action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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 email to *rule-comments@sec.gov.* Please include File Number SR–EDGX–2014–02 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–EDGX–2014–02. This file number should be included on the subject line if email 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 Web site (*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 Web site 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 the filing also will be available for inspection and copying at the principal office of the Exchange. 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–EDGX–2014–02, and should be submitted on or before March 26, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[16]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014–04791 Filed 3–4–14; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–71626; File No. SR–FINRA–2013–051]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Approving Proposed Rule Change To Amend the Uniform Branch Office Registration Form (Form BR)

February 27, 2014.

I. Introduction

On November 25, 2013, the Financial Industry Regulatory Authority, Inc. (''FINRA'') filed with the Securities and Exchange Commission (''Commission'') the 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] The proposed rule change was published for comment in the **Federal Register** on December 13, 2013.[3] The Commission received three comment letters on the proposed rule change.[4] On January 21, 2013 FINRA responded to the comment letters.[5] On January 23, 2014, the Commission extended the time period within which the Commission must approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.[6] This order approves the proposed rule change.

II. Description

Proposed Amendments

Form BR 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: (1) To register a branch office, (2) amend a registration, (3) close or terminate a registration, or (4) withdraw a filing in the appropriate participating jurisdiction and self-regulatory organization (''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 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'').

Delete Section 6 while Adding Questions on Space Sharing Arrangements and Location of Books and Records. Currently only NYSE-registered firms are required to complete and update Section 6 and are the only firms that can view Section 6 on the CRD system. 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.[7] However, following the NASD/NYSE regulatory consolidation, in an effort to eliminate disparate regulatory standards, the NYSE amended NYSE Rule 342 to change its branch office

[16] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b-4.

[3] *See* Securities Exchange Act Release No. 71027 (December 9, 2013), 78 FR 75954 (''Notice'').

[4] *See* Letter from Jason Doss, President, Public Investors Arbitration Bar Association to Elizabeth M. Murphy, Secretary, Commission, dated January 2, 2014 (''PIABA Letter''); Letter from Clifford Kirsch and Eric A. Arnold, Sutherland Asbill & Brennan LLP, on behalf of the Committee of Annuity Insurers to Elizabeth M. Murphy, Secretary, Commission, dated January 3, 2014 (''CAI Letter''); Letter from David T. Bellaire, Esq., Executive Vice President & General Counsel, Financial Services Institute to Elizabeth M. Murphy, Secretary, Commission, dated January 3, 2014 (''FSI Letter'').

[5] *See* Letter from Kosha Dalal, Associate Vice President and Associate General Counsel, FINRA, to Elizabeth M. Murphy, Secretary, Commission, dated January 21, 2014 (''FINRA Response Letter'').

[6] *See* Securities Exchange Act Release No. 71373, 79 FR 4788 (January 29, 2014)

[7] In 2005 when Form BR was implemented, 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.

registration requirement from a pre-approval process to a notice-filing requirement.[8] Therefore, FINRA is proposing to delete this section.[9] However, FINRA is proposing to retain questions from Section 6 relating to space sharing arrangements and the location of books and records and add them to proposed Section 4 (Branch Office Arrangements) of the Updated Form BR.

Specifically, FINRA is proposing to add a question to Section 4 of the Updated Form BR that will require 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 the entity.[10] In addition, FINRA is proposing to add a question to Section 4 regarding whether the books and records pertaining to the registered branch 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.

Modify Existing Question on ''Types of Activities''. FINRA is proposing to move questions relating to ''Types of Activities'' occurring at the branch office from Section 3 (Other Business/Names/Web sites) to 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. In addition, FINRA is proposing to add ''Public Finance'' as an option to enable members and regulators to identify via the Updated Form BR office locations that require a Municipal Securities Principal (Series 53).

Modify Supervisor/Person-in-Charge Details. FINRA is proposing to expand the supervisor and person-in-charge details provided by firms in Section 2 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.

Add Optional MSRB Branch Office of Municipal Supervisory Jurisdiction Question. FINRA is proposing to add an optional question to Section 2 to the Updated Form BR to provide FINRA members that are also 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.[11]

No Requirement to Submit Amended Forms BR by a Date Certain. FINRA is proposing that members with existing registered branch offices not be required to file an Updated Form BR for existing offices immediately upon deployment of the amended form, but will be required to provide the new information items on the Updated Form BR when the members are otherwise required to amend the form to update existing information items that have become inaccurate or incomplete. FINRA represents that it expects to evaluate the number of registered branch offices of FINRA members for which an Updated Form BR has not been filed one year after it deploys the form. If a significant number of registered branch offices has not filed the information through an amendment during that year, FINRA may consider imposing a deadline for providing the proposed new information.

