

Dated: January 8, 2014.

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014-00467 Filed 1-13-14; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94-409, that the Securities and Exchange Commission will hold a Closed Meeting on Thursday, January 16, 2014 at 2:00 p.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the Closed Meeting. Certain staff members who have an interest in the matters also may be present.

The General Counsel of the Commission, or her designee, has certified that, in her opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(3), (5), (7), 9(B) and (10) and 17 CFR 200.402(a)(3), (5), (7), 9(ii) and (10), permit consideration of the scheduled matter at the Closed Meeting.

Commissioner Aguilar, as duty officer, voted to consider the items listed for the Closed Meeting in a closed session.

The subject matter of the Closed Meeting will be:

Institution and settlement of injunctive actions;

institution and settlement of administrative proceedings;

adjudicatory matters; and

other matters relating to enforcement proceedings.

At times, changes in Commission priorities require alterations in the scheduling of meeting items.

For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact the Office of the Secretary at (202) 551-5400.

Dated: January 9, 2014.

Elizabeth M. Murphy,

Secretary.

[FR Doc. 2014-00558 Filed 1-9-14; 4:15 pm]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71255; File No. SR-MSRB-2013-09]

### Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing of a Proposed Rule Change, as Modified by Amendment No. 1 Thereto, Consisting of Amendments to MSRB Rules A-12, on Initial Fee, G-14, on Reports of Sales or Purchases, and the Facility for Real-Time Transaction Reporting and Price Dissemination ("RTRS Facility"); Deletion of Rules A-14, on Annual Fee, A-15, on Notification to the Board of Change in Status or Change of Name or Address, and G-40, on Electronic Mail Contacts; Deletion of References to RTRS Testing Requirements Under Rules G-14(b)(v), G-14(c), on RTRS Procedures, and in the RTRS Facility; Elimination of MSRB Forms RTRS and G-40; and Adoption of a Single, Consolidated Electronic Registration Form, New Form A-12

January 8, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that, on December 24, 2013, the Municipal Securities Rulemaking Board (the "MSRB" or "Board") filed with the Securities and Exchange Commission (the "SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the MSRB. On January 7, 2014, the Board filed Amendment No. 1 to the proposed rule change.<sup>3</sup> The Commission is publishing this notice to

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

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

<sup>3</sup> By Amendment No. 1, the Board: (1) Added footnote 5 to Item II(A)(1) explaining that Form A-12 included as Exhibit 3 to SR-MSRB-2013-09 as filed with the SEC is a pre-production depiction of an electronic form and the final appearance of which may vary in non-substantive respects; (2) added text and footnotes 6, 8, and 9 to Item II(A)(1) to clarify that the current requirement for all registrants to provide a Primary Electronic Mail Contact and for municipal securities dealers that report trades to the MSRB to provide a primary Trade Data Quality contact would be replaced by the requirement that all registrants provide a Primary Regulatory Contact, Master Account Administrator, Billing Contact, Compliance Contact, and Data Quality Contact. Additionally, the new text explains that the optional Trade Data Quality Contact, Optional Electronic Mail Contact, and optional Technical Contact would be replaced with the Optional Regulatory Contact, Optional Data Quality Contact, and Optional Technical Contact; and (3) included an additional graphic illustration on new Form A-12, found in Exhibit 3 to SR-MSRB-2013-09 as filed with the SEC, that depicts where registrants would describe the reason(s) for the involuntary withdrawal of their registration with the MSRB on the new Form A-12.

solicit comments on the proposed rule change, as modified by Amendment No. 1 thereto, from interested persons.

### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The MSRB is filing with the Commission a proposed rule change consisting of amendments to MSRB Rules A-12, on initial fee, Rule G-14, on reports of sales or purchases, and the Facility for Real-Time Transaction Reporting and Price Dissemination ("RTRS Facility"). The MSRB also proposes a deletion of the entire rule language (reserving the rule numbers for potential future use) for Rules A-14, on annual fee, A-15, on notification to the Board of change in status or change of name or address, and G-40, on electronic mail contacts. Additionally, references to RTRS testing requirements under G-14(b)(v), G-14(c), on RTRS Procedures, and in the RTRS Facility will be deleted. Finally, the MSRB proposes to eliminate two MSRB forms, Forms RTRS and G-40, and adopt a single, consolidated electronic registration form, new Form A-12 (collectively, the "proposed rule change"). The MSRB will provide at least thirty days notice of the effective date, which shall be announced within ten days of SEC approval in a notice published on the MSRB Web site. The notice will also announce a compliance date for completion of new Form A-12 of ninety days from the effective date.<sup>4</sup>

The text of the proposed rule change is available on the MSRB's Web site at [www.msrb.org/Rules-and-Interpretations/SEC-Filings/2013-Filings.aspx](http://www.msrb.org/Rules-and-Interpretations/SEC-Filings/2013-Filings.aspx), at the MSRB's principal office, 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, the MSRB 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. The MSRB has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

<sup>4</sup> The MSRB anticipates that the effective date will be on or about April 28, 2014 when new Form A-12 will be available and that registrants will have ninety days from such date to complete the form in accordance with the proposed rule change.

