

**EXHIBIT 4**

Exhibit 4 shows the changes proposed in this Amendment No. 1 only as to FINRA Rule 3110, with the proposed changes in the original filing shown as if adopted. New language proposed in this Amendment No. 1 is underlined; deletions proposed in this Amendment No. 1 are in brackets.

\* \* \* \* \*

**3110. Supervision**

**(a) Supervisory System**

Each member shall establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. Final responsibility for proper supervision shall rest with the member. A member's supervisory system shall provide, at a minimum, for the following:

(1) through (2) No Change.

(3) The registration and designation as a branch office or an office of supervisory jurisdiction (OSJ) of each location, including the main office, that meets the definitions contained in paragraph (f) of this Rule.

(4) through (7) No Change.

**(b)** through **(d)** No Change.

**(e) Responsibility of Member to Investigate Applicants for Registration**

Each member shall ascertain by investigation the good character, business reputation, qualifications and experience of an applicant before the member applies to register that applicant with FINRA and before making a representation to that effect on the application for registration.

If the applicant previously has been registered with FINRA or another self-regulatory organization, the member shall review a copy of the applicant's most recent Form U5, including any amendments thereto, within 60 days of the filing date of an application for registration, or demonstrate to FINRA that it has made reasonable efforts to do so. In conducting its review of the Form U5, the member shall take such action as may be deemed appropriate.

The member shall also review an applicant's employment experience to determine if the applicant has been recently employed by a Futures Commission Merchant or an Introducing Broker that is notice-registered with the SEC pursuant to Section 15(b)(11) of the Exchange Act. In such a case, the member shall also review a copy of the applicant's most recent CFTC Form 8-T, including any amendments thereto, within 60 days of the filing date of an application for registration, or demonstrate to FINRA that it has made reasonable efforts to do so. In conducting its review of a Form 8-T, the member shall take such action as may be deemed appropriate.

In addition, each member shall establish and implement written procedures reasonably designed to verify the accuracy and completeness of the information contained in an applicant's initial or transfer Form U4 no later than 30 calendar days after the form is filed with FINRA. Such procedures shall, at a minimum, provide for a search of reasonably available public records to be conducted by the member, or a third-party service provider, to verify the accuracy and completeness of the information contained in the applicant's initial or transfer Form U4.

**(f) Definitions**

- (1) No Change.

(2) (A) through (B) No Change.

(C) The term “business day” as used in paragraph (f)(2)(A) of this Rule shall not include any partial business day provided that the associated person spends at least four hours on such business day at his or her designated branch office during the hours that such office is normally open for business.

••• **Supplementary Material:** -----

**.01 Registration of Main Office.** A member’s main office location is required to be registered and designated as a branch office or OSJ if it meets the definitions of a “branch office” or “office of supervisory jurisdiction” as set forth in Rule 3110(f). In general, the nature of activities conducted at a main office will satisfy the requirements of such terms.

**.02 Designation of Additional OSJs.** In addition to the locations that meet the definition of OSJ in Rule 3110(f), each member shall also register and designate other offices as OSJs as is necessary to supervise its associated persons in accordance with the standards set forth in Rule 3110. In making a determination as to whether to designate a location as an OSJ, the member should consider the following factors:

(a) through (e) No Change.

**.03 through .14** No Change.

**.15 Temporary Program to Address Underreported Form U4 Information.** FINRA is establishing a temporary program that will issue a refund to members of Late Disclosure Fees assessed for the late filing of responses to Form U4 Question 14M (unsatisfied judgments or liens) if [the following conditions are met: (1)] the Form U4 amendment is filed between April 24, 2014 and July[March] 31, 2015[;] and one of the

following conditions is met: (1)[(2)] the judgment or lien has been satisfied, and at the time it was unsatisfied, it was [is] under \$5,000 and the date the judgment or lien was filed with a court [and more than five years old] ([from the date the judgment or lien is filed with a court] as reported on Form U4 Judgment/Lien DRP, Question 4.A.) was on or before August 13, 2012; or (2) [and (3) the registered person was not employed by, or otherwise associated with, the firm filing the amended Form U4 on the date] the unsatisfied judgment or lien was [filed with the court] satisfied within 30 days after the individual learned of the judgment or lien (as reported on Form U4 Judgment/Lien DRP, Question 4.B.). This program has a retroactive effective date of April 24, 2014, and it will automatically sunset on July[March] 31, 2015. Members will not be able to use the program after July[March] 31, 2015.

---

\* No Change.

\* \* \* \* \*

**EXHIBIT 5**

Exhibit 5 shows the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.

