*www.theice.com/clear-europe/regulation.*

All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–ICEEU–2021–017 and should be submitted on or before October 18, 2021.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[13]

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

[FR Doc. 2021–20817 Filed 9–24–21; 8:45 am]

**BILLING CODE 8011–01–P**

## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34–93097; File No. SR–FINRA–2021–015]**

## Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Approving a Proposed Rule Change To Amend FINRA Rules 1210 (Registration Requirements) and 1240 (Continuing Education Requirements)

September 21, 2021.

### I. Introduction

On June 3, 2021, 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'')[1] and Rule 19b–4 thereunder,[2] a proposed rule change to amend FINRA Rules 1240 (Continuing Education Requirements) and 1210 (Registration Requirements) to, among other things, (1) require that the Regulatory Element of FINRA's continuing education program for registered persons of FINRA members (''CE Program'') be tailored to each registration category and completed annually rather than every three years and (2) provide a way for individuals to maintain their qualifications following the termination of registration through continuing education. The proposed rule change was published for comment in the **Federal Register** on June 24, 2021.[3] On July 23, 2021, FINRA consented to extend until September 22, 2021, the time period in which the Commission must approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to approve or disapprove the proposed rule change.[4] On August 12, 2021, FINRA responded to the comment letters received in response to the Notice.[5] This order approves the proposed rule change.

### II. Description of the Proposed Rule Change

#### *A. Background*

As discussed in the Notice, FINRA's CE Program is codified under Rule 1240. The CE Program currently requires registered persons to complete continuing education consisting of a Regulatory Element and a Firm Element.[6] The Regulatory Element, which is administered by FINRA, focuses on regulatory requirements and industry standards,[7] while the Firm Element is provided by each firm and focuses on, among other things, securities products, services and strategies the firm offers, firm policies, and industry trends.[8] FINRA is proposing to amend Rule 1240 and make conforming amendments to Rule 1210 to modify aspects of both the Regulatory Element and the Firm Element.[9]

In addition, FINRA stated in the Notice that it and the CE Council also plan to enhance the CE Program in other ways that do not require changes to FINRA's rules.[10] Among other things, FINRA and the CE Council will work together to incorporate a variety of instructional formats (including a mobile-compatible format) and provide firms with advance notice of Regulatory Element topics as well as additional resources and guidance to help firms develop effective Firm Element training programs.[11]

#### *B. Transition to an Annual Regulatory Element for Each Registration Category*

Currently, FINRA Rule 1240(a) initially requires a registered person to complete the applicable Regulatory Element within 120 days after the person's second registration anniversary date and, thereafter, within 120 days after every third registration anniversary date.[12] FINRA's proposed rule change would amend FINRA Rule 1240(a) and Rule 1210.07 to require registered persons to complete the Regulatory Element of the CE Program annually by December 31. Firms, however, would have the flexibility to require their registered persons to complete the Regulatory Element sooner than December 31, which would allow firms to coordinate the timing of the Regulatory Element with other training requirements, including the Firm Element.[13] Similarly, the proposed rule change would preserve FINRA's ability to extend the time by which a registered person must complete the Regulatory Element for good cause shown if requested in writing and with supporting documentation.[14] Consistent

[13] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

[3] *See* Exchange Act Release No. 92183 (Jun. 15, 2021), 86 FR 33427 (Jun. 24, 2021) (File No. SR–FINRA–2021–015) (''Notice'').

[4] *See* letter from Afshin Atabaki, Special Advisor and Associate General Counsel, FINRA, to Edward Schellhorn, Special Counsel, Division of Trading and Markets, Commission, dated July 23, 2021. This letter is available at *https://www.finra.org/sites/default/files/2021-07/SR-FINRA-2021-015-Extension1.pdf.*

[5] *See* letter from Afshin Atabaki, Special Advisor and Associate General Counsel, FINRA, to Vanessa Countryman, Secretary, Commission, dated August 12, 2021, 2021 (''FINRA Letter''). The FINRA Letter is available at *https://www.sec.gov/comments/sr-finra-2021-015/srfinra2021015-9135950-247347.pdf.*

[6] *See* FINRA Rule 1240. *See also* FINRA Rule 1210.07 (All Registered Persons Must Satisfy the Regulatory Element of Continuing Education).

[7] FINRA's website describes the Regulatory Element as being focused on compliance, regulatory, ethical and sales practice standards. According to FINRA, its content is derived from industry rules and regulations, and accepted standards and practices in the industry. Moreover, participants must demonstrate proficiency in order to satisfy the continuing education requirements. *See https://www.finra.org/registration-exams-ce/continuing-education#regulatory.*

[8] *See* Notice, 86 FR at 33428.

[9] FINRA stated that the proposed rule change was developed in close consultation with the Securities Industry/Regulatory Council (''CE Council'') and discussions with stakeholders, including the North American Securities Administrators Association (''NASAA''). Specifically, FINRA stated that the proposed changes to the CE Program are based in part on the CE Council's September 2019 recommendations to enhance the CE Program. *See* Notice, 86 FR at 33429.