*A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change*

1. Purpose

The proposed rule change would amend Rule A-12 to create new registration procedures for MSRB-regulated brokers, dealers and municipal securities dealers ("dealers") and municipal advisors (dealers and municipal advisors are referred to herein collectively as "registrants" or "regulated entities"). These new procedures would be incorporated into new Form A-12.<sup>5</sup> The proposed rule change would consolidate the MSRB registration process in Rule A-12 and delete the rule language under Rules A-14, A-15, and G-40; eliminating Forms RTRS and G-40; and amending Rule G-14(b)(iv). The MSRB believes, as explained below, that the proposed rule change will make it easier for registrants to complete the registration process and will provide the MSRB with additional information regarding registrants that will be useful for regulatory purposes.

Currently, regulated entities must reference a series of MSRB rules when registering with the MSRB, as there is no single "registration" rule. Prior to engaging in municipal securities or municipal advisory activities, regulated entities are required, consistent with current Rule A-12, to supply only basic identifying information to the MSRB and pay an initial fee. Each regulated entity that changes its name or address, or ceases to be engaged in municipal securities business, whether voluntarily or otherwise, must so notify the MSRB, pursuant to current Rule A-15. Under Rules G-14(b)(iv) and G-40, regulated entities must complete Forms RTRS and G-40 that require registrants to provide the MSRB with an official contact, certain business information, and certain other information necessary to process their transaction reports correctly. Additionally, Rule G-14(b)(v) requires registrants that submit transaction data to the MSRB to test their ability to interface with MSRB systems. Finally, under Rule A-14, regulated entities must pay an annual fee upon registration and annually thereafter. The proposed rule change reflects the MSRB's determination that additional rulemaking in this area is necessary to improve the efficiency by which regulated entities register, and maintain registration, with the MSRB.

<sup>5</sup> The new Form A-12 found in Exhibit 3 to SR-MSRB-2013-09 as filed with the SEC is a pre-production depiction of an electronic form, the final appearance of which may vary in non-substantive respects.

The proposed rule change addresses concerns expressed by registrants regarding the current registration process and the number of rules and forms governing that process. The MSRB believes that the proposed rule change would clarify and simplify the registration process for new registrants, who, as noted, currently must follow requirements spread across several rules and forms. In addition to increased efficiency, the proposed rule change would allow the MSRB to collect additional data from and about registrants. Such information would further support the MSRB and other appropriate regulators in their regulatory activities.

The proposed rule change would require registrants to provide contact information (name, title, phone number, address, and email address) for several new contact persons on Form A-12. In addition to the Primary Regulatory Contact, Form A-12 would require all registrants to identify a Master Account Administrator, Billing Contact,<sup>6</sup> Compliance Contact, and Data Quality Contact, as further described below under "Form A-12."<sup>7</sup> The Trade Data Quality Contact required for dealers engaged in certain business activities<sup>8</sup> under the current Form RTRS would be replaced by the Data Quality Contact under the proposed rule change and would be required of all registrants regardless of their business activities. These required contacts would alleviate the need for the MSRB to direct all communications through a Primary Electronic Mail Contact, as is currently the case under Rule G-40.<sup>9</sup> Instead, the MSRB would be able to communicate issues and make requests directly relevant to the contact person tasked with handling such matters. The MSRB believes that this will increase regulatory efficiency for the MSRB and reduce the burdens on registrants when responding to MSRB inquiries.

The proposed rule change also would provide a waiver of the annual fee for dealers and municipal advisors that

<sup>6</sup> Currently, Form G-40 permits registrants to provide a billing contact; however, such a contact is not required under current MSRB rules.

<sup>7</sup> MSRB Rule G-14(b)(iv) currently requires only dealers to provide a data quality contact for trade submissions.

<sup>8</sup> Current Form RTRS requires a dealer to provide a primary Trade Data Quality Contact if such dealer (1) effects purchases and sales transactions in municipal securities, (2) clears and settles transactions as an NSCC participant, or (3) acts as a broker's broker. In addition, currently, registrants have the option of providing a secondary Trade Data Quality Contact and/or a Technical Contact.