\* \* \* \* \*

**Text of Proposed New FINRA Rule 3110(e)**

\* \* \* \* \*

**3000. SUPERVISION AND RESPONSIBILITIES RELATING TO ASSOCIATED PERSONS**

**3100. SUPERVISORY RESPONSIBILITIES**

**3110. Supervision**

**(a) Supervisory System**

Each member shall establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. Final responsibility for proper supervision shall rest with the member. A member's supervisory system shall provide, at a minimum, for the following:

(1) through (2) No Change.

(3) The registration and designation as a branch office or an office of supervisory jurisdiction (OSJ) of each location, including the main office, that meets the definitions contained in paragraph [(e)](f) of this Rule.

(4) through (7) No Change.

(b) through (d) No Change.

**(e) Responsibility of Member to Investigate Applicants for Registration**

Each member shall ascertain by investigation the good character, business reputation, qualifications and experience of an applicant before the member applies to register that applicant with FINRA and before making a representation to that effect on the application for registration.

If the applicant previously has been registered with FINRA or another self-regulatory organization, the member shall review a copy of the applicant's most recent Form U5, including any amendments thereto, within 60 days of the filing date of an application for registration, or demonstrate to FINRA that it has made reasonable efforts to do so. In conducting its review of the Form U5, the member shall take such action as may be deemed appropriate.

The member shall also review an applicant's employment experience to determine if the applicant has been recently employed by a Futures Commission Merchant or an Introducing Broker that is notice-registered with the SEC pursuant to Section 15(b)(11) of the Exchange Act. In such a case, the member shall also review a copy of the applicant's most recent CFTC Form 8-T, including any amendments thereto, within 60 days of the filing date of an application for registration, or demonstrate to FINRA that it has made reasonable efforts to do so. In conducting its review of a Form 8-T, the member shall take such action as may be deemed appropriate.

In addition, each member shall establish and implement written procedures reasonably designed to verify the accuracy and completeness of the information contained in an applicant's initial or transfer Form U4 no later than 30 calendar days after the form is filed with FINRA. Such procedures shall, at a minimum, provide for a search of reasonably available public records to be conducted by the member, or a third-party

service provider, to verify the accuracy and completeness of the information contained in the applicant's initial or transfer Form U4.

**[(e)](f) Definitions**

(1) No Change.

(2) (A) through (B) No Change.

(C) The term "business day" as used in paragraph [(e)](f)(2)(A) of this Rule shall not include any partial business day provided that the associated person spends at least four hours on such business day at his or her designated branch office during the hours that such office is normally open for business.

**••• Supplementary Material: -----**

**.01 Registration of Main Office.** A member's main office location is required to be registered and designated as a branch office or OSJ if it meets the definitions of a "branch office" or "office of supervisory jurisdiction" as set forth in Rule 3110[(e)](f). In general, the nature of activities conducted at a main office will satisfy the requirements of such terms.

**.02 Designation of Additional OSJs.** In addition to the locations that meet the definition of OSJ in Rule 3110[(e)](f), each member shall also register and designate other offices as OSJs as is necessary to supervise its associated persons in accordance with the standards set forth in Rule 3110. In making a determination as to whether to designate a location as an OSJ, the member should consider the following factors:

(a) through (e) No Change.

**.03 through .14** No Change.

**.15 Temporary Program to Address Underreported Form U4 Information.** FINRA is establishing a temporary program that will issue a refund to members of Late Disclosure Fees assessed for the late filing of responses to Form U4 Question 14M (unsatisfied judgments or liens) if the Form U4 amendment is filed between April 24, 2014 and July 31, 2015 and one of the following conditions is met: (1) the judgment or lien has been satisfied, and at the time it was unsatisfied, it was under \$5,000 and the date the judgment or lien was filed with a court (as reported on Form U4 Judgment/Lien DRP, Question 4.A.) was on or before August 13, 2012; or (2) the unsatisfied judgment or lien was satisfied within 30 days after the individual learned of the judgment or lien (as reported on Form U4 Judgment/Lien DRP, Question 4.B.). This program has a retroactive effective date of April 24, 2014, and it will automatically sunset on July 31, 2015. Members will not be able to use the program after July 31, 2015.

---

\* No Change.

\* \* \* \* \*

**Text of NASD Rule  
to be Deleted in its Entirety from the Transitional Rulebook**

\* \* \* \* \*

**[3010. Supervision]**

**Entire text deleted.**

\* \* \* \* \*

**Text of Incorporated NYSE Rule and Incorporated NYSE Rule Interpretation  
to Remain in the Transitional Rulebook**

\* \* \* \* \*

**Incorporated NYSE Rule**

\* \* \* \* \*

**Rule 345. Employees—Registration, Approval, Records**

(a) No Change.

**••• Supplementary Material -----**

**Registration of Employees**

.10 No Change.

.11 [Investigation and Records] **Reserved.**

[(a) Members and member organizations shall thoroughly investigate the previous record of persons whom they contemplate employing including, (1) persons required to be registered with the Exchange, (2) persons who regularly handle or process securities or monies or maintain the books and records relating to securities or monies and (3) persons having direct supervisory responsibility over persons engaged in the activities referred to in (1) and (2) above who are not otherwise required to be registered.]

