

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-NASDAQ-2012-024 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-NASDAQ-2012-024. 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 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NASDAQ-2012-024 and should be submitted on or before March 7, 2012.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

**Kevin M. O'Neill,**  
*Deputy Secretary.*

[FR Doc. 2012-3556 Filed 2-14-12; 8:45 am]

**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-66364; File No. SR-FINRA-2011-064]

### **Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of Amendment No. 2 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 2, Adopting FINRA Rule 4524 (Supplemental FOCUS Information) and Proposed Supplementary Schedule to the Statement of Income (Loss) Page of FOCUS Reports**

February 9, 2012.

#### **I. Introduction**

On November 1, 2011, the 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 ("Exchange Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> proposed FINRA Rule 4524 (Supplemental FOCUS Information) to require each member, as FINRA shall designate, to file such additional financial or operational schedules or reports as FINRA may deem necessary as a supplement to the FOCUS report. The proposed rule change was published for comment in the **Federal Register** on November 14, 2011.<sup>3</sup> The Commission received five comments on the proposed rule change.<sup>4</sup> FINRA filed Amendment No. 1 on February 8, 2012, which was subsequently withdrawn.<sup>5</sup> FINRA filed Amendment No. 2 to the proposed rule change on February 8, 2012.<sup>6</sup> The

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

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

<sup>3</sup> See Securities Exchange Act Release No. 65700 (November 7, 2011), 76 FR 70523 (November 14, 2011).

<sup>4</sup> See Letter from Pat Nelson, dated November 30, 2011 ("Nelson"); George Hessler, Stock USA Execution Services, Inc., to Marcia Asquith, Secretary, FINRA, dated November 25, 2011 ("Stock USA"); Holly H. Smith and Susan S. Krawczyk, Sutherland Asbill & Brennan LLP, for the Committee of Annuity Insurers, to Elizabeth M. Murphy, Secretary, SEC, dated December 5, 2011 ("CAI"); Howard Spindel and Cassandra E. Joseph, Integrated Management Solutions USA LLC, dated December 5, 2011 ("IMS letter"); Nancy Brda to Elizabeth M. Murphy, Newedge USA, LLC, dated December 5, 2011 ("Newedge") (*Available at* <http://www.sec.gov/comments/sr-finra-2011-064/finra2011064.shtml>).

<sup>5</sup> Amendment No. 1, dated February 8, 2012, was withdrawn on February 8, 2012.

<sup>6</sup> See Amendment No. 2 dated February 8, 2012 ("Amendment No. 2"). The text of Amendment No. 2 is available on FINRA's Web site at <http://www.finra.org>, at the principal office of FINRA, and on the Commission's Web site, <http://www.sec.gov/rules/sro.shtml>.

Commission is publishing this notice and order to solicit comments on Amendment No. 2 and to approve the proposed rule change, as modified by Amendment No. 2, on an accelerated basis.

#### **II. Description of Proposed Rule Change**

Pursuant to Exchange Act Rule 17a-5, FINRA members are required to file with FINRA reports concerning their financial and operational status using SEC Form X-17A-5, Financial and Operational Combined Uniform Single (FOCUS) Report.<sup>7</sup> FINRA is proposing to adopt FINRA Rule 4524, which provides that as a supplement to filing FOCUS reports pursuant to Exchange Act Rule 17a-5 and FINRA Rule 2010, each member, as FINRA shall designate, shall file such additional financial or operational schedules or reports as FINRA may deem necessary or appropriate for the protection of investors or in the public interest. FINRA Rule 4524 also provides that FINRA will specify the content of such additional schedules or reports, their format, and the timing and the frequency of such supplemental filings in a Regulatory Notice (or similar communication) issued pursuant to the Rule. Finally, FINRA Rule 4524 provides that FINRA will file with the Commission pursuant to Exchange Act Section 19(b) the content of any such *Regulatory Notice* (or similar communication) issued pursuant to the Rule.