<sup>9</sup> Currently, Rule G-40 permits registrants to provide an Optional Electronic Mail Contact; however, such a contact is not required under current MSRB rules.

register in the last month of the MSRB's fiscal year. This relief would address concerns raised by regulated entities that they must pay two annual fees in a short period of time if they register with the MSRB near the end of the fiscal year. Finally, the proposed rule change would impose a late fee on those regulated entities that fail to pay MSRB assessments in a timely manner, as further described below under "Summary of the Proposed Rule Change" and under "Discussion of Comments." The MSRB currently does not impose late fees and believes that this change will promote compliance with fee requirements and reduce the necessity for the MSRB to expend resources to collect untimely fees.

The proposed rule change would eliminate the requirement for registrants who submit transaction data to the MSRB to test their ability to interface with MSRB systems. The MSRB has determined that testing is no longer necessary due to improvements in technology and the establishment of other controls, though dealers would still have the ability to test transaction submissions at their discretion.

The MSRB will provide at least thirty days notice of the effective date, which shall be announced within ten days of SEC approval in a notice published on the MSRB Web site. The notice will also announce a compliance date for completion of new Form A-12 of ninety days from the effective date. This would allow the MSRB sufficient time to develop the automated system needed to support the new registration process. It also would allow new and existing registrants approximately three months to complete new Form A-12. The MSRB anticipates that the effective date will be on or about April 28, 2014 when new Form A-12 will be available and that registrants will have ninety days from such date to complete the form in accordance with the proposed rule change.

Summary of the Proposed Rule Change Rule A-12

Proposed Rule A-12, as explained in detail below, would require regulated entities to register with the MSRB prior to engaging in any municipal securities or municipal advisory activities by completing the new electronic Form A-12. Note that, prior to registration with the MSRB, each dealer and municipal advisor must first register with and receive approval from the Commission.

Rule A-12(a) would require each dealer, prior to engaging in municipal securities activities, and each municipal advisor, prior to engaging in municipal

advisory activities, to register with the MSRB. Rule A-12(a) also would require registrants to notify, as appropriate, a registered securities association or appropriate regulatory agency<sup>10</sup> of their intent to engage in municipal securities and/or municipal advisory activities and provide the MSRB, on their Form A-12, with a written statement evidencing such notification.<sup>11</sup> Registration with the MSRB would be effective only after the MSRB notifies a registrant that its Form A-12 is complete and all fees have been received and processed.

Rule A-12(b) would provide for the amount and method of payment of the initial registration fee. New registrants would be required to pay an initial fee of \$100 to the MSRB in the manner prescribed by the MSRB Registration Manual. Rule A-12(c) would provide that the annual registration fee would continue to be \$500 and would be paid in accordance with the method described in the MSRB Registration Manual. The MSRB Registration Manual would provide specifications for complying with the registration process set forth in proposed Rule A-12 and would be available in advance of the Form A-12 release date. The MSRB Registration Manual would contain instructions for completion of Form A-12, as well as graphical representations of the form. It would not, however, contain any substantive requirements not contained in MSRB rules or fairly and reasonably implied from those rules. Rule A-12(d) would establish late fees for any assessment due under Rule A-12 or A-13. Although the initial and annual fee amounts would remain unchanged, the MSRB reviews its fee structure periodically in connection with its budget. The annual fee would continue to be due by October 31 each year, but proposed Rule A-12 would provide that a regulated entity that registers in September and pays an annual fee at the time of registration need not pay the annual fee for the following fiscal year, beginning October 1. Any registrant that fails to pay any fee due under Rules A-12 or A-13

<sup>10</sup> The term "appropriate regulatory agency," as used in this filing and proposed Rule A-12(a) means the Comptroller of the Currency, Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, or SEC as defined in 15 U.S.C. 78c(a)(34)(A).

<sup>11</sup> This requirement would only be applicable to dealers or municipal advisors first registering on or after April 28, 2014. Registrants would have the flexibility to submit any form of documentation, such as a letter on company letterhead, evidencing notice to a registered securities association or appropriate regulatory agency, as applicable, of their intent to engage in municipal securities and/or municipal advisory activities.

(underwriting, transaction or technology fee) would be assessed a monthly late fee computed based on the overdue balance and the prime rate plus an additional \$25 per month.

