

MEMO# 25374

August 2, 2011

FINRA Withdraws Proposed Amendments to Cash Compensation and Revenue Sharing Disclosure Rules; Expected to Refile

[25374]

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TO: BROKER/DEALER ADVISORY COMMITTEE No. 46-11
CLOSED-END INVESTMENT COMPANY MEMBERS No. 64-11
COMPLIANCE MEMBERS No. 34-11
INTERNAL SALES MANAGERS ROUNDTABLE No. 3-11
SEC RULES MEMBERS No. 97-11
SALES FORCE MARKETING COMMITTEE No. 4-11
SMALL FUNDS MEMBERS No. 54-11 RE: FINRA WITHDRAWS PROPOSED AMENDMENTS TO CASH COMPENSATION AND REVENUE SHARING DISCLOSURE RULES; EXPECTED TO REFILE

Earlier this year, FINRA proposed final rule amendments to NASD Rule 2830 that would, among other things, require broker-dealers to make new disclosures regarding their receipt of “additional cash compensation,” including revenue sharing. [\[1\]](#) ICI commented on the proposal on May 31. [\[2\]](#)

FINRA has withdrawn this proposed rule change. [\[3\]](#) FINRA did not provide any reason for the withdrawal, nor any commentary on what it means for the prospects of the rule amendments.

We anticipate that FINRA still may seek to finalize the rule amendments. If so, it would have to refile proposed amendments with the SEC, which would then publish the proposal for public comment.

Robert C. Grohowski
Senior Counsel

Securities Regulation - Investment Companies

endnotes

[1] See FINRA Notice of Filing of Proposed Rule Change and Amendment No. 1 to Adopt NASD Rule 2830 as FINRA 2341 (Investment Company Securities) in the Consolidated FINRA Rulebook, 76 Fed. Reg. 26779 (May 9, 2011), available at <http://www.sec.gov/rules/sro/finra/2011/34-64386.pdf>.

[2] See ICI [Memorandum](#) No. 25240, dated June 1, 2011.

[3] See <http://www.finra.org/Industry/Regulation/RuleFilings/2011/P123528>.

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