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

Because the proposed rule change does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act[12] and Rule 19b–4(f)(6)(iii) thereunder.[13]

The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest, as it will allow the obvious error pilot program to continue uninterrupted while the industry gains further experience operating under the Plan, and avoid any investor confusion that could result from a temporary interruption in the pilot program. For this reason, the Commission designates the proposed rule change to be operative upon filing.[14]

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–BX–2015–012 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090.

All submissions should refer to File Number SR–BX–2015–012. 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 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–BX–2015–012, and should be submitted on or before March 19, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[15]

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 2015–03957 Filed 2–25–15; 8:45 am]

BILLING CODE 8011–01–P

[12] 15 U.S.C. 78s(b)(3)(A).

[13] 17 CFR 240.19b–4(f)(6)(iii). As required under Rule 19b–4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

[14] For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[15] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–74339; File No. SR–FINRA–2014–047]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Instituting Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change To Adopt FINRA Rule 2241 (Research Analysts and Research Reports) in the Consolidated FINRA Rulebook

February 20, 2015.

I. Introduction

On November 14, 2014, Financial Industry Regulatory Authority, Inc. (''FINRA'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder,[2] a proposed rule to adopt NASD Rule 2711 (Research Analysts and Research Reports) as a FINRA rule, with several modifications, amend NASD Rule 1050 (Registration of Research Analysts) and Incorporated NYSE Rule 344 to create an exception from the research analyst qualification requirement, and renumber NASD Rule 2711 as FINRA Rule 2241 in the consolidated FINRA rulebook. The proposal was published for comment in the **Federal Register** on November 24, 2014.[3] The Commission received four comments on the proposal.[4] This order institutes proceedings under Section 19(b)(2)(B) of the Act[5] to determine whether to approve or disapprove the proposed rule change.

II. Description of the Proposed Rule Change

As described more fully in the Notice, FINRA proposed to adopt in the

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

[2] 17 CFR 240.19b–4.

[3] Exchange Act Release No. 73622 (Nov. 18, 2014); 79 FR 69939 (Nov. 24, 2014) (''Notice''). On January 6, 2015, FINRA consented to extending the time period for the Commission to either approve or disapprove the proposed rule change, or to institute proceedings to determine whether to approve or disapprove the proposed rule change, to February 20, 2015.

[4] *See* Letter from Kevin Zambrowicz, Associate General Counsel & Managing Director and Sean Davy, Managing Director, SIFMA, dated Dec. 15, 2014 (''SIFMA''), Letter from Hugh D. Berkson, President-Elect, Public Investors Arbitration Bar Association, dated Dec. 15, 2014 (''PIABA Equity''), Letter from Stephanie R. Nicholas, WilmerHale, dated Dec. 16, 2014 (''WilmerHale Equity''), and Letter from William Beatty, President and Washington (State) Securities Administrator, North American Securities Administrators Association, Inc., dated Dec. 19, 2014 (''NASAA Equity'').

[5] 15 U.S.C. 78s(b)(2)(B).

Consolidated FINRA Rulebook NASD Rule 2711 (Research Analysts and Research Reports) with several modifications as FINRA Rule 2241. The proposed rule change also would amend NASD Rule 1050 (Registration of Research Analysts) and Incorporated NYSE Rule 344 (Research Analysts and Supervisory Analysts) to create an exception from the research analyst qualification requirements.

FINRA believes that the proposed rule change would retain the core provisions of the current rules, broaden the obligations on members to identify and manage research-related conflicts of interest, restructure the rules to provide some flexibility in compliance without diminishing investor protection, extend protections where gaps have been identified, and provide clarity to the applicability of existing rules. Where consistent with protection of users of research, FINRA believes that the proposed rule change reduces burdens where appropriate.

As stated above, the Commission received four comments on the proposal. Of these, three expressed general support for the proposal,[6] but one objected to the general formulation of the proposal as a principles-based rule.[7]

A. Definitions

FINRA proposed to generally maintain the definitions in current NASD Rule 2711, with a few modifications. These modifications included (1) minor changes to the definition of ''investment banking services'' to clarify that such services include all acts in furtherance of a public or private offering on behalf of an issuer; [8] (2) clarification in the definition of ''research analyst account'' that the definition does not apply to a registered investment company over which a research analyst or member of the research analyst's household has discretion or control, provided that the research analyst or member of the research analyst's household has no financial interest in the investment company, other than a performance or management fee,[9] (3) exclusion from the definition of ''research report'' of communications concerning open-end registered investment companies that are not listed or traded on an exchange (mutual funds); [10] and (4) moving into the definitional section the definitions of ''third-party research report'' and ''independent third-party research report'' that are now in a separate provision of the rule.[11]

One commenter requested that the proposal define the term ''sales and trading personnel'' as ''persons who are primarily responsible for performing sales and trading activities, or exercising direct supervisory authority over such persons.'' [12] The commenter's proposed definition is intended to clarify that the proposed restrictions on sales and trading personnel activities should not extend to: (1) Senior management who do not directly supervise those activities but have a reporting line from such personnel (*e.g.,* the head of equity capital markets); or (2) persons who occasionally function in a sales and trading capacity.

This commenter also asked FINRA to include an exclusion from the definition of ''research report'' for private placement memoranda and similar offering-related documents prepared in connection with investment banking services transactions.[13] The commenter noted that such offering-related documents typically are prepared by investment banking personnel or non-research personnel on behalf of investment banking personnel. The commenter asserted that absent an express exception, the proposals could turn investment banking personnel into research analysts and make the rule unworkable. The commenter noted that NASD Rule 2711(a) excludes communications that constitute statutory prospectuses that are filed as part of a registration statement and contended that the basis for that exception should apply equally to private placement memoranda and similar offering-related documents.