Rule A-12(e) would permit registrants to use the designation "MSRB registered" when referencing their registrant status. The MSRB has received inquiries from registrants regarding the proper manner for denoting their registration status in their advertising material and on their Web sites. The MSRB has been informed of instances where registrants have used various designations, such as "MSRB member." This designation is inappropriate because the MSRB is not a membership organization. Section (e) would provide clarity to registrants and the general public in this regard.

Rule A-12(f), rather than the current requirement to provide only a primary electronic mail contact, would require the provision of a primary regulatory contact, master account administrator, billing contact, compliance contact, and primary data quality contact. MSRB registrants could also provide an optional regulatory contact, data quality contact and technical contact. For dealers, the primary regulatory contact would be required to be a registered principal. It would be the responsibility of the primary regulatory contact to receive official communications from the MSRB, similar to the role of the primary electronic mail contact under current Rule G-40.

Rule A-12(g) would require dealers, prior to registering with the MSRB, to provide trade reporting information so that their trade reports can be processed correctly, or notify the MSRB that they are exempt from the trade reporting requirements, as further described below under "Rule G-14(b)(iv)."

Rule A-12(h), similar to current Rule G-40(d), would require dealers and municipal advisors to comply, within 15 days or such longer period as may be agreed to by the requesting authority, with any request from the MSRB, a registered securities association or other appropriate regulatory authority, for information required as a function of their registration with the MSRB. The MSRB requirement of registrants to comply with such requests from the MSRB or a registered securities association, as applicable, would be a new obligation not required under current Rule G-40(d).

Sections (i)-(k) of proposed Rule A-12 establish the requirements for completing, updating, and annually affirming the information on new electronic Form A-12, as further described below under "Form A-12."

The proposed rule provides for an annual affirmation process, similar to the current process under Rule G-40(c), which would require registrants to review, update and affirm the information on Form A-12 during the first seventeen business days of each calendar year. Similar to the current requirement in Rule A-15, registrants would be required to update Form A-12, within 30 days, if any information on the form becomes inaccurate or the firm ceases to be engaged in municipal securities or municipal advisory activities either voluntarily or involuntarily through a regulatory or judicial bar, suspension or otherwise. Registrants that involuntarily cease to be engaged in municipal securities or municipal advisory activities would be required to provide a written explanation, on their Form A-12, of the circumstances that lead to, and resulted in, the involuntary cessation of such activities. Finally, to collect more complete data concerning the activities engaged in by MSRB registrants, regulated entities would be required to inform the MSRB of the types of municipal securities and municipal advisory activities engaged in by such firms. Currently, the MSRB collects similar information from municipal advisor registrants on Form G-40, and from dealers on Form RTRS. Finally, MSRB registrants would be able to withdraw their registration, either fully or partially, by amending Form A-12.

The instructions for completing and amending Form A-12, as well as information about the method of payment under Rule A-12, would be located in the MSRB Registration Manual as described in section (l) of the proposed rule.

#### Form A-12

The information required by Form A-12 would be submitted electronically by each registrant through a web portal located on the MSRB's Web site. In order to mitigate the burden on current registrants and ease the transition process, information from registrants' current Forms RTRS and G-40 would be pre-populated on new Form A-12, as feasible. To the extent that any part of a registrant's Form A-12 is pre-populated, the registrant would be able to amend, edit or delete such information prior to submitting the completed form. Form A-12 would require the submission of the following information:

- *Registration Categories:* Form A-12 would require the registrant to identify its registration category, such as dealer or municipal advisor. Registrants would be permitted to select both registration

categories, either initially or at a later date. Similarly, registrants that are registered as both dealers and municipal advisors would be permitted to withdraw either of these categories or submit a complete withdrawal. Registered entities that would like to add a category would be required to update Form A-12 to change their status prior to engaging in activities in the additional category. Moreover, those registered in multiple categories would be required to amend Form A-12 if they cease to engage in either municipal securities or municipal advisory activities. The registrants would be able to designate their firm as a broker-dealer, municipal securities dealer (*e.g.*, bank dealer), or municipal advisor, or as both a broker-dealer or municipal securities dealer and municipal advisor. In instances of complete withdrawal, the registrant would select the indicator on Form A-12 for a complete withdrawal.