[10] *See* Notice, 86 FR at 33428.

[11] *See id.*

[12] *See* FINRA Rule 1240(a)(1).

[13] *See* Notice, 86 FR at 33429. FINRA also stated that individuals who would be registering as a representative or principal for the first time on or after the implementation date of the proposed rule change would be required to complete their initial Regulatory Element for that registration category in the next calendar year following their registration. In addition, subject to specified conditions, individuals who would be reregistering as a representative or principal on or after the implementation date of the proposed rule change would also be required to complete their initial Regulatory Element for that registration category in the next calendar year following their reregistration. *See id.* at 33429.

[14] *See* proposed Rule 1240(a)(2). *See also* Notice, 86 FR at 33429. FINRA may also grant conditional examination waivers requiring individuals to complete the Regulatory Element by a specified date. Non-registered individuals who are participating in the Financial Services Affiliate Waiver Program (''FSAWP'') under Rule 1210.09

with current requirements, individuals who fail to complete their Regulatory Element within the prescribed period would be automatically designated as ''CE inactive'' [15] in the Central Registration Depository (''CRD'') system [16] until the requirements of the Regulatory Element have been satisfied.[17]

FINRA stated that the current content of the Regulatory Element is broad in nature, applying to both representatives and principals in a single format that leads individuals through a story depicting scenarios that they may encounter in the course of their work.[18] The proposed rule change would instead tailor the content of the Regulatory Element to each registration category. Thus, registered persons would be required to complete content specifically designed for each representative or principal registration category that they hold.[19]

FINRA's proposed rule change also proposes to amend Rule 1240(a) to include five additional elements such that: (1) Individuals who are designated as CE inactive would be required to complete all of their pending and upcoming annual Regulatory Element, including any annual Regulatory Element that becomes due during their CE inactive period, to return to active status; [20] (2) the two-year CE inactive period would be calculated from the date individuals become CE inactive, and would continue to run regardless of whether individuals terminate their registrations; [21] (3) individuals who become subject to a significant disciplinary action may be required to complete assigned continuing education content as prescribed by FINRA; [22] (4) individuals who have not completed any Regulatory Element content for a registration category in the calendar year(s) prior to reregistering would not be approved for registration for that category until they complete that Regulatory Element content, pass an examination for that registration category, or obtain an unconditional examination waiver for that registration category, whichever is applicable; [23] and (5) the Regulatory Element requirements would apply to individuals who are registered, or are in the process of registering as a representative or principal.[24]

FINRA stated that moving to an annual Regulatory Element requirement that is tailored to each registration category would further the goals of the Regulatory Element by helping ensure that registered persons are better trained in more recent regulatory issues, allowing them to perform their work in a more compliant and effective manner.[25] For instance, FINRA stated that transitioning to an annual Regulatory Element cycle would help ensure that registered persons receive more frequent assessments on current issues and better understand recent regulatory changes.[26] Specifically, FINRA stated that registered persons would be current on issues and regulatory changes that would enable them to perform their work in a more compliant and effective manner than would otherwise be possible with Regulatory Element training taking place only once every three years under the current CE Program.[27] According to FINRA, this enhanced timeliness and relevance of the Regulatory Element would reduce firms' regulatory risk as well as enhancing compliance and reducing compliance-related costs.[28]

*C. Recognition of Other Training Requirements for Firm Element and Extension of Firm Element to All Registered Persons*

Currently, Rule 1240(b) requires a firm to develop and administer an annual Firm Element training program for its covered registered persons.[29] The Firm Element must, at a minimum, include training in ethics and professional responsibility, as well as training in the following items concerning securities products, services, and strategies offered by the member: (1) General investment features and associated risk factors; (2) suitability and sales practice considerations; and (3) applicable regulatory requirements.[30] Firms are required to conduct an annual needs analysis to, at minimum, determine the appropriate Firm Element training for covered registered persons at the firm based on the specific business of the member, and then provide the Firm Element training annually.[31] The current rule does not expressly recognize other required training, such as training relating to the anti-money laundering (''AML'') compliance program and training relating to the annual compliance meeting, for purposes of satisfying the Firm Element training.[32]

FINRA's proposed rule change would amend Rule 1240(b) to allow for recognition of the successful completion of existing firm training programs relating to the AML compliance program and the annual compliance meeting toward satisfying an individual's annual Firm Element requirement.[33] The proposed rule change would also amend the rule to extend the Firm Element requirement to all registered persons, including individuals who maintain solely a permissive registration consistent with Rule 1210.02, thereby further aligning the Firm Element requirement with other broadly-based training requirements.[34] FINRA also is

(''FSAWP Participants'') are also subject to the Regulatory Element. *See* Notice, 86 FR at 33428.