B. Identifying and Managing Conflicts of Interest

FINRA proposed to create a new section entitled ''Identifying and Managing Conflicts of Interest.'' This section contains an overarching provision that requires members to establish, maintain and enforce written policies and procedures reasonably designed to identify and effectively manage conflicts of interest related to the preparation, content and distribution of research reports and public appearances by research analysts and the interaction between research analysts and persons outside of the research department, including investment banking and sales and trading personnel, the subject companies and customers.[14] The written policies and procedures must be reasonably designed to promote objective and reliable research that reflects the truly held opinions of research analysts and to prevent the use of research or research analysts to manipulate or condition the market or favor the interests of the member or a current or prospective customer or class of customers.[15] These provisions, FINRA asserted, set out the fundamental obligation for a member to establish and maintain a system to identify and mitigate conflicts to foster integrity and fairness in its research products and services. The proposed rule change then set forth minimum requirements for those written policies and procedures. According to FINRA, this approach would allow for some flexibility to manage identified conflicts, with some specified prohibitions and restrictions where disclosure does not adequately mitigate them. FINRA asserted that most of the minimum requirements have been experience tested and found effective.

The rule proposal thus would adopt a policies and procedures approach to identification and management of research-related conflicts of interest and require those policies and procedures to prohibit or restrict particular conduct. Commenters expressed several concerns with this approach.

Two commenters asserted that the mix of a principles-based approach with prescriptive requirements was confusing in places and posed operational challenges. In particular, the commenters recommended eliminating the minimum standards for the policies and procedures.[16] One of those commenters had previously expressed support for the proposed policies-based approach with minimum requirements,[17] but asserted that the proposed rule text requiring procedures to ''at a minimum, be reasonably designed to prohibit'' specified conduct is either superfluous or confusing. Another commenter opposed a shift to a policies and procedures scheme ''without also maintaining the

[6] SIFMA, PIABA Equity, and WilmerHale Equity.

[7] NASAA Equity.

[8] *See* proposed FINRA Rule 2241(a)(5). The current definition includes, without limitation, many common types of investment banking services. FINRA proposed to add the language ''or otherwise acting in furtherance of'' either a public or private offering to further emphasize that the term ''investment banking services'' is meant to be construed broadly.

[9] *See* proposed FINRA Rule 2241(a)(9).

[10] *See* proposed FINRA Rule 2241(a)(11).

[11] *See* proposed FINRA Rules 2241(a)(3) and (14). FINRA believes it creates a more streamlined and user friendly rule to combine defined terms in a single definitional section.

[12] WilmerHale Equity.

[13] WilmerHale Equity.

[14] *See* proposed FINRA Rule 2241(b)(1).

[15] *See* proposed FINRA Rule 2241(b)(2).

[16] SIFMA and WilmerHale Equity.

[17] Letter from Amal Aly, Managing Director and Associate General Counsel, SIFMA, to Marcia E. Asquith, Corporate Secretary, FINRA, dated November 14, 2008 regarding *Regulatory Notice* 08–55 (Research Analysts and Research Reports).

proscriptive nature of the current rules.'' The commenter therefore favored retaining the proscriptive approach in the current rules and also requiring that firms maintain policies and procedures designed to ensure compliance.[18] One commenter questioned the necessity of the ''preamble'' requiring policies and procedures that ''restrict or limit activities by research analysts that can reasonably be expected to compromise their objectivity'' that precedes specific prohibited activities related to investment banking transactions.[19]

One commenter asked FINRA to refrain from using the concept of ''reliable'' research in the proposals as it may inappropriately connote accuracy in the context of a research analyst's opinions.[20] However, another commenter supported the requirement to have policies and procedures reasonably designed to ensure that research reports are based on reliable information.[21]

1. Prepublication Review

As proposed, the first of these minimum requirements would require that the policies and procedures prohibit prepublication review, clearance or approval of research reports by persons engaged in investment banking services activities and restrict or prohibit such review, clearance or approval by other persons not directly responsible for the preparation, content and distribution of research reports, other than legal and compliance personnel.[22] No specific comments were received on this provision.

2. Coverage Decisions

The proposed rule change would require that the policies and procedures restrict or limit input by the investment banking department into research coverage decisions to ensure that research management independently makes all final decisions regarding the research coverage plan.[23]

One commenter asked FINRA to eliminate as redundant the term ''independently'' from the provisions permitting non-research personnel to have input into research coverage, so long as research management ''independently makes all final decisions regarding the research coverage plan.'' [24] The commenter asserted that inclusion of ''independently'' is confusing since the proposal would permit input from non-research personnel into coverage decisions.

3. Supervision and Control of Research Analysts

The proposed rule change would require that the policies and procedures prohibit persons engaged in investment banking activities from supervision or control of research analysts, including influence or control over research analyst compensation evaluation and determination.[25] No specific comments were received on this provision.

4. Research Budget Determinations

The proposed rule change would require that the policies and procedures limit determination of the research department budget to senior management, excluding senior management engaged in investment banking services activities.[26] No specific comments were received on this provision.

5. Compensation

The proposed rule change would require that the policies and procedures prohibit compensation based upon specific investment banking services transactions or contributions to a member's investment banking services activities.[27] The policies and procedures further would require a committee that reports to the member's board of directors—or if none exists, a senior executive officer—to review and approve at least annually the compensation of any research analyst who is primarily responsible for preparation of the substance of a research report. The committee would not be permitted to have representation from a member's investment banking department. The committee would be required to consider, among other things, the productivity of the research analyst and the quality of his or her research and must document the basis for each research analyst's compensation.[28] FINRA stated that these provisions are consistent with the requirements in current Rule 2711(d). No specific comments were received on this provision.