- **General Firm Information:**
- **Firm Identifiers:** Each registrant would be required to enter the 1) name of the firm or individual, if registrant is a sole proprietorship, 2) dealer SEC identification number, if applicable, 3) municipal advisor SEC identification number, if applicable, 4) FINRA identification (Central Registration Depository) number, if applicable, and 5) legal entity identifier, if any.
- **Intent to Engage in Municipal Securities and/or Municipal Advisory Activities:** Registrants would be required to upload an electronic copy (PDF format) of the documentation evidencing the registrant's notification to a registered securities association or appropriate regulatory agency (bank regulator), as applicable, of its intent to engage in municipal securities and/or municipal advisory activities.
- **Business Information:** Registrants would provide their firm's physical address and Web site address, if any.
- **Form of Organization:** Each registrant would be required to disclose its legal form from a list that includes: Corporation, Sole Proprietorship (for individuals), Limited Liability Partnership, Partnership, Limited Liability Company, Limited Partnership, or Other (registrant would be required to specify). This list is identical to the list of organization types on the Commission's Form MA, which will be completed by municipal advisors. Registrants would also be required to provide the city and state in which they are incorporated, organized or established.
- **Types of Business Activity:** Each registrant would be required to identify its types of business activities. Multiple

activities may be selected. The types of business activities a registrant would be able to select from are based on the registration category or categories selected by the registrant (*i.e.*, dealer and/or municipal advisor). The municipal advisor business activities substantially mirror the business activity categories available on the Commission's Form MA. However, abbreviated titles are used in Form A-12. Detailed descriptions of each business activity would be provided in the MSRB Registration Manual. The following are the business activities that would be available on Form A-12 for each registration category:

- **Business Activities of Broker/Dealers—Municipal Fund Securities:** 529 Plan Underwriting, 529 Plan Sales, Local Government Investment Pool Distributor/Sales, Other (registrant to specify).
- **Business Activities of Broker/Dealers—Sales/Trading:** Retail Sales, Institutional Sales, Trading—Proprietary, Trading—Inter-Dealer, Broker's Broker Activities, Online Brokerage.
- **Business Activities of Broker/Dealer—Other:** Underwriting, Clear and settle transactions as National Securities Clearing Corporation (NSCC) participant, Alternative Trading System, Remarket Variable Rate Demand Obligations (VRDOs), Auction Rate Securities (ARS) Program Dealer, Research, Engage in other activities that require registration (registrant to specify).
- **Business Activities of Municipal Advisors:** Issuance Advice, Investment Advice—Proceeds of Municipal Securities, Investment Advice—Funds of Municipal Entity, Municipal Escrow Investment Advice, Municipal Escrow Investment Brokerage, Guaranteed Investment Contracts Advice, Municipal Derivatives Advice, Solicitation of Business—Investment Advisory, Solicitation of Business—Other than Investment Advisory, Municipal Advisor/Underwriter Selection Advice, Other (registrant to specify).
- **Contact Information:** Rather than provide a primary electronic mail contact as is required currently, registrants would provide contact information on Form A-12 for a primary regulatory contact, master account administrator, billing contact, compliance contact, and data quality contact. Registrants may also provide an optional regulatory contact, optional data quality contact and/or optional technical contact. Registrants would be required to provide the name, title, address, phone number, and email address of each contact entered on the

form. Registrants would be permitted to designate one individual for any or all of the contacts required under the proposed rule change. Below are brief descriptions of each contact:

- **Primary & Optional Regulatory Contact:** For dealers, the primary regulatory contact would be required to be a registered principal. It would be the responsibility of the primary regulatory contact to receive official communications from the MSRB, similar to the role of the primary electronic mail contact under current Rule G-40. Also, the primary regulatory contact, optional regulatory contact or compliance contact would be required to annually affirm the information in Form A-12.
- **Master Account Administrator:** The master account administrators would maintain each registrant's MSRB Gateway account (a web portal containing all MSRB Market Transparency submission services, applications and the associated forms), ensure only appropriate personnel of the registrant have access to MSRB systems, and serve as the MSRB's primary contact for any and all issues that may arise regarding the account.
- **Billing Contact:** Each registrant would provide a billing contact who is responsible for receiving electronic statements and invoices from the MSRB that relate to fees assessed under MSRB Rules A-12 and A-13, facilitating payment of such invoices, and acting as the MSRB's first point of contact regarding billing and payment questions for such fees. The addition of this contact would assist registrants by directing the MSRB's billing questions to the individual at the registered entity, thereby avoiding unnecessary communications with the primary regulatory contact.
- **Compliance Contact:** The compliance contact would be an individual capable of competently responding to inquiries from the MSRB about registrants' monitoring of day-to-day operations, internal controls, and policies and procedures established to comply with applicable rules and regulations. Also, the compliance contact, primary regulatory contact or optional regulatory contact would be required to annually affirm the information in Form A-12.
- **Primary & Optional Data Quality Contact:** Each registrant would be required to identify an individual that would respond to MSRB inquiries relating to the quality and control of the data the registrant transmits to the MSRB as part of its trade reporting and

other regulatory obligations.<sup>12</sup> Registrants would also have the option to provide a second contact person capable of responding to MSRB communications regarding the quality and control of the registrant's data transmissions.