[15] *See* proposed Rule 1240(a)(2). A CE inactive person is prohibited from performing, or being compensated for, any activities requiring FINRA registration, including supervision. Additionally, if registered persons remain CE inactive for two consecutive years, they must requalify by retaking required examinations (or obtain a waiver of the applicable qualification examinations). *See* Notice, 86 FR at 33428.

[16] *See https://www.finra.org/registration-exams-ce/classic-crd.* As stated on the website, FINRA integrated the registration filing functionality that supports the CRD Program into FINRA Gateway, available at *https://www.finra.org/filing-reporting/finra-gateway.* The standalone CRD features were retired August 21, 2021.

[17] *See* Notice, 86 FR at 33428.

[18] *See id.* FINRA stated that the Regulatory Element currently consists of a subprogram for registered persons generally, and a subprogram for principals and supervisors. According to FINRA, while some of the current Regulatory Element content is unique to particular registration categories, most of the content has broad application to both representatives and principals. FINRA also stated that the Regulatory Element was originally designed at a time when most individuals had to complete the Regulatory Element at a test center, and its design was shaped by the limitations of the test center-based delivery model. Since 2015, FINRA has transitioned the delivery of the Regulatory Element to an online platform (''CE Online''), which allows individuals to complete the content online at a location of their choosing, including their private residence. According to FINRA, the transition to CE Online has enhanced FINRA's ability to update continuing education content in a timelier fashion and to develop content that is tailored to each registration category as well as to present the materials in an optimal learning format. *See id.*

[19] *See* proposed Rules 1240(a)(1) and (a)(4).

[20] *See* Notice, 86 FR at 33429–30.

[21] *See* Notice, 86 FR at 33430.

[22] *See id.*

[23] *See* Notice, 86 FR at 33430.

[24] *See id.*

[25] *See* Notice, 86 FR at 33434.

[26] *See id.*

[27] *See id.*

[28] *See id.*

[29] *See* Rule 1240(b). *See also* Notice, 86 FR at 33428. The rule defines ''covered registered persons'' as any registered person who has direct contact with customers in the conduct of a member's securities sales, trading and investment banking activities, any individual who is registered as an Operations Professional or a Research Analyst, and the immediate supervisors of any such persons. *See* Rule 1240(b)(1).

[30] *See* Rule 1240(b). *See also* Notice, 86 FR at 33428.

[31] *See* Rule 1240(b). *See also* Notice, 86 FR at 33428.

[32] *See* Rule 3310(e) and Rule 3110(a)(7). *See also* Notice, 86 FR at 33429.

[33] *See* proposed Rule 1240(b)(2)(D). *See also* Notice, 86 FR at 33430.

[34] *See* proposed Rule 1240(b)(1). *See also* Notice, 86 FR at 33430.

proposing to modify the current minimum training criteria under Rule 1240(b) to provide that Firm Element training must cover topics related to the role, activities, or responsibilities of the registered person, as well as professional responsibility.[35]

FINRA stated that the proposed rule change would further enhance and streamline the Firm Element requirement.[36] Specifically, FINRA stated that the inclusion of an express recognition of existing firm training programs, such as the annual compliance meeting or AML training, toward satisfying an individual's Firm Element requirement would help firms conserve compliance resources currently devoted to duplicative training programs.[37] Additionally, FINRA stated that the extension of the Firm Element requirement to all registered persons would help ensure that firms enhance the securities knowledge, skill, and professionalism of all registered persons.[38] FINRA stated that it would also ensure that registered persons are provided more specific learning materials relevant to their day-to-day activities.[39]

*D. Maintenance of Qualification After Termination of Registration*

Currently, individuals whose registrations as representatives or principals have been terminated for two or more years may reregister as representatives or principals only if they requalify by retaking and passing the applicable representative- or principal-level examination or if they obtain a waiver of such examination(s) (the ''two-year qualification period'').[40] The proposed rule change would not eliminate the two-year qualification period. Instead, the proposed rule change would amend the rules governing requalification of registered representatives who have terminated their registration to provide individuals an alternative means of maintaining their qualifications and staying current on their regulatory and securities knowledge following the termination of a registration, subject to conditions and limitations outlined in further detail below.[41]

Specifically, the proposed rule change would adopt paragraph (c) under Rule 1240, and Supplementary Material .01 and .02 to Rule 1240, to provide eligible individuals who terminate any of their representative or principal registrations the option of maintaining their qualification for any of the terminated registrations for up to five years by completing continuing education.[42] This optional program would be limited by the following conditions: (1) Individuals would be required to be registered in the terminated category for at least one year immediately prior to the termination of the category; [43] (2) individuals could elect to participate when they terminate a registration or within two years from the termination of a registration; [44] (3) individuals would be required to complete annually all prescribed continuing education; [45] (4) individuals would have a maximum of five years in which to reregister; [46] (5) individuals who have been CE inactive for two consecutive years, or who become CE inactive for two consecutive years during their participation, would not be eligible to participate or continue; [47] and (6) individuals who are subject to a statutory disqualification, or who become subject to a statutory disqualification following the termination of their registration or during their participation, would not be eligible to participate in, or continue with, the program.[48]