Pursuant to proposed FINRA Rule 4524, FINRA is proposing a Supplemental Statement of Income ("SSOI") to magnify the data from the Statement of Income (Loss) page of the FOCUS Reports. The proposed SSOI is intended to capture more granular detail of a firm's revenue and expense information. The lack of more specific revenue and expense categories for certain business activities on the Statement of Income (Loss) page of the FOCUS Reports has led many firms to report much of their revenue and expenses as "other" (miscellaneous), a very general categorization that provides FINRA limited visibility into revenue and expense trends. The proposed SSOI is divided into sections containing line items that seek additional detail to permit FINRA to better understand revenue sources and expense composition on an ongoing basis. This additional detail would allow FINRA to better assess risk at a firm, and as a result, better allocate examination resources. As modified by Amendment No. 2, each member would be required

<sup>7</sup> 17 CFR 240.17a-5.

<sup>14</sup> 17 CFR 200.30-3(a)(12).

to file with FINRA the proposed SSOI within 20 business days of the end of each calendar quarter.

The proposed SSOI contains a *de minimis* exception for providing details of revenue and expenses for certain designated sections. If a member's total dollar amount for a designated section is \$5,000 or less for the reporting period, the member would only be required to enter the total dollar amount to complete the section. As modified by Amendment No. 2, the reporting threshold has been amended to include as a component to the *de minimis* exception for certain designated sections a percentage of gross revenue threshold. Additionally, not every line item would apply to every member, especially those with limited product offerings, thus limiting the burden of completing the form.

The proposed SSOI includes a new Operational Page that would collect additional information from certain members with respect to participation in unregistered offerings during the reporting period. Members whose revenue from unregistered offerings exceeds 10% of total revenue for the reporting period would be required to complete the Operational Page by providing specific information about each unregistered offering. FINRA believes that such information would provide it with greater transparency and a stronger understanding regarding the types of unregistered offerings that generate significant revenue for members.

FINRA will announce the implementation dates of the proposed SSOI in a *Regulatory Notice* to be published no later than 60 days following Commission approval of the proposed rule change. The implementation date of the proposed schedule will be no sooner than 180 days, and no later than 365 days, following Commission approval of the proposed rule change.

### III. Summary of Comment Letters

The proposed rule change was published for comment in the **Federal Register** on November 14, 2011, and the comment period closed on December 5, 2011. The Commission received five comment letters in response to the proposed rule change.<sup>8</sup> On February 8, 2012, FINRA responded to the comments and filed Amendment No. 2 to the proposed rule change.<sup>9</sup>

#### A. Reporting Threshold

Several commenters expressed concerns that the reporting threshold was too low and should be raised.<sup>10</sup> One commenter suggested moving to a range that would allow a large firm with significant revenues to have a *de minimis* exception in the range of \$250,000–\$500,000.<sup>11</sup> Two commenters thought the \$5,000 threshold was too low and suggested a reporting threshold of \$10,000 or of 5% or 10% of gross revenue (*i.e.*, firms would not be required to report any information on product lines that represented less than 5% or 10% of their gross revenue).<sup>12</sup> One commenter suggested a *de minimis* exception for items less than \$25,000.<sup>13</sup> This commenter also expressed concerns that the proposal was anti-small business, because it required the same level of detail for every broker-dealer.<sup>14</sup>

In its response to comments, FINRA stated that Amendment No. 2 amends the SSOI and the instructions to include as a component of the *de minimis* exception for certain designated sections a percentage of the gross revenue threshold.<sup>15</sup> FINRA explained that if the aggregate amount for the designated section is less than the greater of \$5,000 or 5% of the firm's total revenue or total expense, as applicable, for a reporting period, the member would only be required to enter the aggregate amount to complete the section. FINRA also stated that it added a *de minimis* exception for the revenue from sale of insurance based products section on the SSOI. Finally, FINRA stated that it had clarified language on the SSOI and the instructions regarding the reporting thresholds for other expenses and other revenue.