6. Information Barriers

The proposed rule change would require that the policies and procedures establish information barriers or other institutional safeguards to ensure that research analysts are insulated from the review, pressure or oversight by persons engaged in investment banking services activities or other persons, including sales and trading personnel, who might be biased in their judgment or supervision.[29]

Some commenters suggested that ''review'' was unnecessary in this provision because the review of research analysts was addressed sufficiently in other parts of the proposed rule.[30] One commenter further suggested that the terms ''review'' and ''oversight'' are redundant.[31] One commenter asked FINRA to clarify that the information barriers or other institutional safeguards required by the proposed rule are not intended to prohibit or limit activities that would otherwise be permitted under other provisions of the rule.[32] The commenter also asserted that the terms ''bias'' and ''pressure'' are broad and ambiguous on their face and requested that FINRA clarify that for purposes of the information barriers requirement that they are intended to address persons who may try to improperly influence research.[33] As an example, the commenter asked whether a bias would be present if an analyst was pressured to change the format of a research report to comply with the research department's standard procedures or the firm's technology specifications. One commenter asked FINRA to modify the information barriers or other institutional safeguards requirement to conform the provision to FINRA's ''reasonably designed'' standard for policies and procedures that members must adopt.[34]

7. Retaliation

The proposed rule change would require that the policies and procedures prohibit direct or indirect retaliation or threat of retaliation against research analysts employed by the member or its affiliates by persons engaged in investment banking services activities or other employees as the result of an adverse, negative, or otherwise unfavorable research report or public appearance written or made by the research analyst that may adversely affect the member's present or prospective business interests.[35] No specific comments were received on this provision.

[18] NASAA Equity.
[19] WilmerHale Equity.
[20] SIFMA.
[21] NASAA Equity.
[22] *See* proposed FINRA Rule 2241(b)(2)(A).
[23] *See* proposed FINRA Rule 2241(b)(2)(B).
[24] WilmerHale Equity.
[25] *See* proposed FINRA Rule 2241(b)(2)(C).
[26] *See* proposed FINRA Rule 2241(b)(2)(D).
[27] *See* proposed FINRA Rule 2241(b)(2)(E).
[28] *See* proposed FINRA Rule 2241(b)(2)(F).
[29] *See* proposed FINRA Rule 2241(b)(2)(G).
[30] SIFMA and WilmerHale Equity.
[31] WilmerHale Equity.
[32] WilmerHale Equity.
[33] WilmerHale Equity.
[34] WilmerHale Equity.
[35] *See* proposed FINRA Rule 2241(b)(2)(H).

8. Quiet Periods

The proposed rule change would require that the policies and procedures define quiet periods of a minimum of 10 days after an initial public offering (''IPO''), and a minimum of three days after a secondary offering, during which the member must not publish or otherwise distribute research reports, and research analysts must not make public appearances, relating to the issuer if the member has participated as an underwriter or dealer in the IPO or, with respect to the quiet periods after a secondary offering, acted as a manager or co-manager of that offering.[36]

With respect to these quiet-period provisions, the proposed rule change would reduce the current 40-day quiet period for IPOs to a minimum of 10 days after the completion of the offering for any member that participated as an underwriter or dealer, and reduces the 10-day secondary offering quiet period to a minimum of three days after the completion of the offering for any member that has acted as a manager or co-manager in the secondary offering. The proposed rule change also eliminates the current quiet periods 15 days before and after the expiration, waiver or termination of a lock-up agreement.

Citing recent enforcement actions in the research area, one commenter did not support elimination or reduction of the quiet periods.[37] Other commenters requested that FINRA retain the exceptions in NASD Rule 2711(f) that permits: (i) The publication and distribution of research or a public appearance concerning the effects of significant news or a significant event on the subject company during the quiet period; and (ii) the publication of distribution of research pursuant to Rule 139 under the Securities Act of 1933.[38]

9. Solicitation and Marketing

In addition, the proposed rule change would require firms to adopt written policies and procedures to restrict or limit activities by research analysts that can reasonably be expected to compromise their objectivity.[39] This would include the existing prohibitions on participation in pitches and other solicitations of investment banking services transactions and road shows and other marketing on behalf of issuers related to such transactions. FINRA noted that consistent with existing guidance analysts may listen to or view a live webcast of a transaction-related road show or other widely attended presentation by investment banking to investors or the sales force from a remote location, or another room if they are in the same location.[40]

The proposed rule change also would add Supplementary Material .01, which would codify FINRA's existing interpretation that the solicitation provision prohibits members from including in pitch materials any information about a member's research capacity in a manner that suggests, directly or indirectly, that the member might provide favorable research coverage.[41]

No specific comments were received on this provision.

10. Joint Due Diligence and Other Interactions With Investment Banking

The proposed rule would establish a new proscription with respect to joint due diligence activities—*i.e.,* due diligence by the research analyst in the presence of investment banking department personnel—during a specified time period. Specifically, proposed Supplementary Material .02 states that FINRA interprets the overarching principle requiring members to, among other things, establish, maintain and enforce written policies and procedures that address the interaction between research analysts and those outside of the research department, including investment banking and sales and trading personnel, subject companies and customers, to prohibit the performance of joint due diligence prior to the selection of underwriters for the investment banking services transaction.