FINRA also is proposing two additional provisions in the proposed rule change. The first is a look-back provision that would, subject to specified conditions, extend the application of the proposed five-year option to individuals who have been registered as a representative or principal within two years immediately prior to the implementation date of the proposed rule change and individuals who have been FSAWP Participants immediately prior to the implementation date of the proposed rule change.[49] The second is a re-eligibility provision that would allow individuals to regain eligibility to participate in the proposed five-year continuing education option each time they reregister with a firm for a period of at least one year and subsequently terminate their registration, provided that they satisfy the other participation conditions and limitations.[50]

FINRA also is proposing conforming amendments to Rule 1210, including adding references to proposed Rule 1240(c) under Rule 1210.08.[51]

According to FINRA, the continuing education content for participants of the proposed five-year continuing education option would consist of a combination of Regulatory Element content and content selected by FINRA and the CE Council from the Firm Element content catalog discussed further below.[52] The content would correspond to the registration category for which individuals wish to maintain their qualifications.[53] The proposed rule change would also provide that the continuing education content for participants of the proposed five-year continuing education option must be completed annually by December 31

[35] *See* proposed Rule 1240(b)(2)(B). *See also* Notice, 86 FR at 33430.

[36] *See* Notice, 86 FR at 33434.

[37] *See id.*

[38] *See* Notice, 86 FR at 33438.

[39] *See id.*

[40] *See* Rule 1210.08 (Lapse of Registration and Expiration of SIE). FINRA also stated that the current two-year qualification period before an individual would need to retest and pass their examinations was adopted prior to the creation of the CE Program and was intended to ensure that individuals who reregister are relatively current on their regulatory and securities knowledge. *See* Notice, 86 FR at 33429.

[41] *See* Notice, 86 FR at 33430. Eligible individuals who elect not to participate in the proposed continuing education program to maintain their qualifications would continue to be subject to the two-year qualification period.

[42] *See* proposed Rule 1240(c) and Supplementary Material .01 and .02 to Rule 1240. *See also* Notice, 86 FR at 33430.

[43] *See* Notice, 86 FR at 33430.

[44] *See id.* FINRA stated that individuals who elect to participate at the later date would be required to complete, within two years from the termination of their registration, any continuing education that becomes due between the time of their Form U5 submission and the date that they commence their participation. In addition, FINRA stated that it plans to enhance its systems to notify individuals of their eligibility to participate, enable them to affirmatively opt in, and notify them of their annual continuing education requirement if they opt in. *See id.*

[45] *See* Notice, 86 FR at 33431. FINRA's proposed rule change would also allow FINRA to grant an extension of time for the participant to complete the prescribed continuing education following a participant's request in writing with supporting documentation and a showing of good cause. *See id.*

[46] *See* Notice, 86 FR at 33431.

[47] *See id.*

[48] *See id.* In addition, FINRA stated that any continuing education content completed in furtherance of this proposed program would be retroactively nullified upon disclosure of the statutory disqualification. *See id.*

[49] *See* Notice, 86 FR at 33431. Among other things, proposed Supplementary Material .01 to Rule 1240 and proposed Rule 1210.09 would provide the requirements and limitations to participation in this optional five-year continuing education period for FSAWP Participants, including when they would need to elect to participate, when they would need to complete their initial annual content, and adjustment of their initial participation period based on the date that their registration was terminated. Additionally, FINRA stated that while the current waiver program for FSAWP Participants would not be available to new participants upon implementation of the proposed rule change, individuals who are FSAWP Participants immediately prior to the implementation date of the proposed rule change could elect to continue in that waiver program until the program has been retired. The proposed rule change would preserve FINRA's ability to extend the time by which FSAWP Participants must complete the Regulatory Element for good cause shown under proposed Rule 1240(a)(2). *See* Notice, 86 FR at 33431.

[50] *See* Notice, 86 FR at 33431.

[51] *See id.*

[52] *See id.*

[53] *See id.*

each year, consistent with the proposed annual Regulatory Element provision.[54] In addition, FINRA stated that participants who are maintaining their qualification status for a principal registration category that includes one or more corequisite representative registrations would also need to complete required annual continuing education for the corequisite registrations in order to maintain their qualification status for the principal registration category.[55]

FINRA stated that the proposed rule change would: (1) Incentivize individuals to stay current on their respective securities industry knowledge following the termination of any of their registrations; (2) promote investor protection given that the individuals availing themselves of this optional program would be subjected to continuing education that is as rigorous as the continuing education of registered persons, while providing an opportunity for the securities industry to retain skilled and experienced workers; (3) increase flexibility for individuals to address life and career events and necessary absences from registered functions without having to requalify each time; and (4) enhance diversity and inclusion in the securities industry by attracting and retaining a broader and diverse group of professionals.[56] FINRA has also stated that it plans to evaluate the efficacy of the proposed rule change following its implementation to ensure that it is meeting its goals.[57]