III. Summary of Comment Letters and FINRA's Response

The Commission received three comment letters on the proposed rule change.[12] All three commenters expressed overall support for the intent of proposed amendments to the Form BR.[13] In particular, one commenter noted that it supports the changes to Form BR because they will make the branch office registration process more efficient and add clarity to the questions currently asked on the form.[14] Another commenter similarly stated that it supports the increased efficiency of the streamlined Updated Form BR.[15] Two commenters, however, raised concerns about specific aspects of the proposed rule change as discussed below.

A. Space Sharing Arrangements

The Updated Form BR proposes to add a question about space sharing arrangements at the branch office. Specifically, the proposed space sharing arrangements question in Section 4 of the Updated Form BR (''Question 4A'') asks ''[d]oes this branch office occupy or share space with or jointly market with any other *investment-related entity*?'' If the answer is ''yes,'' a member firm must provide the CRD number (if applicable) and name of the investment-related entity and select the type of investment-related entity. The term ''investment-related'' is defined in Section 1 (Explanation of Terms) of the Updated Form BR to mean, ''pertains 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).''

One commenter expressed support for the proposed space sharing arrangements question and stated, ''[i]n addition to the increased efficiency of the streamlined Updated Form BR, the inclusion of details in the proposed form as to space sharing arrangements and locations of office records provide additional important information to the investing public.''§ [16] Two commenters, however, expressed concern regarding proposed Question 4A.[17]

One commenter specifically noted that if space sharing arrangements exist at a branch office, then firms must provide the name, CRD number, and type of entity.[18] The commenter explained that for independent firms, space sharing arrangements are not an uncommon practice and may include several different ''doing business as'' (DBA) entities.[19] The commenter stated that because these different DBA businesses and entities may change frequently, it could be difficult for firms to have to monitor and update this information on Updated Form BR.[20] The commenter further noted that this information would not have been particularly burdensome for the business model of NYSE-registered firms under the current Form BR, but the proposed changes introduce challenges for independent firms.[21] The commenter stated that it does not believe that the burden of providing this

[8] *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).

[9] The proposed revisions will also remove references to the NYSE-specific terms from the form.

[10] 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).''

[11] FINRA is proposing technical and clarifying changes to General and Specific Instructions, Explanation of Terms and Sections of the Updated Form BR. *See* Notice at 75956—75957.

[12] *See* note 4, *supra.*

[13] *See* PIABA Letter, CAI Letter, and FSI Letter.

[14] *See* FSI Letter, at 1.

[15] *See* PIABA Letter.

[16] *See* PIABA Letter, at 1.

[17] *See* FSI Letter and CAI Letter.

[18] *See* FSI Letter, at 2–3.

[19] *Id.*

[20] *Id.* at 3.

[21] *Id.*

information outweighs the benefit to investors or regulators.[22]

Another commenter also expressed concern about the information proposed to be collected under Updated Form BR Question 4A.[23] The commenter argued that FINRA has underestimated the challenges and expenses that firms such as insurance-affiliated broker-dealers would incur to disclose the insurance entities with which they have entered into space-sharing and joint marketing arrangements.[24] The commenter explained that such information is not readily maintained by insurance-affiliated and other types of member firms and collecting the information could prove to be burdensome.[25]

The commenter also stated that the Updated Form BR was unclear with regard to the scope of a broker-dealer's obligation to identify insurance entities with which it ''jointly markets'' products.[26] The commenter states that it is unclear whether the Updated Form BR is focusing solely on joint marketing and space sharing with insurance intermediaries or also insurance product issuers.[27] The commenter explained that the Updated Form BR could be read to require a firm to report ''*every* insurance product manufacturer that *each* branch office is authorized to offer if this is viewed as 'jointly marketing' the insurance products with the issuing insurer.''§ [28] The commenter questioned how this detailed information would be useful to regulators.[29]

In response to commenters' concerns regarding the information proposed to be collected with regard to space sharing arrangements, FINRA clarified that members that were not previously required to complete Section 6 will be required to provide the name, CRD number and type of investment-related entity with which a branch office occupies space on the Updated Form BR.[30] FINRA explained that the CRD system will automatically complete the CRD number field (if applicable) when the name of the investment-related entity is entered on the Updated Form BR and vice versa, and that a member firm will not be required to seek out the CRD number, if applicable, for each investment-related entity with which the branch office shares space.[31]