- *Optional Technical Contact:*

Registrants would have the option of providing a technical contact that would be able to respond to inquiries from the MSRB related to a registrant's technical capabilities and any technical issues in connection with trade reporting and other programs.

- *Trade Reporting:* Form A-12 would require registrants to select a prescribed method for reporting municipal securities transactions to the MSRB and receiving and responding to transaction and error feedback messages from the MSRB.

- *Submission Information:*

Registrants would select among three manners of reporting transactions to the MSRB: (1) Self-report trades using a message-based trade portal operated by the NSCC and RTTM Web (an electronic platform maintained by NSCC-Fixed Income Services for the submission, collection and monitoring of trade data); (2) have their trades reported by another dealer acting as agent; or (3) self-report through RTRS Web (a web based reporting mechanism maintained by the MSRB for submitting, modifying and canceling municipal securities transactions as well as for modifications to regulatory data on inter-dealer transactions). If a registrant chooses to submit trades through another dealer acting as agent, the registrant must include the identity of such intermediary dealer to be used as a submitter.

- *Feedback Information:* Registrants would be required to select among three methods to receive and respond to transaction status and error feedback messages from the MSRB: (1) Email; (2) Process MT509 messages (a standardized electronic messaging format used by dealers when reporting trade data from computer to computer); or (3) RTRS Web. If registrants select to receive transaction status and error feedback messages through email, the registrant would be required to include the email address that would receive such messages.

- *Trade Reporting Identifiers:* Registrants would continue to be required to provide certain trade reporting identifiers, as currently required under Rule G-14. These include their Executing Broker Symbols (EBS) (also known as Market Participant Identifiers or MPIDs) assigned by NASDAQ and, for registrants that report transactions using a message-based portal operated by the NSCC, their NSCC Participant Identifier.

Rules A-14, A-15 and G-40

The entire rule language for Rules A-14, A-15 and G-40 would be deleted.

Forms RTRS and G-40

Forms RTRS and G-40 would be discontinued.

Rule G-14(b)(iv)

Amended Rule G-14(b)(iv) would replace a requirement to provide a completed Form RTRS with a provision exempting dealers from all of the requirements listed in Rule G-14(b), related to trade reporting, if the dealer does not effect any municipal securities transactions or if the dealer's transactions in municipal securities are limited to (1) transactions in securities without assigned CUSIP numbers, (2) transactions in municipal fund securities, or (3) inter-dealer transactions for principal movement of securities between dealers that are not inter-dealer transactions eligible for comparison in a clearing agency registered with the Commission.<sup>13</sup> Furthermore, the amended rule would require dealers to confirm that they qualified for the exemption as provided in proposed Rule A-12(g).<sup>14</sup>

Rule G-14(b)(v)

The entire language from this section would be deleted.

Rule G-14(c)

The reference to the testing procedures contained in the RTRS Users Manual would be deleted.

## 2. Statutory Basis

The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2)(C) of the Act,<sup>15</sup> which provides that the MSRB's rules shall:

<sup>13</sup> MSRB Rule G-14(b)(vi).

<sup>14</sup> In connection with the proposed rules change, as a result of the proposed deletion of Form RTRS, the MSRB proposes deleting the following sentence in the description of the Facility for Real-Time Transaction Reporting and Price Dissemination (the "REAL-TIME TRANSACTION REPORTING SYSTEM" or "RTRS"): "The requirement for testing and submission of a "Form RTRS" with the name of a contact person is reflected in Rule G-14."

<sup>15</sup> 15 U.S.C. 78o-4(b)(2)(C).

be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities and municipal financial products, to remove impediments to and perfect the mechanism of a free and open market in municipal securities and municipal financial products, and, in general, to protect investors, municipal entities, obligated persons, and the public interest.

As summarized above, the proposed rule change removes impediments to dealers and municipal advisors by streamlining the registration process for new registrants. The MSRB believes that the consolidation into a single rule of requirements currently located in multiple rules will clarify and simplify the identification of regulatory requirements. The MSRB also believes that the new electronic form will reduce the burden on registrants who currently must complete multiple forms to register with the MSRB. The proposed rule change also would allow the MSRB to collect information on the business activities of registrants, which would assist the MSRB and other appropriate regulatory authorities in regulating dealers and municipal advisors.