*E. Other Enhancements to the CE Program*

FINRA stated in the Notice that it intends to make additional enhancements to the CE Program that will not require changes to FINRA rules.[58] FINRA stated that it would work with the CE Council to incorporate a variety of instructional formats to present the Regulatory Element content, including via a mobile compatible application.[59] In addition, FINRA stated that it would work with the CE Council to publish in advance the Regulatory Element learning topics for the next year so that firms may review those topics when developing their Firm Element training plan to avoid unnecessary duplication of topics if desired.[60] Given that the proposed rule change would transition to an annual Regulatory Element requirement, FINRA stated that it would assist firms with compliance with that requirement by enhancing its systems to provide firms and registered persons with additional notification, management, and tracking functionality.[61]

FINRA also stated that it would improve the guidance and resources available to firms to develop effective Firm Element training programs, such as updated guidance for developing and documenting training plans and specific principles.[62] Further, FINRA stated that it would work with the CE Council to develop a catalog of continuing education content that would serve as an optional resource for firms to select relevant Firm Element content and create learning plans for their registered persons.[63] According to FINRA, the catalog would include content developed by third-party training providers, FINRA, and the other Self-Regulatory Organizations participating in the CE Program.[64]

*F. Effective Date*

If the Commission approves the proposed rule change, FINRA will announce the implementation dates of the proposed rule change in a Regulatory Notice to be published no later than 90 days following Commission approval.[65]

## III. Discussion and Commission Findings

After careful review of the proposed rule change, the comment letters, and FINRA's response to the 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.[66] Specifically, the Commission finds that the proposed rule change is consistent with Section 15A(b)(6) of the Exchange Act, which requires, among other things, that FINRA rules be 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.[67]

*A. Transition to Annual Regulatory Element for Each Registration Category*

As stated above, FINRA is proposing to amend Rule 1240(a) and Rule 1210.07 to require registered persons to complete the Regulatory Element of the CE Program annually by December 31 and to require registered persons to complete the Regulatory Element content that is tailored for each representative or principal registration category that they hold.

Most commenters were supportive of FINRA's proposed rule change.[68] One such commenter stated that it appreciated that member firms would be allowed greater flexibility to administer the Regulatory Element in conjunction with other training requirements.[69] Another cited: (1) The flexibility it would afford in allowing firms to complete training prior to December 31; (2) its availability to individuals via mobile application; and (3) that the proposed Regulatory Element would still require a comparable amount of overall continuing education as it did prior to the proposed rule change.[70]

[54] *See id. See also supra* note 11 and accompanying text.

[55] *See* Notice, 86 FR at 33431.

[56] *See* Notice, 86 FR at 33431, 33435. According to FINRA, the proposed rule change may be of particular value to women and older workers. FINRA stated that women continue to be the primary caregivers for children and aging family members and, as a result, are likely to be absent from the industry for longer periods of time than men. Additionally, FINRA stated that the proposed rule change would provide longer-term relief for older workers, who are at a higher risk of a job loss during certain economic downturns and who are likely to remain unemployed for longer periods of time than younger workers. *See* Notice, 86 FR at 33431.

[57] *See* Notice, 86 FR at 33431.

[58] *See* Notice, 86 FR at 33432.

[59] *See id.* In response to a Regulatory Notice that FINRA issued concerning proposed changes to the CE Program, it received a comment letter encouraging FINRA to make continuing education available via a mobile application. FINRA stated that it intends to take that suggestion and plans to make the Regulatory Element content available via a mobile application. *See* FINRA Letter at 2–3.

[60] *See* Notice, 86 FR at 33432.

[61] *See id.* FINRA stated that the transition to an annual Regulatory Element requirement would have the effect of increasing the number of registered persons who would be required to complete the Regulatory Element on an annual basis. As such, FINRA stated that the enhancement of notification, modification, and tracking functionality in its systems will be helpful for firms and individuals. *See* Notice, 86 FR at 33432.

[62] *See* Notice, 86 FR at 33432.

[63] *See* Notice, 86 FR at 33432, 33434. FINRA stated that firms would have the option of using the content in this catalog for purposes of their Firm Element training and would not be obligated to select content from the catalog.

[64] *See* Notice, 86 FR at 33432.

[65] *See id.*

[66] In approving this rule change, the Commission has considered the rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[67] 15 U.S.C. 78*o*–3(b)(6).

[68] *See* letter from James Rabenstine, Vice President and Chief Compliance Officer, Nationwide Office of the Chief Legal Officer, Nationwide Financial Services, Inc. (''NFS''), dated July 13, 2021 (''NFS Letter''); letter from Lisa Hopkins, NASAA President, General Counsel, and Senior Deputy Commissioner of Securities, West Virginia, NASAA, dated July 14, 2021 (''NASAA Letter''); letter from Kevin Zambrowicz, Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association (''SIFMA''), dated July 14, 2021 (''SIFMA Letter'').