#### B. Filing Time Frame

One commenter suggested that firms needed additional time to file the SSOI.<sup>16</sup> Since the FOCUS filings are due on the 17th business day of the month, the commenter suggested an additional 3–5 days to submit the Supplemental Filing after the FOCUS report would be helpful.<sup>17</sup> In its Response to Comments FINRA stated that it recognizes that the new report will involve an additional amount of work for members and

believes that it is reasonable to give members an additional three business days to file the SSOI. FINRA, therefore, amended its proposal to require the SSOI to be filed within 20 business days after the end of the calendar quarter.<sup>18</sup>

#### C. Instructions and Definitions

One commenter believes that FINRA should provide more precise definitions for certain product lines on the SSOI, in order to avoid duplicative or inconsistent reporting.<sup>19</sup> This commenter also stated that FINRA should define more precisely the product lines listed on the SSOI.<sup>20</sup> Another commenter believes that the instructions could be construed as misleading, because of the choices available for a firm to use “firm selected methodology” (*i.e.*, firm discretion).<sup>21</sup>

In its Response to Comments, FINRA stated that for certain revenue items, where specific and/or detailed instructions are not provided on the SSOI, FINRA expects firms to report the revenue in accordance with the definition and/or methodology used for preparing the FOCUS report. FINRA further stated that it believed the instructions to the SSOI contained sufficient clarity for certain definitions, such as “commodities,” “corporate debt,” “US Government and Agency Securities,” and “asset backed securities;” however, FINRA clarified the instructions with respect to the term “foreign exchange.” FINRA also added instructions regarding non-securities insurance based products. Finally, FINRA stated that the term “derivatives other than listed or unlisted options” does not appear in the proposed SSOI.<sup>22</sup>

#### D. Small Firm Concerns

One commenter believes that FINRA should make available a less detailed SSOI to small broker-dealers.<sup>23</sup> Another commenter was concerned that the new categories of product lines will be difficult to complete and that firms may make mistakes when completing the report, leading to fines levied for late or incorrect submissions.<sup>24</sup>

In its Response to Comments, FINRA stated that it believed the information being required in the SSOI is important to identify regulatory risks and trends, irrespective of firm size. FINRA also explained that many of the line items will not apply to smaller firms with limited product offerings. Further,

<sup>8</sup> See *supra* note 4.

<sup>9</sup> See *supra* note 5. On December 21, 2011, FINRA extended the time period for Commission action until February 10, 2012. See <http://www.finra.org/web/groups/industry/@ip/@reg/@rulfil/documents/rulefilings/p125317.pdf>.

<sup>10</sup> CAI; Newedge; IMS; Stock USA.

<sup>11</sup> CAI.

<sup>12</sup> Newedge; IMS.

<sup>13</sup> Stock USA.

<sup>14</sup> *Id.*

<sup>15</sup> See Letter from Matthew E. Vitek, Counsel, FINRA, to Elizabeth M. Murphy, Secretary, Commission dated February 8, 2012 (“Response to Comments”).

<sup>16</sup> Newedge.

<sup>17</sup> *Id.*

<sup>18</sup> Response to Comments.

<sup>19</sup> Newedge.

<sup>20</sup> *Id.*

<sup>21</sup> IMS.

<sup>22</sup> Response to Comments.

<sup>23</sup> IMS.

<sup>24</sup> Stock USA.