The MSRB also believes that the proposed rule change is consistent with Section 15B(b)(2)(J) of the Act,<sup>16</sup> which provides that the MSRB's rules shall:

provide that each municipal securities broker, municipal securities dealer, and municipal advisor shall pay to the Board such reasonable fees and charges as may be necessary or appropriate to defray the costs and expenses of operating and administering the Board. Such rules shall specify the amount of such fees and charges, which may include charges for failure to submit to the Board, or to any information system operated by the Board, within the prescribed timeframes, any items of information or documents required to be submitted under any rule issued by the Board.

The MSRB regards the obligation to pay late fees for failure to pay any fee assessed under Rules A-12 and A-13 as reasonable for several reasons. No dealer or municipal advisor will be obligated to pay a late fee if it remits the applicable fee under Rules A-12 or A-13 in the timeframe required by MSRB rules. Furthermore, the MSRB believes that the existence of late fee provisions will promote timely compliance with MSRB rules on fees.

## B. Self-Regulatory Organization's Statement on Burden on Competition

The MSRB does not believe that the proposed rule change would impose any

<sup>16</sup> 15 U.S.C. 78o-4(b)(2)(J).

<sup>12</sup> There are no data submission requirements for municipal advisors or dealers exempt from the transaction reporting requirements under current Rule G-14(b)(vi) (proposed Rule G-14(b)(v)) at this time. However, these registrants must designate a data quality contact because future rulemaking may impose new data submission requirements on these registrants.

burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The MSRB solicited comments on the potential burden of the proposed rule change in a request for comment.<sup>17</sup> Among the questions asked were:

- Would the proposed changes make it easier for regulated entities to understand and follow the registration requirements of the MSRB? Are there other ways for the MSRB to assist new registrants in meeting their registration requirements?

- Relative to the process for registration today, do the proposed changes offer any benefits to regulated entities?

- To the extent the proposed changes would impose any *new* burdens on regulated entities, please describe those burdens in detail and quantify them, to the extent possible.

- Would the waiver of the following year's annual fee for firms that register in September be appropriate relief for firms that seek to register at the end of a fiscal year?

- Would the assessment of late fees impose any undue burden on firms that fail to pay the requisite fees in a timely fashion? If so, what alternatives should the MSRB consider as means to promote the payment of fees in a timely manner?

- Are there any other provisions in MSRB rules that should be consolidated into the proposed new registration rule?

The specific comments and responses that were received to these questions are discussed below. The MSRB believes that the proposed rule change would benefit dealers and municipal advisors by improving the efficiency by which they register with the MSRB.

Specifically, the proposed rule change would consolidate and clarify the registration process through a single rule and form, rather than multiple rules and forms, as is the case currently. The MSRB believes that the proposed rule and form would reduce the amount of inquiries by registrants to the MSRB about the registration process, thereby reducing the amount of time and expense incurred by registrants when registering and maintaining their registration. In addition, registrants would benefit from the changes proposed to the assessment of the annual fee by permitting regulated entities that register and pay the annual fee in September to avoid the annual fee for the following fiscal year. This change would reduce costs to new registrants by eliminating the need to

pay for the entire year when registering in the last month of the fiscal year.

The MSRB recognizes that there are costs of compliance associated with the proposed rule change. The MSRB notes, however, that the requirement to submit additional information about each regulated entity and its business activities would apply equally to all registered entities. Moreover, the MSRB believes that other elements of the proposed rule change, including the consolidation of various "registration" rules and forms would serve to make the registration process more efficient for dealers and municipal advisors.

The MSRB notes that several commenters have stated that the proposed rule change would improve the municipal securities market and its efficient operation, and that any burden created by the proposed rule change is outweighed by the benefits received by registrants and the municipal securities marketplace.

#### *C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

The proposed rule change was developed with input from a diverse group of market participants. On August 19, 2013, the MSRB published the August Notice soliciting comment on the rule proposals regarding registration under Rule A-12, Rule G-14 and Form A-12. The MSRB received four letters in response to the August Notice.<sup>18</sup>

#### Discussion of Comments

##### Support for the Consolidation of the Registration Rules

*Comments:* SIFMA, NAIPFA and FSI expressed support of the consolidation of the registration process, the proposed rules and the new electronic registration form. SIFMA stated that the proposed rule change makes "the registration process easier to understand, and that is a benefit to regulated entities" and that there were no additional provisions in the MSRB rules that needed to be consolidated into the new rule. NAIPFA and FSI expressed their support of the consolidation and wrote that the proposed rule change would simplify the registration process and add clarity to the registration rules and process. In expressing its support for the proposed rule change, FSI stated that the provision of the proposed rule change

that allows registrants who register in the last month of the fiscal year to not pay the annual fee for the following fiscal year would "allow flexibility and relief for some new registered entities." FSI also stated that the proposed rule change is a "net positive" that would "increase the uniformity between [the] information collected by the MSRB and other self-regulatory organizations." Mr. Neufeld of U.S. Bancorp stated that he supported a simplification of the registration process that removes ambiguities.