[69] *See* SIFMA Letter at 2.

[70] *See* NFS Letter at 1. The NFS Letter also suggested that it would be helpful for the

Continued

One commenter, although generally supportive of the proposed rule change, expressed concern that moving to an annual Regulatory Element may increase overall costs and burdens, both for firms and registered persons, associated with an annual increase in required training.[71] The commenter also suggested that the proposed transition from the current three-year cycle to an annual requirement may not be necessary.[72] Alternatively, the commenter suggested that any transition be done in two phases: (1) From three years to two years to determine if its objectives were met; and then (2) from two years to one year.[73]

In response, FINRA stated that the overall amount of training in a three-year period would remain approximately the same as the amount of training currently undertaken by completing the Regulatory Element once every three years.[74] Additionally, FINRA explained that the impact on individuals from increased training requirements, such as the time commitment associated with those trainings, would be limited in that the overwhelming majority of registered persons only hold a single registration category.[75]

With respect to the commenter's proposed transition period, FINRA responded that it believes that a phased implementation with different timing requirements for any of the proposed components would be overly complex and cause confusion. Additionally, FINRA stated that a phased approach would require more resources and could result in greater costs to keep multiple varying Regulatory Element systems and programs running, including potential additional costs to firms to track and manage differing requirements.[76] For these reasons, FINRA declined to amend the proposed rule change in response to the commenter's concerns.

In addition, one commenter opposed the proposed change to increase the frequency of the Regulatory Element, believing that it would have a disparate impact on members of underrepresented populations who may have more limited access to a broadband or high-speed internet connection.[77] The commenter also stated that a mobile compatible format may not be adequate for continuing education given that mobile devices may not meet all learning needs, and that potential access and connectivity challenges will also make this an insufficient solution.[78] By contrast, a separate commenter was fully supportive of FINRA making the Regulatory Element available via a mobile-compatible format on the grounds that it would simplify the process for individuals that have terminated their registration and wanted to reenter the industry at some point in their career.[79]

In response, FINRA stated that it specifically tailored the proposed rule change to help meet the individual needs of registered persons and firms.[80] Accordingly, FINRA stated that the Regulatory Element would be designed to deliver content in a manner that is broadly accessible and compatible with the diverse needs of individuals and their learning needs.[81] In developing the mobile-compatible format, which includes a mobile responsive design, FINRA intends mobile device users to be able to easily, quickly, and intuitively navigate the Regulatory Element content.[82] FINRA has committed to developing the mobile application so that access to the training material and the overall learning experience is engaging and intuitive for users such that it would be a comparable to those taking the training on a desktop.[83] FINRA believes that these enhancements and the availability of mobile compatibility would address the potential access and diversity concerns that the commenter raised.[84] Furthermore, FINRA explained that it has made available in the past, and will continue to do so in the future, additional options for individuals who may need or prefer other solutions to fulfill their Regulatory Element content obligations.[85] For instance, FINRA stated that the Regulatory Element training would also be accessible in other convenient ways, including through a computer or other device at a firm location or on various widely available public and community locations where computer and broadband internet access is available for free.[86] For these reasons, FINRA declined to amend the proposed rule change in response to the commenter's concerns.

The Commission finds that the proposed rule change to move to an annual Regulatory Element training with content tailored to an individual's representative or principal registration categories is designed to protect investors and is in the public interest. The Commission finds that the rule is reasonably designed to minimize the potential adverse impact on firms and their registered persons. Furthermore, increasing the timeliness of registered persons' training, as well as the relevance of the training's content by tailoring it to each registration category that they hold, would enhance their education and compliance with their regulatory obligations.

The Commission further finds that a shift to an annual Regulatory Element training is more advantageous when compared to the current CE Program in which some existing registered persons may not receive consistent updated

Regulatory Element topics to be published by October 1 of each year. FINRA stated that it would publish the topics by no later than October 1 of each year in order to provide firms with sufficient time to review the Regulatory Element topics for each upcoming year. *See* FINRA Letter at 2 n.4.

[71] *See* letter from Brian Egwele, dated July 2, 2021 (''Egwele Letter''). FINRA also identified that the cost of changing to an annual Regulatory Element generally would increase with the number of representatives at a firm and thus would be higher in aggregate at a larger firm. However, FINRA stated that economies of scale likely exist in the application of the proposed requirements such that the average additional cost of implementing this proposal per representative at larger firms would likely be lower than at smaller firms. *See* Notice, 86 FR at 33435.

[72] *See* Egwele Letter (expressing support for the proposed rule change by stating that, even though the proposed rule change may increase administrative workload and costs, the ''price is worth it to remain compliant.'').

[73] *See* Egwele Letter.

[74] *See* Notice, 86 FR at 33430.

[75] *See* Notice, 86 FR at 33435. According to FINRA, individuals with more than one registration category account for approximately 35 percent of all registered persons.