FINRA reiterated that it was modifying the SSOI to broaden the *de minimis* exception, making the form much less complicated and time consuming for smaller firms, and that the form should not require sophisticated systems to generate the information.<sup>25</sup>

#### E. Reporting Exemption

One commenter believes that firms that “do not engage in risky business lines, and who provide financial information that is already transparent” should be exempted from completing the SSOI.<sup>26</sup> As an example, the commenter suggested that mutual fund wholesalers and variable annuity principal underwriters and wholesalers that are limited purpose broker-dealers are categories of firms that should be exempted.<sup>27</sup> One commenter also discussed the role the supplemental filing would play with respect to a broker-dealer’s annual audit.<sup>28</sup>

In its Response to Comments, FINRA stated that it does not agree that firms such as variable annuity principal underwriters and wholesalers should be exempt. FINRA believes the required information is important to identify revenue sources, enable FINRA to segment firms, and identify regulatory risk and trends without regard to the business model of the member or whether a particular business segment or product line has raised recent regulatory concerns.<sup>29</sup> FINRA also noted that revenue streams of variable annuity principal underwriters and wholesalers are not transparent from the FOCUS report as it currently exists.<sup>30</sup> Finally, FINRA noted that many of the line items will not apply to firms with limited product offerings, such as mutual fund wholesalers and variable annuity principal underwriters and wholesalers.<sup>31</sup>

#### F. Exemption From Operational Page Reporting

One commenter, CAI, suggested that there was an inconsistency between the proposed Operational Page and FINRA offering rules, specifically FINRA Rule 5110.<sup>32</sup> CAI notes that FINRA Rule 5110 exempts ten types of offerings from the rule, including offerings of open and closed-end investment companies, offerings of variable annuities, and offerings of modified guaranteed annuity contracts and modified

guaranteed life insurance policies.<sup>33</sup> CAI suggested that there is an inconsistency between the proposed Operational Page and certain FINRA offering rules, stating, “that offerings that are exempted from FINRA offering rules should not be subject to the Operational Page.”<sup>34</sup>

In response to these concerns, FINRA explained its view that the commenter did not recognize the different purposes the Operational Page serves from FINRA Rule 5110. The Operational Page of the SSOI is intended to provide FINRA with greater transparency as to the source of the revenues associated with unregistered offerings when such revenues are a material percentage of a firm’s overall revenues. FINRA Rule 5110 regulates the underwriting terms and arrangements of most public offerings of securities sold through FINRA members. While not subject to FINRA Rule 5110, information about the exempted offerings identified by this commenter would provide FINRA with a better understanding regarding the types of unregistered offerings that generate significant revenue for members. In this regard, FINRA notes that it has found significant problems in several recent examinations and investigations, including fraud and sales practice abuses in Regulation D offerings.<sup>35</sup> FINRA further noted that the SSOI would not be a report that is required to be audited under Exchange Act Rule 17a–5.

#### G. Reporting Issues

One commenter stated that FINRA should give more consideration to member practices and procedures with respect to their books and records.<sup>36</sup> This commenter stated that firms organize “revenue data based on internal definitions of business lines and to comply with generally accepted accounting principles (“GAAP”). These internal categories allocate income based on how member firms view the nature and scope of their business lines.”<sup>37</sup> The commenter believes, therefore, that FINRA’s proposed schedule, which requires reporting by product lines, contradicts GAAP rules and procedures. The commenter also believes that, “FINRA is artificially forcing firms to differentiate income

generated by investments from that of trading by requiring that revenue be reported by how the income might be taxed.”<sup>38</sup> Further, this commenter noted that FINRA’s stated purpose of obtaining more granular information is not achieved, because the proposal allows for a dozen separate categories for trading income data but only one line for capital gains or losses related to longer-term investments.<sup>39</sup>

In its Response to Comments, FINRA disagreed that the proposal is at odds with member practices. FINRA stated that the SSOI is similar to the FOCUS Report in that it requires members to break-out revenues based on product line and distinguishes between trading and investment gains. FINRA also stated that requesting information to be reported by product line is not inconsistent with GAAP. Further, the instructions to the SSOI require that all revenue and expense items must be reported in accordance with GAAP. With respect to breaking out trading revenue data compared to investment capital gains or losses, FINRA believes that more granular detail for trading revenue is warranted because the regulatory risks associated with trading activities differ from the regulatory risks associated with longer-term investment activities.