*MSRB Response:* The MSRB acknowledges these comments.

##### Application and Structure of Fees

*Comments:* SIFMA sought clarification that the initial fee assessed under Rule A-12 would be required only of new MSRB registrants and not of current registrants that have already paid the \$100 initial fee and would be submitting a new Form A-12 in compliance with the proposed Rule A-12.

*MSRB Response:* MSRB would not charge existing registrants an additional \$100 initial fee for completing the new form, if such registrants have already paid the initial fee.

##### Creation of a New Fee: Late Fees

*Comments:* While FSI expressed a general concern about fee increases, it stated that it is not opposed to the MSRB charging the late fees because such fees are "*de minimis* in nature."

*MSRB Response:* The MSRB acknowledges these comments but notes that the applicable standard under the Act for these fees is that they be reasonable.

##### Functions of Form A-12

*Comments:* SIFMA asked for clarification on whether registrants would be able to enter multiple business activity types on Form A-12. SIFMA expressed concern that the part of Form A-12 that requires regulated entities to provide the "type of business activity" in which the regulated entity plans to conduct is singular and does not consider the fact that many regulated entities engage in multiple types of business activities. SIFMA recommended that Form A-12 permit a singular registration by a regulated entity for multiple business activities.

*MSRB Response:* On the new Form A-12, registrants would be able to indicate that they engage in multiple types of municipal securities and/or municipal advisory activities. Therefore, regulated entities need only complete a single Form A-12, even for multiple types of municipal securities activities and/or

<sup>17</sup> See MSRB Notice 2013-19 (August 19, 2013) (the "August Notice").

<sup>18</sup> Comment Letters were received from: Financial Services Institute ("FSI"); National Association of Independent Public Finance Advisors ("NAIPFA"); Securities Industry and Financial Markets Association ("SIFMA"); and Herbert Neufeld of U.S. Bancorp Investments, Inc. ("Neufeld/U.S. Bancorp").

multiple types of municipal advisory activities, and even if registering as both a dealer and municipal advisor.

#### Improvements to Registration Forms and Process

*Comments:* SIFMA suggested that the MSRB use a spreadsheet to maintain the registrant contact information similar to a spreadsheet purportedly used by the Financial Industry Regulatory Authority (FINRA) to collect contact information for submitters to FINRA's Trade Reporting and Compliance Engine (TRACE) system.

*MSRB Response:* MSRB staff has been informed by FINRA that it no longer collects contact information in the manner described by SIFMA. Under the proposed rule change, the trade reporting information would be entered directly on Form A-12, thereby streamlining the registration process.

*Comments:* NAIPFA stated that it would welcome additional efforts by the MSRB to harmonize its registration process with that of the SEC in terms of developing a more standardized or uniform initial registration form/system designed to avoid the current duplicative SEC and MSRB registration process. Also, NAIPFA suggested that the MSRB standardize its forms and process for updating registrant information between the MSRB and the SEC.

*MSRB Response:* The MSRB has reviewed the SEC forms and process established for registering municipal advisors in creating new Form A-12 and has harmonized the business activities on Form A-12 with SEC Form MA.

#### III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period of up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve or disapprove such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be 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, as modified by Amendment No. 1 thereto, 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](mailto:rule-comments@sec.gov). Please include File Number SR-MSRB-2013-09 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-MSRB-2013-09. 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 such filing also will be available for inspection and copying at the principal office of the MSRB. 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-MSRB-2013-09, and should be *submitted on or before* February 4, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>19</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2014-00463 Filed 1-13-14; 8:45 am]

**BILLING CODE 8011-01-P**

<sup>19</sup> 17 CFR 200.30-3(a)(12).

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71257; File No. SR-Phlx-2014-03]

### Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Customer Rebate Program

January 8, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 3, 2014, NASDAQ OMX PHLX LLC ("Phlx" or "Exchange") 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 the Exchange. 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 the Substance of the Proposed Rule Change

The Exchange proposes to amend the Customer Rebate Program in Section B of the Pricing Schedule.

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaqomxphlx.cchwallstreet.com/>, at the principal office of the Exchange, 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, the Exchange 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. The Exchange 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

The Exchange proposes to amend certain Customer Rebate tier percentage thresholds and add a new tier to the

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

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