[76] *See* FINRA Letter at 3. FINRA also stated that the proposed rule change includes several interrelated annual Regulatory Element components: (1) Annual Regulatory Element content for registered persons; (2) annual Regulatory Element content for non-registered individuals who are participating in the waiver program under FINRA Rule 1210.09; and (3) annual Regulatory Element content for individuals who elect to maintain their qualification status for a terminated registration category. *See id.*

[77] *See* letter from John Watts, Senior Vice President and Chief Counsel, PFS Investments, Inc. (''PFS''), dated July 15, 2021 (''PFS Letter''). As noted above, the delivery of the Regulatory Element is available through CE Online, which allows individuals to complete the content online at a location of their choosing, including their private residence. *See supra* note 19. Additionally, FINRA and the CE Council have committed to making the annual Regulatory Element content available to users via a mobile application. *See supra* note 60.

[78] *See id.*

[79] *See* NFS Letter at 2 (also expressing support for FINRA's intention to publish learning topics in advance on the grounds that it would be helpful for securities industry professionals).

[80] *See* FINRA Letter at 3.

[81] *See id.*

[82] *See* FINRA Letter at 4 (FINRA committed to structuring and formatting the Regulatory Element content to ensure that mobile device users have a comparable experience to that of a desktop user even in low bandwidth conditions).

[83] *See* FINRA Letter at 4.

[84] *See* FINRA Letter at 3–4. Additionally, FINRA stated that it remains committed to understanding specific technology or access needs and to provide potential solutions. *See* FINRA Letter at 4.

[85] *See* FINRA Letter at 4.

[86] *See id.* FINRA offers individuals the option of completing their Regulatory Element session at test centers in various locations of every state as well as internationally. *Id.*

training from regulators on regulatory developments for up to three years. More specifically, transitioning to an annual Regulatory Element requirement, rather than taking a phased approach, should enhance a firm's regulatory compliance, and reduce a firm's overall regulatory risk because of the increased timeliness and relevance of the more tailored content provided through an annual Regulatory Element training. Additionally, the Commission also finds that the proposed rule change would allow firms to maintain some flexibility for administering the annual Regulatory Element given that firms may require their registered persons to complete the annual requirement earlier than December 31 each year so as to coincide with other training requirements. The Commission also finds that FINRA has reasonably determined that its proposed mobile accessibility would provide a flexible, accessible, and effective learning experience for users who choose to access the Regulatory Element through mobile technology. The proposed mobile application compatibility would also likely allow for a more diverse candidate pool by allowing individuals to reenter or remain in the workforce if they have previously completed the required examinations and have already proven themselves worthy, as suggested by a commenter.[87] Moreover, to the extent registered persons need or prefer an alternative to mobile compatibility to fulfill their Regulatory Element obligations, FINRA is committed to making alternative options available. As outlined above, these additional options include widely-available test centers as well as public and community locations where computer and broadband access is available for free. The Commission finds that FINRA has provided reasonable solutions to address commenter concerns on accessibility.

Accordingly, for the reasons set forth above, the Commission finds that the proposed rule change is designed to protect investors and is in the public interest.

*B. Recognition of Other Training Requirements for Firm Element and Extension of Firm Element Training to All Registered Persons*

As stated above, FINRA's proposed rule change would amend Rule 1240(b) to allow for recognition of the successful completion of existing firm training programs relating to the AML compliance program and the annual compliance meeting toward satisfying an individual's annual Firm Element requirement. The proposed rule change would also amend the rule to extend the Firm Element training requirement to all registered persons, including individuals who maintain solely a permissive registration consistent with Rule 1210.02, thereby further aligning the Firm Element requirement with other broadly-based training requirements.

A number of commenters addressed the Firm Element training component of FINRA's proposed rule change. Most commenters supported allowing the Firm Element to recognize a firm's AML compliance training and annual compliance meeting as fulfilling that requirement.[88] One commenter stated that it appreciated that the Firm Element would recognize other trainings that members provide to their registered persons.[89] Another commenter supported this proposal because (1) requiring training to cover ''topics related to the role, activities or responsibilities of the registered person'' [90] and (2) requiring members to develop written training plans that are evaluated annually [91] should mitigate any concerns that AML compliance and annual compliance meeting trainings would simply be substituted for more tailored training requirements.[92]

One commenter stated, however, that a firm's annual needs analysis and written training plan should not need to be recompleted every year if the firm has not changed business models.[93] Additionally, the commenter recommended that FINRA consider making the Regulatory Element training the primary, if not the sole means, by which securities industry personnel are made aware of important rules and issues.[94]

In response, FINRA stated that the Firm Element, which is firm-specific and may vary from firm-to-firm, is a necessary component of the CE Program, complementing the Regulatory Element, which ensures that registered persons receive uniform and comprehensive training from regulators on regulatory developments.[95] Similarly, FINRA stated that even if a firm's business model has not changed, the regulatory or industry developments that may have taken place still necessitate an annual needs analysis to account for changes in addressing products, services, or strategies offered by the firm.[96] For these reasons, FINRA declined to amend the proposed rule change to eliminate the Firm Element component of its CE Program in response to the commenter's concerns.