#### H. Alternatives

Two commenters suggested alternatives to the SSOI. One commenter asked if FINRA had researched and considered other alternatives to obtain the same information on the SSOI in another manner.<sup>40</sup> Another commenter suggested that FINRA establish a joint task force to consider producing a revised FOCUS report.<sup>41</sup>

In response to these objections to the SSOI, FINRA reiterated its previous statement that it considered various alternatives and believes that the SSOI is the most effective and timely way to obtain the additional detail of revenues earned or expenses incurred by product or more specific categories. Further, FINRA notes that it consulted with its advisory committees in connection with the development of the proposed SSOI.

#### I. Future Reports or Schedules

Several commenters expressed concerns about the implementation of future FINRA reports or schedules.<sup>42</sup> These commenters thought that

<sup>25</sup> Response to Comments.

<sup>26</sup> CAI.

<sup>27</sup> *Id.*

<sup>28</sup> *Id.*

<sup>29</sup> Response to Comments.

<sup>30</sup> *Id.*

<sup>31</sup> *Id.*

<sup>32</sup> CAI.

<sup>33</sup> *Id.*

<sup>34</sup> *Id.*

<sup>35</sup> Response to Comments (citing FINRA Regulatory Notice 10–22 (April 2010) in regard to Regulation D offerings and FINRA press release regarding sanction of eight firms and ten individuals for selling interests in troubled private placements).

<sup>36</sup> IMS.

<sup>37</sup> *Id.*

<sup>38</sup> *Id.*

<sup>39</sup> *Id.*

<sup>40</sup> Nelson.

<sup>41</sup> IMS.

<sup>42</sup> CAI; Nelson; Stock USA.

publication via a *Regulatory Notice* was insufficient and suggested that any future schedules or reports be done through the more typical self-regulatory organization (“SRO”) proposed rule change process.<sup>43</sup> In its Response to Comments FINRA stated that it has modified the proposed rule change to clarify that all future reports or schedules will be filed with the Commission pursuant to Exchange Act Section 19(b).<sup>44</sup> Thus, commenters will be assured of having an opportunity to comment on any request for such additional substantive information made pursuant to the proposed rule, which must be approved by the Commission before it can become effective.

#### J. Implementation Date

One commenter suggested an alternative compliance effective date of no sooner than 365 days following the Commission’s approval of the proposed rule change because members not already collecting this information will require much more time than larger firms to implement the operational and system changes the SSOI necessitates.<sup>45</sup> The commenter noted that many of its members are “mid-sized firms that will not have the granular, detailed financial information required by the SSOI at their fingertips.”<sup>46</sup>

In its Response to Comments, FINRA stated that it disagrees with the commenter and believes that the proposed implementation date, which would be no sooner than 180 days and no later than 365 days following SEC approval, strikes the proper balance of ensuring FINRA receives timely information while giving members sufficient time to file the first proposed SSOI.

#### K. SRO Rulemaking

Several commenters were concerned that FINRA did not conduct a cost-benefit analysis in its rule proposal. Specifically, one commenter stated that FINRA should conduct a more rigorous and detailed cost-benefit analysis that the industry can use to consider alternatives to the rule proposal.<sup>47</sup> Other commenters were concerned about the overall lack of a detailed cost-benefit analysis by both the Commission and FINRA.<sup>48</sup> Stock USA believes that a better justification is needed, to show “how the proposed rule will be used to

enhance its meeting of both the economic and protective provisions of Section 15A(b)(6) of the Exchange Act.”<sup>49</sup>

In its Response to Comments, FINRA noted that it believed it had complied with its rulemaking obligations under the Exchange Act, by submitting a “concise general statement of the basis and purpose” of its proposed rule. FINRA believes its proposed rule will “further strengthen FINRA’s ability to protect investors through a more informed understanding of the drivers of members’ business that can be used for more targeted examinations and to understand trends in those drivers that may portend greater risk to the firm and the protection of customer assets.”<sup>50</sup> FINRA also noted that the burden arising from completing the SSOI is outweighed by FINRA’s enhanced ability to protect investors by having a more detailed understanding of members’ sources of revenue and expense drivers.<sup>51</sup>