FINRA also addressed that commenters' concerns regarding the burden of collecting and monitoring information relating to space sharing arrangements at each branch office, particularly for member firms in the independent broker-dealer channel and stated that the concerns stem from a misunderstanding regarding the scope of the proposed question on space sharing arrangements.[32] FINRA explained that Question 4A on the Updated Form BR seeks to elicit information regarding investment-related businesses that jointly occupy office space with the branch office.[33] FINRA also clarified that the term ''jointly markets,'' as used in proposed Question 4A, does not require disclosure of each insurance product manufacturer that each branch office is authorized to offer, but instead seeks disclosure regarding other investment-related businesses that operate or jointly market business services out of the same physical space as the registered branch office.[34] FINRA explained that the question is meant to capture, for example, instances where a registered representative at a registered branch office also operates an insurance business out of that same physical location, a registered branch office location jointly occupies the physical space with an investment adviser, or the registered branch office jointly markets the location with other investment-related entities as offering services.[35] Given the more limited scope of proposed Question 4A, FINRA stated that it believes compliance burdens associated with the proposed question are more limited in nature.[36]

FINRA also stated that the question about proposed space sharing arrangements serves a valuable regulatory purpose in that it will collect basic information on space sharing arrangements that will enable regulators to conduct more focused, risk-based examinations based on a more complete understanding of the activities occurring at each branch office, and also should highlight for members the potential issues, such as, conflicts of interest, customer confusion, recordkeeping, and other concerns that may arise when one location is used for multiple business purposes.[37]

In response to commenters' assertions that it had failed to take into account the potential costs and burdens to member firms associated with proposed Question 4A, FINRA noted that current Question 4A on Form BR elicits information regarding space sharing arrangements with a bank, saving bank, saving association, credit union, or other federally insured depository institution and, therefore, member firms not previously subject to Section 6 of Form BR are nonetheless currently providing information relating to these more limited space sharing arrangements.[38] Further, FINRA noted that member firms already should have information regarding outside business activities and space sharing arrangements at each registered branch office available to enable them to engage in effective supervision and inspections of branch offices.[39]

B. Technical Comments

One commenter suggested two technical changes to proposed Section 4 of the Updated Form BR.[40] First, the commenter recommended that FINRA clarify that the CRD number requested in Section 4(a) is not the CRD Branch Number but rather the CRD number of the investment-related entity (if applicable).[41] Second, the commenter recommended that FINRA revise the column in Section 4(a) currently titled ''Name'' to ''Name of Investment Related Entity'' for additional clarity.[42]

In response to the commenter's first suggestion, FINRA advised that Section 4A elicits the CRD number of the investment-related entity (if applicable).[43] With regard to the commenter's second comment, FINRA stated that, by expressly using the term ''investment-related entity,'' in the Instructions to Section 4A, it believes that member firms should not be confused regarding the entity about which they are being asked to provide information.[44] FINRA further stated that to the extent member firms have

[22] *Id.*
[23] *See* CAI Letter.
[24] *See* CAI Letter, at 2.
[25] *Id.*
[26] *Id.*
[27] *Id.*
[28] *Id.*
[29] *Id.*
[30] *See* FINRA Response Letter, at 3–4.
[31] *Id.* at 3–4.
[32] *Id.* at 4.
[33] *Id.*
[34] *Id.*
[35] *Id.*
[36] *Id.*
[37] *Id.*
[38] *Id.*
[39] *Id.* FINRA also noted that the commenters, while expressing concerns regarding potential burdens and costs associated with the proposal, did not provide any specific estimates of compliance costs in support of their claims. *Id.* at 4–5.
[40] *See* CAI Letter, at 3.
[41] *Id.*
[42] *Id.* CAI also questioned whether the Form BR Working Group included insurance affiliated broker-dealers and fully considered how the Updated Form BR might affect such member firms' sale of insurance products. *See* CAI Letter, at p. 3. In response, FINRA explained that the Form BR Working Group consisted of representatives from a diverse cross-section of the securities industry and state regulators, including representatives from independent broker-dealer member firms, many of which sell insurance products. *See* FINRA Response Letter, at 5.
[43] *See* FINRA Response Letter, at 5.
[44] *Id.*

questions when completing this Section, FINRA staff will provide guidance as necessary, including in the regulatory notice announcing approval of the rule change.[45]