The proposed rule would continue to prohibit investment banking department personnel from directly or indirectly directing a research analyst to engage in sales or marketing efforts related to an investment banking services transaction, and directing a research analyst to engage in any communication with a current or prospective customer about an investment banking services transaction.[42] Supplementary Material .03 clarifies that three-way meetings between research analysts and a current or prospective customer in the presence of investment banking department personnel or company management about an investment banking services transaction would be prohibited by this provision.[43] FINRA believes that the presence of investment bankers or issuer management could compromise a research analyst's candor when talking to a current or prospective customer about a deal. Supplementary Material .03 would also retain the current requirement that any written or oral communication by a research analyst with a current or prospective customer or internal personnel related to an investment banking services transaction must be fair, balanced and not misleading, taking into consideration the overall context in which the communication is made.

No specific comments were received on this provision.

11. Promises of Favorable Research and Prepublication Review by Subject Company

FINRA proposed to maintain the current prohibition against promises of favorable research, a particular research recommendation, rating or specific content as inducement for receipt of business or compensation.[44] The proposed rule would further require policies and procedures to prohibit prepublication review of a research report by a subject company for purposes other than verification of facts.[45] Supplementary Material .05 would maintain the current guidance applicable to the prepublication submission of a research report to a subject company. Specifically, sections of a draft research report would be permitted to be provided to non-investment banking personnel or the subject company for factual review, provided that: (1) The draft sections do not contain the research summary, research rating or price target; (2) a complete draft of the report is provided to legal or compliance personnel before sections are submitted to non-investment banking personnel or the subject company; and (3) any subsequent proposed changes to the rating or price target are accompanied by a written justification to legal or compliance and receive written authorization for the change. The member also would be required to retain copies of any draft and the final version of the report for three years.[46] No specific comments were received on this provision.

[36] *See* proposed FINRA Rule 2241(b)(2)(I). Consistent with the Jumpstart Our Business Startups Act (''JOBS Act''), those quiet periods do not apply following the IPO or secondary offering of an Emerging Growth Company, as that term is defined in Section 3(a)(80) of the Act.

[37] NASAA Equity.

[38] SIFMA, WilmerHale Equity.

[39] *See* proposed FINRA Rule 2241(b)(2)(L).

[40] *See* NASD *Notice to Members* 07–04 (January 2007) and NYSE *Information Memo* 07–11 (January 2007).

[41] *See* proposed FINRA Rule 2241.01 and *Notice to Members* 07–04 (January 2007).

[42] *See* proposed FINRA Rule 2241(b)(2)(M).

[43] *See* proposed FINRA Rule 2241.03.

[44] *See* proposed FINRA Rule 2241(b)(2)(K).

[45] *See* proposed FINRA Rule 2241(b)(2)(N).

[46] *See* proposed FINRA Rule 2241.05.

12. Personal Trading Restrictions

FINRA proposed to require that firms establish written policies and procedures that restrict or limit research analyst account trading in securities, any derivatives of such securities and funds whose performance is materially dependent upon the performance of securities covered by the research analyst.[47] Such policies and procedures would be required to ensure that research analyst accounts, supervisors of research analysts and associated persons with the ability to influence the content of research reports do not benefit in their trading from knowledge of the content or timing of a research report before the intended recipients of such research have had a reasonable opportunity to act on the information in the research report.[48] The proposal would maintain the current prohibitions on research analysts receiving pre-IPO shares in the sector they cover and trading against their most recent recommendations. However, members would be permitted to define financial hardship circumstances, if any, in which a research analyst would be permitted to trade against his or her most recent recommendation.[49] The proposed rule change includes Supplementary Material .10, which would provide that FINRA would not consider a research analyst account to have traded in a manner inconsistent with a research analyst's recommendation where a member has instituted a policy that prohibits any research analyst from holding securities, or options on or derivatives of such securities, of the companies in the research analyst's coverage universe, provided that the member establishes a reasonable plan to liquidate such holdings consistent with the principles in paragraph (b)(2)(J)(i) and such plan is approved by the member's legal or compliance department.[50] No specific comments were received on this provision.

C. Content and Disclosure in Research Reports

With a couple of modifications, the proposed rule change would maintain the current disclosure requirements. The proposed rule change would add a requirement that a member must establish, maintain and enforce written policies and procedures reasonably designed to ensure that purported facts in its research reports are based on reliable information.[51] FINRA stated that it has included this provision because it believes members should have policies and procedures to foster verification of facts and trustworthy research on which investors may rely. The policies and procedures also must be reasonably designed to ensure that any recommendation, rating or price target has a reasonable basis and is accompanied by a clear explanation of any valuation method used and a fair presentation of the risks that may impede achievement of the recommendation, rating or price target.[52]

In addition, the proposed rule change would require a member to disclose in any research report at the time of publication or distribution of the report: [53]

- If the research analyst or a member of the research analyst's household has a financial interest in the debt or equity securities of the subject company (including, without limitation, whether it consists of any option, right, warrant, future, long or short position), and the nature of such interest; [54]
- If the research analyst has received compensation based upon (among other factors) the member's investment banking revenues; [55]
- If the member or any of its affiliates: (i) Managed or co-managed a public offering of securities for the subject company in the past 12 months; (ii) received compensation for investment banking services from the subject company in the past 12 months; or (iii) expects to receive or intends to seek compensation for investment banking services from the subject company in the next three months; [56]
- If, as of the end of the month immediately preceding the date of publication or distribution of a research report (or the end of the second most recent month if the publication or distribution date is less than 30 calendar days after the end of the most recent month), the member or its affiliates have received from the subject company any compensation for products or services other than investment banking services in the previous 12 months; [57]
- If the subject company is, or over the 12-month period preceding the date of publication or distribution of the research report has been, a client of the member, and if so, the types of services provided to the issuer. Such services, if applicable, must be identified as either investment banking services, non-investment banking services, non-investment banking securities-related services or non-securities services; [58]
- If the member or its affiliates maintain a significant financial interest in the debt or equity securities of the subject company including, at a minimum, if the member or its affiliates beneficially own 1% or more of any class of common equity securities of the subject company; [59]
- If the member was making a market in the securities of the subject company at the time of publication or distribution of the research report; [60] and
- If the research analyst received any compensation from the subject company in the previous 12 months.[61]