#### L. Comment Period

One commenter noted that the twenty-one day comment period did not allow firms sufficient time to properly estimate the costs associated with the operational and systems changes needed to complete the SSOI.<sup>52</sup> In its Response to Comments, FINRA noted that the length of a comment period is determined by the SEC and therefore outside the scope of its response.<sup>53</sup>

#### M. FINRA’s Authority

One commenter questioned FINRA’s authority to adopt a supplement to the FOCUS report and stated that no one has addressed the role such a supplement would play with respect to a broker-dealer’s annual audits.<sup>54</sup> In response, FINRA stated that as a general matter the proposed rule is consistent with Section 15A(b)(6) of the Exchange Act and is “designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade,” and, “in general, to protect investors and the public interest.”<sup>55</sup> FINRA further stated that with respect to the role the SSOI would play with respect to a broker-dealer’s annual audits, the SSOI is not one of the reports required to be audited under Exchange Act Rule 17a-5 and that FINRA does not expect or require the SSOI to be audited unless the auditor

believes there is a concern for such review.<sup>56</sup>

#### IV. Commission’s Findings

The Commission has carefully considered the proposed rule change, the comments received, Amendment No. 2, and FINRA’s Response to Comments. The Commission finds that the proposed rule change is consistent with the requirements of the Exchange Act, and the rules and regulations thereunder that are applicable to a national securities association.<sup>57</sup> In particular, the Commission finds that the proposal is consistent with Section 15A(b)(6) of the Act,<sup>58</sup> which requires, among other things, that the rules of a national securities association be designed to prevent fraudulent and manipulative acts and practices, to promote just and 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, protect investors and the public interest.

Proposed FINRA Rule 4524 and the SSOI will provide FINRA with the ability to obtain more specific information about the finances of a member broker-dealer. The Commission believes that the proposed rule change works in conjunction with the existing Commission broker-dealer financial responsibility rules and will further FINRA’s ability to oversee its members by, among other things, increasing the transparency of the various revenue streams and sources of income of broker-dealers. For example, FINRA noted in its Response to Comments that FINRA has found significant problems in several recent examinations and investigations, including fraud and sales practice abuses in Regulation D offerings.<sup>59</sup> The Commission believes the proposed rule change will give FINRA greater ability to examine the revenues of its members and therefore improve its ability to, among other things, uncover fraudulent and abusive practices that undermine public confidence in the securities markets and thus impede efficiency and capital formation.

With respect to commenter concerns that the proposed rule change would give FINRA the ability to circumvent filing proposed rule changes with the Commission and thus avoid the notice and comment process attendant thereto,

<sup>43</sup> Stock USA; Nelson; CAI.

<sup>44</sup> Response to Comments.

<sup>45</sup> CAI.

<sup>46</sup> *Id.*

<sup>47</sup> *Id.*

<sup>48</sup> Newedge; Nelson.

<sup>49</sup> Stock USA.

<sup>50</sup> Response to Comments.

<sup>51</sup> *Id.*

<sup>52</sup> CAI.

<sup>53</sup> Response to Comments.

<sup>54</sup> CAI.

<sup>55</sup> Response to Comments.

<sup>56</sup> *Id.*

<sup>57</sup> In approving this proposed rule change, the Commission notes that it has considered the proposed rule’s impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>58</sup> 15 U.S.C. 78o-3(b)(6).

<sup>59</sup> See Response to Comments.

FINRA has clarified the proposed rule change in Amendment No. 2 to make clear that any such new reports or schedules will be filed with the Commission pursuant to Exchange Act Section 19(b).<sup>60</sup> Accordingly, the proposed rule change is clear that interested parties will have opportunity to have notice of, and comment upon, future schedules or reports issued by FINRA under FINRA Rule 4524.