C. Implementation Timeline

One commenter expressed concern that the proposal does not impose an affirmative duty for members to submit the Updated Form BR by a date certain, and that the proposed implementation timeframe would require members to complete the proposed new questions only when a member firm's existing information on file has become inaccurate or incomplete.[46] The commenter believes that this vague standard would invite unnecessary problems and urged the Commission to require that all members submit completed Forms BR by a date certain.[47]

Another commenter requested that FINRA provide member firms a significant amount of time before the effective date of the proposed requirements to allow them to prepare for the process of collecting the newly required information.[48]

In response to these comments, FINRA stated that it believes that the proposed implementation timeline is reasonable and strikes the correct balance, especially in light of the clarification provided above regarding the scope of the proposed question on space sharing arrangements.[49] FINRA asserted that it proposed a flexible approach to implementation to limit the burden on member firms.[50] FINRA also noted, however, that it will evaluate the number of registered branch offices of FINRA member firms for which an Updated Form BR has not been filed one year after deployment and may consider imposing a deadline for providing the new information if a significant number of registered branch offices has not filed the Updated Form BR in the ordinary course.[51]

IV. Discussion and Commission Findings

After carefully considering the proposal, the comments submitted, and FINRA's response to the comments, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities association.[52] In particular, the Commission finds that the proposed rule change is consistent with Section 15A(b)(6) of the Act,[53] which requires, among other things, that FINRA rules 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. The Commission has considered the commenters' views on the proposed rule change and believes that FINRA responded appropriately to the concerns raised. Indeed, the Commission shares FINRA's belief that the 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 as well as enable firms to engage in effective supervision and inspections of branch offices and regulators to conduct more focused and effective examinations.

Commenters raised concerns regarding the burden of collecting and monitoring information relating to space sharing arrangements at each branch office, particularly for member firms in the independent broker-dealer channel,[54] however, as FINRA explained in its response, those concerns stem from a misunderstanding regarding the scope of the proposed question on space sharing arrangements, and in fact, proposed Question 4A is more narrow in scope and thus the compliance burdens associated with the proposed question are more limited in nature.[55] Although the Commission acknowledges the potential for firms covered by these new reporting requirements to incur additional compliance burdens and costs, the Commission shares FINRA's belief that any such burdens are outweighed by the overall benefits of increased transparency of the activities occurring at registered branch offices, which should enable firms to provide enhanced supervision of branch offices and strengthen their own compliance programs and regulators to conduct more focused and effective examinations. Further, the Commission echoes FINRA's belief that ''member firms should already have information regarding outside business activities and space sharing arrangements at each registered branch office available to them to engage in effective supervision and inspections of branch offices.'' [56]

One commenter was concerned that the proposal does not impose an affirmative duty for members to submit the Updated Form BR by a date certain, and that this would invite unnecessary problems.[57] The commenter urged the Commission to require that all members submit completed Forms BR by a date certain.[58] The Commission believes that FINRA adequately responded to this concern,[59] but expects FINRA to monitor the effect of this change and to consider imposing a deadline for providing the new information if a significant number of registered branch offices has not filed the Updated Form BR within a year of approval of this filing.

The Commission believes that the proposed amendments to Form BR will make the branch office registration process more efficient by eliminating duplicative provisions, eliciting additional information from all filers regarding space sharing arrangements and the location of office records, and clarifying existing questions so that regulators and firms can better understand the activities occurring at each registered branch office and focus on potential conflicts of interest, customer confusion, and other issues that can arise when a location is used for more than one business purpose.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR–FINRA–2013–051), be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[60]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014–04795 Filed 3–4–14; 8:45 am]

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[45] *Id.*

[46] The Commission notes that member firms have a continuing obligation to promptly update Form BR whenever the information becomes inaccurate or incomplete.

[47] *See* PIABA Letter, at 1.

[48] *See* CAI Letter, at 2.

[49] *See* FINRA Response Letter, at 5.

[50] *Id.*

[51] *Id.* at 5–6.

[52] In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[53] 15 U.S.C. 78*o*–3(b)(6).

[54] *See* note 21 *supra,* and accompanying text.

[55] *See* note 36 *supra,* and accompanying text.

[56] *See* FINRA Response letter at 4.

[57] *See* note 47 *supra,* and accompanying text.

[58] *Id.*

[59] *See* notes 49 and 50 *supra,* and accompanying text.

[60] 17 CFR 200.30–3(a)(12).