The proposed rule change would also expand upon the current ''catch-all'' disclosure, which mandates disclosure of any other material conflict of interest of the research analyst or member that the research analyst knows or has reason to know of at the time of the publication or distribution of a research report. The proposed rule change would go beyond the existing provision by requiring disclosure of material conflicts known not only by the research analyst, but also by any ''associated person of the member with the ability to influence the content of a research report.'' [62] The proposed rule change defines a person with the ''ability to influence the content of a research report'' as an associated person who, in the ordinary course of that person's duties, has the authority to review the research report and change that research report prior to publication or distribution.[63] FINRA stated that the ''reason to know'' standard in this provision would not impose a duty of inquiry on the research analyst or others who can influence the content of a research report. Rather, it would cover disclosure of those conflicts that should reasonably be discovered by those persons in the ordinary course of discharging their functions.

The proposal would retain the general exception for disclosure that would reveal material non-public information regarding specific potential future investment banking transactions of the

[47] *See* proposed FINRA Rule 2241(b)(2)(J).

[48] *See* proposed FINRA Rule 2241(b)(2)(J)(i).

[49] *See* proposed FINRA Rule 2241(b)(2)(J)(ii).

[50] *See* proposed FINRA Rule 2241.10.

[51] *See* proposed FINRA Rule 2241(c)(1)(A).

[52] *See* proposed FINRA Rule 2241(c)(1)(B).

[53] *See* proposed FINRA Rule 2241(c)(4).

[54] *See* proposed FINRA Rule 2241(c)(4)(A).

[55] *See* proposed FINRA Rule 2241(c)(4)(B).

[56] *See* proposed FINRA Rule 2241(c)(4)(C).

[57] *See* proposed FINRA Rule 2241(c)(4)(D).

[58] *See* proposed FINRA Rule 2241(c)(4)(E).

[59] *See* proposed FINRA Rule 2241(c)(4)(F). FINRA stated that the requirement to disclose beneficial ownership of 1% or more of any class of common equity securities of the subject company is the same as NASD Rule 2711(h)(1)(B).

[60] *See* proposed FINRA Rule 2241(c)(4)(G).

[61] *See* proposed FINRA Rule 2241(c)(4)(H).

[62] *See* proposed FINRA Rule 2241(c)(4)(I).

[63] *See* proposed FINRA Rule 2241.08.

subject company.[64] The proposal also continues to permit a member that distributes a research report covering six or more companies (compendium report) to direct the reader in a clear manner as to where the applicable disclosures can be found. An electronic compendium research report may hyperlink to the disclosures. A paper compendium report may include a toll-free number or a postal address where the reader may request the disclosures. In addition, paper compendium reports may include a web address where the disclosures can be found.[65]

One commenter opposed as overbroad the proposed expansion of the current ''catch-all'' disclosure requirement to include ''any other material conflict of interest of the research analyst or member that a research analyst *or an associated person of the member with the ability to influence* the content of a research report knows or has reason to know'' at the time of publication or distribution of research report.[66] (emphasis added) The commenter expressed concern about the emphasized language. Another commenter supported the proposed expansion of the current ''catch-all'' disclosure requirement.[67]

Two commenters opposed the requirement in the equity proposal that members disclose, in an equity research report, if they or their affiliates maintain a significant financial interest in the debt of the research company.[68] The commenters noted that the debt research analyst proposal does not contain a dedicated requirement to disclose significant debt holdings; rather, it relies on the ''catch-all'' provision, which would require disclosure of a firm's debt holdings of a subject company only where it rises to an actual material conflict of interest. The commenters asserted that the reasoning in the debt proposal—*e.g.,* that firms do not have systems to track ownership of debt securities and that the number and complexity of bonds and the fact that a firm may be both long and short different bonds of the same issuer makes real-time disclosure of credit exposure difficult—applies equally to equity research. Another commenter supported the requirement in the equity proposal that members disclose, in an equity research report, if they or their affiliates maintain a significant financial interest in the debt of the research company.[69]

One commenter also stated that while FINRA correctly noted that the United Kingdom's Financial Conduct Authority rules require disclosure of debt holdings in equity research reports, that requirement is more akin to the ''catch-all'' provision because the disclosure is limited to circumstances where the holdings ''may reasonably be expected to impair the objectivity of research recommendations'' or ''are significant in relation to the research recommendations.''

One commenter also requested confirmation that members may rely on hyperlinked disclosures for research reports that are delivered electronically, even if these reports are subsequently printed out by customers.[70]

D. Disclosures in Public Appearances

The proposal groups in a separate provision the disclosures required when a research analyst makes a public appearance.[71] The required disclosures would remain substantively the same as under the current rules,[72] with one exception: consistent with the modification referenced above with respect to disclosure in research reports, a research analyst is similarly required to disclose in a public appearance if a member or its affiliates maintain a ''significant financial interest in the debt or equity of the subject company,'' including, at a minimum, if the member or its affiliates beneficially own 1% or more of any class of common equity securities of the subject company, as computed in accordance with Section 13(d) of the Exchange Act. Unlike in research reports, the ''catch all'' disclosure requirement in public appearances applies only to a conflict of interest of the research analyst or member that the research analyst knows or has reason to know at the time of the public appearance. The proposal also retains the current requirement in NASD Rule 2711(h)(12) to maintain records of public appearances sufficient to demonstrate compliance by research analysts with the applicable disclosure requirements.[73] No specific comments were received on this provision not already discussed in connection with the disclosures that would be required in research reports.

