii).

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

<sup>2</sup> 17 CFR 240.19b–4.