The Commission believes that FINRA carefully considered all comments on the proposal and has responded appropriately. FINRA's Amendment No. 2 changed the proposed rule change in response to commenter concerns to provide broker-dealers with additional time to file the SSOI and to include an additional component to the *de minimis* exception based on a percentage of gross revenue threshold. FINRA has suitably explained its reasons for declining to amend Rule 4524 and the SSOI in response to the remainder of comments it received.

#### V. Accelerated Approval

The Commission finds good cause, pursuant to Section 19(b)(2) of the Act<sup>61</sup> for approving the proposed rule change, as modified by Amendment No. 2 thereto, prior to the 30th day after publication of Amendment No. 2 in the **Federal Register**. The changes proposed in Amendment No. 2 respond to specific concerns raised by the commenters and do not raise regulatory concerns.

Accordingly, the Commission finds that good cause exists to approve the proposal, as modified by Amendment No. 2, on an accelerated basis.

#### VI. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether Amendment No. 2 to 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](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2011-064 on the subject line.

<sup>60</sup> The Commission notes that such reports or schedules, or changes to any existing reports or schedules, fall within the definition of "rules of an association" under Exchange Act Section 3(a)(27), subject to the self-regulatory organization rulemaking provisions set forth in Exchange Act Section 19(b) and Rule 19b-4 thereunder.

<sup>61</sup> 15 U.S.C. 78s(b)(2).

##### *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-FINRA-2011-064. 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-2011-064 and should be submitted on or before March 7, 2012.

#### VII. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>62</sup> that the proposed rule change (SR-FINRA-2011-064), as modified by Amendment No. 2, be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>63</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2012-3471 Filed 2-14-12; 8:45 am]

**BILLING CODE 8011-01-P**

<sup>62</sup> 15 U.S.C. 78(b)(2).

<sup>63</sup> 17 CFR 200.30-3(a)(12).

#### SMALL BUSINESS ADMINISTRATION

##### **Reporting and Recordkeeping Requirements Under OMB Review**

**AGENCY:** Small Business Administration.

**ACTION:** Notice of Reporting Requirements Submitted for OMB Review.

**SUMMARY:** Under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35), agencies are required to submit proposed reporting and recordkeeping requirements to OMB for review and approval, and to publish a notice in the **Federal Register** notifying the public that the agency has made such a submission.

**DATES:** Submit comments on or before March 16, 2012. If you intend to comment but cannot prepare comments promptly, please advise the OMB Reviewer and the Agency Clearance Officer before the deadline.

*Copies:* Request for clearance (OMB 83-1), supporting statement, and other documents submitted to OMB for review may be obtained from the Agency Clearance Officer.

**ADDRESSES:** Address all comments concerning this notice to: *Agency Clearance Officer*, Jacqueline White, Small Business Administration, 409 3rd Street SW., 5th Floor, Washington, DC 20416; and *OMB Reviewer*, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC 20503.

**FOR FURTHER INFORMATION CONTACT:** Jacqueline White, Agency Clearance Officer, (202) 205-7044.

**SUPPLEMENTARY INFORMATION:** *Title:* "Intellectual Property and Women Entrepreneurs."

*Frequency:* On Occasion.

*SBA Form Number:* N/A.

*Description of Respondents:* Women Entrepreneurs.

*Responses:* 60.

*Annual Burden:* 100.

**Jacqueline White,**

*Chief, Administrative Information Branch.*

[FR Doc. 2012-3539 Filed 2-14-12; 8:45 am]

**BILLING CODE P**

#### SMALL BUSINESS ADMINISTRATION

**[Disaster Declaration # 13002 and # 13003]**

**Alabama Disaster Number AL-00040**

**AGENCY:** U.S. Small Business Administration.

**ACTION:** Amendment 1.

**SUMMARY:** This is an amendment of the Presidential declaration of a major