E. Disclosure Required by Other Provisions

With respect to both research reports and public appearances, members and research analysts would continue to be required to comply with applicable disclosure provisions of FINRA Rule 2210 and the federal securities laws.[74] No specific comments were received on this provision.

F. Termination of Coverage

The proposed rule change retains with non-substantive modifications the provision in the current rules that requires a member to notify its customers if it intends to terminate coverage of a subject company.[75] Such notification would need to be made promptly [76] using the member's ordinary means to disseminate research reports on the subject company to its various customers. Unless impracticable, the notice would be required to be accompanied by a final research report, comparable in scope and detail to prior research reports, and include a final recommendation or rating. If impracticable to provide a final research report, recommendation or rating, a firm would be required to disclose to its customers the reason for terminating coverage. No specific comments were received on this provision.

G. Distribution of Member Research Reports

The proposal would require firms to establish, maintain and enforce written policies and procedures reasonably designed to ensure that a research report is not distributed selectively to internal trading personnel or a particular customer or class of customers in advance of other customers that the firm has previously determined are entitled to receive the research report.[77] The proposal includes further guidance to explain that firms would be permitted to provide different research products and services to different classes of customers, provided the products are not differentiated based on the timing of receipt of potentially market moving information and the firm discloses its research dissemination practices to all customers that receive a research product.[78]

One commenter supported the provisions regarding different research products and services as proposed with general disclosure,[79] while another

[64] *See* proposed FINRA Rule 2241(c)(5).
[65] *See* proposed FINRA Rule 2241(c)(7).
[66] WilmerHale Equity.
[67] NASAA Equity.
[68] SIFMA, WilmerHale Equity.
[69] NASAA Equity.
[70] WilmerHale Equity.
[71] *See* proposed FINRA Rule 2241(d).
[72] *See* NASD Rules 2711(h)(1), (h)(2)(B) and (C), (h)(3), and (h)(9).
[73] *See* proposed FINRA Rule 2241(d)(3).
[74] *See* proposed FINRA Rule 2241(e).
[75] *See* proposed FINRA Rule 2241(f).
[76] While current Rule 2711(f)(6) does not contain the word ''promptly,'' FINRA has interpreted the provision to require prompt notification of termination of coverage of a subject company.
[77] *See* proposed FINRA Rule 2241(g).
[78] *See* proposed FINRA Rule 2241.07.
[79] WilmerHale Equity.

contended that FINRA should require members to disclose when their research products and services do, in fact, contain a recommendation contrary to the research product or service received by other customers.[80] The commenter favoring general disclosure asserted that disclosure of specific instances of contrary recommendations would impose significant burdens unjustified by the investor protection benefits. The commenter stated that a specific disclosure requirement would require close tracking and analysis of every research product or service to determine if a contrary recommendation exists. The commenters further stated that the difficulty of complying with such a requirement would be exacerbated in large firms by the number of research reports published and research analysts employed and the differing audiences for research products and services.[81] They asserted that some firms may publish tens of thousands of research reports each year and employ hundreds of analysts across various disciplines and that a given research analyst or supervisor could not reasonably be expected to know of all other research products and services that may contain differing views.

H. Distribution of Third-Party Research Reports

The proposal would maintain the existing third-party disclosure requirements,[82] incorporating the change to the ''catch-all'' provision to include material conflicts of interest that an associated person of the member with the ability to influence the content of a research report knows or has reason to know at the time of the distribution of the third-party research report. In addition, the proposed rule change would require members to disclose any other material conflict of interest that can reasonably be expected to have influenced the member's choice of a third-party research provider or the subject company of a third-party research report.[83]

FINRA stated that the proposal would continue to address qualitative aspects of third-party research reports. For example, the proposal would maintain, but in the form of policies and procedures, the existing requirement that a registered principal or supervisory analyst review and approve third-party research reports distributed by a member. To that end, the proposed rule change would require a member to establish, maintain and enforce written policies and procedures reasonably designed to ensure that any third-party research it distributes contains no untrue statement of material fact and is otherwise not false or misleading. For the purpose of this requirement, a member's obligation to review a third-party research report would extend to any untrue statement of material fact or any false or misleading information that should be known from reading the research report or is known based on information otherwise possessed by the member.[84] The proposal further would prohibit a member from distributing third-party research if it knows or has reason to know that such research is not objective or reliable.[85]

The proposal would maintain the existing exceptions for ''independent third-party research reports.'' Specifically, such research would not require principal pre-approval or, where the third-party research is not ''pushed out,'' the third-party disclosures.[86] As to the latter, a member would not be considered to have distributed independent third-party research where the research is made available by the member: (a) Upon request; (b) through a member-maintained Web site; or (c) to a customer in connection with a solicited order in which the registered representative has informed the customer, during the solicitation, of the availability of independent research on the solicited equity security and the customer requests such independent research.

Finally, under the proposed rule change, members would be required to ensure that a third-party research report is clearly labeled as such and that there is no confusion on the part of the recipient as to the person or entity that prepared the research report.[87]

No specific comments were received on this provision.