[Investigatory requirements for persons required to be registered with the Exchange (referred to in (a)(1) above) shall be satisfied when the member or member organization fulfills its obligation to verify the information contained in the Uniform Application for Securities Industry Registration or Transfer (Form U-4) and reviews the most recent Form U-5, as described below, if applicable.]

[In addition, a member or member organization shall obtain from an applicant, if applicable, a copy of his or her Uniform Termination Notice of Securities Industry Registration (Form U-5) and any amendments filed thereto, by

the most recent employer. A member or member organization shall request said Form U-5 from any person who was previously registered with the Exchange or other self-regulatory organization that requires its members to provide a copy of Form U-5 to its terminated registered persons. (See also Rule 345.17.)]

[The member or member organization shall obtain said Form U-5 no later than sixty (60) days following the filing of the application for registration or demonstrate to the Exchange that it has made reasonable efforts to comply with the requirement. A member or member organization receiving a Form U-5 pursuant to this provision shall review the Form U-5 and any amendment thereto as part of its investigatory process and shall take such action as may be deemed appropriate.]

[Investigatory requirements pertaining to persons specified in (a)(2) and (3) above shall be satisfied if a member or member organization verifies the information obtained pursuant to paragraph (c) below. Notwithstanding the above, further inquiry shall be made where appropriate in light of background information developed, the position for which the person is being considered or other circumstances. Investigation and verification shall be done by a member or person designated under the provisions of Rule 342(b)(1).]

**[(b)** Any applicant for registration who receives a request for a copy of his or her Form U-5 from a member or member organization pursuant to (a) above shall provide such copy to the member or member organization within two (2) business days of the request if the Form U-5 has been provided to such person by his or her former employer. If an employer has failed to provide the Form U-5 to

the applicant for registration, such person shall promptly request the Form U-5, and shall provide it to the requesting member or member organization within two (2) business days of receipt thereof. The applicant shall promptly provide any subsequent amendments to a Form U-5 he or she receives to the requesting member or member organization.]

[(c) Members and member organizations are reminded to obtain and keep on file all information required under Rule 17a-3(a)(12) of the Securities Exchange Act of 1934 for persons included within the definition of “associated person” pursuant to Rule 17a-3(a)(12)(ii). In addition, the Exchange requires that a record be kept of whether a bonding company has ever denied or revoked, or paid out on any bond because of such person.]

[If an employee is registered with the Exchange, a duplicated copy of Form U-4 signed by an authorized person shall satisfy all the recordkeeping requirements of this paragraph.]

.12 through .16 No Change.

### **General Information Regarding Employees**

.17 through .18 No Change.

\* \* \* \* \*

### **Incorporated NYSE Rule Interpretation**

\* \* \* \* \*

### **Rule 345 Employees — Registration, Approval, Records**

(a) through (b) No Change.

.11 [INVESTIGATION AND RECORDS] Reserved.

[/01 Application — Investigation]

[Member organizations must investigate the previous record of persons whom they contemplate employing including, (1) persons required to be registered with the Exchange, (2) persons who regularly have access to the keeping, handling or processing of securities, monies or the original books and records relating to securities or monies and (3) persons having direct supervisory responsibility over persons engaged in the activities referred to in (1) and (2) above.]

[Investigatory requirements for persons required to be registered with the Exchange (referred to in (1) above) will be satisfied when the member organization fulfills its obligation to verify the information contained in the Uniform Application for Securities Industry Registration Or Transfer (Form U4). Similarly, investigatory requirements pertaining to persons specified in (2) and (3) above shall be satisfied if a member organization verifies the information obtained pursuant to SEA Rule 17a-3(a)(12). (See /02 below.) Notwithstanding the above, further inquiry must be made where appropriate in light of background information developed, the position for which the person is being considered or other circumstances.]

[For those persons a member organization contemplates employing who are not specifically required to be investigated, a member organization should tailor its investigation in a manner it deems appropriate in light of the position to be held by such person. (See also Rule 346(f) regarding persons subject to “statutory disqualifications”).]

[/02 Application — Records]

[Member organizations are reminded to obtain and keep on file all information required under SEA Rule 17a-3(a)(12) for persons included within the definition of “associated person” (see Rule 17a-3(a)(12)(ii)). Further, the Exchange requires that a record be kept of whether a bonding company has ever denied or revoked, or paid out on any bond because of such person.]

[For persons required to be registered with the Exchange, a duplicate copy of Form U4 signed by an authorized person will satisfy all the recordkeeping requirements of NYSE Rule 345.11.]

.12 No Change.

.15 No Change.

.18 No Change.

\* \* \* \* \*