I. Exemption for Firms With Limited Investment Banking Activity

The current rule exempts firms with limited investment banking activity—those that over the previous three years, on average per year, have managed or co-managed 10 or fewer investment banking transactions and generated $5 million or less in gross revenues from those transactions—from the provisions that prohibit a research analyst from being subject to the supervision or control of an investment banking department employee because the potential conflicts with investment banking are minimal.[88] However, those firms remain subject to the provision that requires the compensation of a research analyst to be reviewed and approved annually by a committee that reports to a member's board of directors, or a senior executive officer if the member has no board of directors.[89] That provision further prohibits representation on the committee by investment banking department personnel and requires the committee to consider the following factors when reviewing a research analyst's compensation: (1) The research analyst's individual performance, including the research analyst's productivity and the quality of research; (2) the correlation between the research analyst's recommendations and the performance of the recommended securities; and (3) the overall ratings received from clients, the sales force and peers independent of investment banking, and other independent ratings services.[90] The proposed rule change would extend the exemption for firms with limited investment banking activity so that such firms would not be subject to the compensation committee provision. The proposal would still prohibit these firms from compensating a research analyst based upon specific investment banking services transactions or contributions to a member's investment banking services activities.[91]

The proposed rule change would further exempt firms with limited investment banking activity from the provisions restricting or limiting research coverage decisions and budget determination. In addition, the proposal would exempt eligible firms from the requirement to establish information barriers or other institutional safeguards to insulate research analysts from the review or oversight by investment banking personnel or other persons,

[80] PIABA Equity.

[81] WilmerHale Equity.

[82] NASD Rule 2711(h)(13)(A) currently requires the distributing member firm to disclose the following, if applicable: (1) If the member owns 1% or more of any class of equity securities of the subject company; (2) if the member or any affiliate has managed or co-managed a public offering of securities of the subject company or received compensation for investment banking services from the subject company in the past 12 months, or expects to receive or intends to seek compensation for such services in the next three months; (3) if the member makes a market in the subject company's securities; and (4) any other actual, material conflict of interest of the research analyst or member of which the research analyst knows or has reason to know at the time the research report is distributed or made available.

[83] *See* proposed FINRA Rule 2241(h)(4).

[84] *See* proposed FINRA Rules 2241(h)(1) and (h)(3).

[85] *See* proposed FINRA Rule 2241(h)(2).

[86] *See* proposed FINRA Rule 2241(h)(5) and (6).

[87] *See* proposed FINRA Rule 2241(h)(7).

[88] *See* NASD Rule 2711(k).

[89] *See* NASD Rule 2711(d)(2).

[90] *See* NASD Rule 2711(d) and (k).

[91] *See* proposed FINRA Rules 2241(b)(2)(E) and (i).

including sales and trading personnel, who may be biased in their judgment or supervision. However, those firms would still be required to establish information barriers or other institutional safeguards reasonably designed to ensure that research analysts are insulated from *pressure* by investment banking and other non-research personnel who might be biased in their judgment or supervision.

No specific comments were received on this provision.

J. Exemption From Registration Requirements for Certain ''Research Analysts''

The proposed rule change would amend the definition of ''research analyst'' for the purposes of the registration and qualification requirements to limit the scope to persons who produce ''research reports'' and whose primary job function is to provide investment research (*e.g.*, registered representatives or traders generally would not be included).[92] FINRA stated that the revised definition is not intended to carve out anyone for whom the preparation of research is a significant component of their job. Rather, it is intended to provide relief for those who produce research reports on an occasional basis. The existing research rules, in accordance with the mandates of the Sarbanes-Oxley Act of 2002 (''Sarbanes-Oxley''), are constructed such that the author of a communication that meets the definition of a ''research report'' is a ''research analyst,'' irrespective of his or her title or primary job.

No specific comments were received on this provision.

K. Attestation Requirement

The proposed rule change would delete the requirement to attest annually that the firm has in place written supervisory policies and procedures reasonably designed to achieve compliance with the applicable provisions of the rules, including the compensation committee review provision. No specific comments were received on this provision.

L. Obligations of Persons Associated With a Member

Supplementary Material .09 clarifies the obligations of each associated person under those provisions of the proposed rule change that require a member to restrict or prohibit certain conduct by establishing, maintaining and enforcing particular written policies and procedures. Specifically, the rule provides that, consistent with FINRA Rule 0140, persons associated with a member would be required to comply with such member's policies and procedures as established pursuant to proposed FINRA Rule 2241.[93] Failure of an associated person to comply with such policies and procedures would constitute a violation of the rule itself. In addition, consistent with Rule 0140, the rule states that it would be a rule violation for an associated person to engage in the restricted or prohibited conduct to be addressed through the establishment, maintenance and enforcement of policies and procedures required by provisions of Rule 2241, including applicable Supplementary Material, that embed in the policies and procedures specific obligations on individuals.

Some commenters suggested FINRA eliminate language in the supplementary material that provides that the failure of an associated person to comply with the firm's policies and procedures constitutes a violation of the proposed rule itself.[94] These commenters argued that because members may establish policies and procedures that go beyond the requirements set forth in the rule, the provision may have the unintended consequence of discouraging firms from creating standards in their policies and procedures that extend beyond the rule. One of those commenters suggested that the remaining language in the supplementary material adequately holds individuals responsible for engaging in restricted or prohibited conduct covered by the proposals.[95]

M. General Exemptive Authority

The proposed rule change would provide FINRA, pursuant to the Rule 9600 Series, with authority to conditionally or unconditionally grant, in exceptional and unusual circumstances, an exemption from any requirement of the proposed rule for good cause shown, after taking into account all relevant factors and provided that such exemption is consistent with the purposes of the rule, the protection of investors, and the public interest.[96]

One commenter opposed this provision.[97] The commenter stated that the provision had not been sufficiently justified by, among other things, providing examples of where an exemption would be justified.

N. Other General Comments

One commenter asked FINRA to confirm in any Regulatory Notice announcing adoption of the proposed rule change that provisions relating to research coverage and budget decisions and joint due diligence are intended to supersede the corresponding terms of the Global Research Analyst Settlement (''Global Settlement'').[98]

Also, one commenter requested that the implementation date be at least 12 months after Commission approval of the proposed rule change.[99] Another commenter similarly requested that FINRA provide a ''grace period'' of one year or the maximum time permissible, if that is less than one year, between the adoption of the proposed rule and the implementation date.[100]

III. Proceedings To Determine Whether To Approve or Disapprove SR–FINRA–2014–047

The Commission is instituting proceedings pursuant to Section 19(b)(2)(B) of the Act to determine whether the proposals should be approved or disapproved.[101] Institution of such proceedings is appropriate at this time in view of the legal and policy issues raised by the proposal. Institution of proceedings does not indicate that the Commission has reached any conclusions with respect to any of the issues involved. Rather, as described below, the Commission seeks and encourages interested persons to comment on the proposed rule change.

Pursuant to Section 19(b)(2)(B) of the Act,[102] the Commission is providing notice of the grounds for disapproval under consideration. The Commission is instituting proceedings to allow for additional analysis of the proposed rule change's consistency with Section 15A(b)(9) of the Act,[103] which requires that FINRA's rules be designed to, among other things, promote just and

[92] *See* proposed NASD Rule 1050(b) and proposed Incorporated NYSE Rule 344.10.

[93] *See* proposed FINRA Rule 2241.09. FINRA Rule 0140(a), among other things, provides that persons associated with a member shall have the same duties and obligations as a member under the Rules.

[94] SIFMA and WilmerHale Equity.

[95] WilmerHale Equity.

[96] *See* proposed FINRA Rule 2241(j).

[97] NASAA Equity.

[98] WilmerHale Equity.

[99] SIFMA.

[100] WilmerHale Equity.

[101] 15 U.S.C. 78s(b)(2). Section 19(b)(2)(B) of the Act provides that proceedings to determine whether to disapprove a proposed rule change must be concluded within 180 days of the date of publication of notice of the filing of the proposed rule change. The time for conclusion of the proceedings may be extended for up to an additional 60 days if the Commission finds good cause for such extension and publishes its reasons for so finding or if the self-regulatory organization consents to the extension.

[102] 15 U.S.C. 78s(b)(2).

[103] 15 U.S.C. 78o–3(b)(6).

equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest, and Section 15D of the Act,[104] which requires rules reasonably designed to address conflicts of interest that can arise when research analysts recommend equity securities in research reports and public appearances.

IV. Procedure: Request for Written Comments

The Commission requests that interested persons provide written submissions of their views, data, and arguments with respect to the concerns identified above, as well as any others they may have with the proposed rule change. In particular, the Commission invites the written views of interested persons concerning whether the proposed rule change is inconsistent with Sections 15A(b)(9) and 15D, or any other provision of the Act, or the rules and regulation thereunder. Although there do not appear to be any issues relevant to approval or disapproval which would be facilitated by an oral presentation of views, data, and arguments, the Commission will consider, pursuant to Rule 19b-4, any request for an opportunity to make an oral presentation.[105]

Interested persons are invited to submit written data, views, and arguments regarding whether the proposed rule changes should be approved or disapproved by March 19, 2015. Any person who wishes to file a rebuttal to any other person's submission must file that rebuttal by April 2, 2015.

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–FINRA–2014–047 on the subject line.

Paper Comments

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090.

All submissions should refer to File Number SR–FINRA–2014–047. 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 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–FINRA–2014–047 and should be submitted on or before March 19, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[106]

Jill M. Peterson,

Assistant Secretary.

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[104] 15 U.S.C. 78o–6.

[105] Section 19(b)(2) of the Act, as amended by the Securities Act Amendments of 1975, Pub. L. 94–29 (June 4, 1975), grants the Commission flexibility to determine what type of proceeding—either oral or notice and opportunity for written comments—is appropriate for consideration of a particular proposal by a self-regulatory organization. *See* Securities Act Amendments of 1975, Senate Comm. on Banking, Housing & Urban Affairs, S. Rep. No. 75, 94th Cong., 1st Sess. 30 (1975).

[106] 17 CFR 200.30–3(a)(57).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–74337; File No. SR–Phlx–2015–19]

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Extend the Pilot Program Regarding Exchange Rule 1047(f)(v)

February 20, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1], and Rule 19b–4 thereunder,[2] notice is hereby given that, on February 19, 2015, 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 and II 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 extend the pilot program regarding Exchange Rule 1047(f)(v), which provides for how the Exchange treats obvious and catastrophic options errors in response to the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act (the ''Limit Up-Limit Down Plan'' or the ''Plan'').[3] The Exchange proposes to extend the pilot period until October 23, 2015.

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

In April 2013,[4] the Commission approved a proposal, on a one year pilot basis, to adopt Exchange Rule 1047(f)(v)

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

[2] 17 CFR 240.19b–4.

[3] Securities Exchange Act Release Nos. 69141 (March 15, 2013), 78 FR 17262 (March 20, 2013); and 69344 (April 8, 2013), 78 FR 22001 (April 12, 2013) (SR–Phlx–2013–29).

[4] Securities Exchange Act Release No. 69344 (April 8, 2013), 78 FR 22001 (April 12, 2013) (SR–Phlx–2013–29).