The Commission finds that proposed Rule 1240(b), which expressly allows firms to consider training relating to their AML compliance program and the annual compliance meeting toward satisfying an individual's annual Firm Element requirement, combined with the proposed rule's provision to extend the Firm Element requirement to all registered persons, reasonably aligns the Firm Element requirement with other required training.

The proposed rule change would allow firms to satisfy the Firm Element requirement with important, pre-existing AML compliance training and annual compliance meetings, which should reduce otherwise duplicative training programs for firms. In addition, extending the Firm Element requirement to all registered persons at the firm, including those with permissive registrations, would also help to ensure a better trained and more compliant securities workforce, which is to the advantage of the investing public. Furthermore, the Commission finds that FINRA's determination to retain the Firm Element of its CE program and the obligation that firms conduct an annual needs analysis and written training plan, even in the absence of any new regulatory or industry developments year-to-year, is reasonable.[97] For these reasons, the Commission finds that the proposed rule change is designed to protect investors and is in the public interest.

*C. Maintenance of Qualification After Termination of Registration*

As stated above, subject to certain conditions, proposed Rule 1240(c), and Supplementary Material .01 and .02 to Rule 1240, would provide eligible individuals who terminate any of their representative or principal registrations the option of maintaining their qualification for any of their terminated registrations for up to five years without having to requalify by examination or having to obtain an examination waiver by completing continuing education.[98]

Most commenters expressed overall support for FINRA's proposal to allow registered persons to maintain their

[87] *See* NFS Letter at 2.

[88] *See* NFS Letter at 1; SIFMA Letter at 2; NASAA Letter at 1–2.

[89] *See* SIFMA Letter at 2.

[90] Proposed Rule 1240(b)(2)(B).

[91] *See* proposed Rule 1240(b)(2)(A).

[92] *See* NASAA Letter at 1–2.

[93] *See* Letter from Anonymous, dated July 1, 2021 (''Anonymous Letter'').

[94] *See* Anonymous Letter.

[95] *See* FINRA Letter at 5.

[96] *See id.*

[97] *See id.*

[98] *See* proposed Rule 1240(c) and Supplementary Material .01 and .02 to Rule 1240. *See also* Notice, 86 FR at 33430.

qualifications for up to five years through continuing education without the need for reexamination after termination of a registration.[99] One commenter stated that the proposed change is one step in the process to achieving greater diversity and inclusion in the securities industry by reducing unnecessary barriers to reentry.[100]

Several commenters, however, expressed a preference for a longer period of time that an individual could maintain their qualifications following termination of a registration, instead of the five-year period that FINRA proposed.[101] One of those commenters strongly supported this aspect of the proposal as a welcome and necessary improvement to continuing education, but preferred a seven-year period of time to maintain qualifications so as to more closely align with the existing seven-year period in the FSAWP program.[102] Other commenters suggested that a seven-year period would be ideal in order to further enhance the diversity benefits of this proposed rule change.[103] Another commenter supported a longer period to maintain qualifications, especially for individuals who are active within the securities industry in a non-registered capacity who could be ''grandfathered in'' rather than needing to go through a waiver process that the commenter described as ''onerous'' and ''subjective.'' [104]

In response, FINRA stated that it believes the proposed participation period of up to five years would serve the diversity and inclusion goals of the proposed rule change while still providing the appropriate level of training for registered persons and protection for investors.[105] In particular, FINRA believes that this proposal would help attract and retain a broader, more diverse population of individuals to the securities industry by offering a program that is sufficiently flexible to meet the individual needs of registered persons and firms.[106] Moreover, FINRA believes that limiting this option to five years would help ensure that individuals' knowledge of the industry does not become outdated.[107]

FINRA also stated, however, that the proposed five-year maintenance option is not intended to address every situation in which an individual terminates a registration and subsequently decides to reregister.[108] FINRA explained it has always provided an individual who continues to work in the securities industry or a field ancillary to the securities industry the ability to request an examination waiver following a significant absence from a registered role or function.[109] For the above reasons, FINRA believes that the proposed new five-year maintenance period is appropriate.[110]

Although FINRA declined to amend the participation period at this time, FINRA stated that it would continue to monitor the efficacy of the proposed CE Program, which will include a review of the participation period.[111]

One commenter, although supporting the proposed rule change, also suggested that, if the rule change is adopted, FINRA should enhance CRD to allow states that have not revised existing regulations to efficiently process registration applications of persons who maintain their qualifications beyond two years.[112] In response, FINRA recognized the benefits to the industry of having further alignment between FINRA qualification requirements and state licensing requirements.[113] Thus, FINRA stated that it would work with NASAA and state regulators to provide for an appropriate process and system to allow states to track and process registration requests for individuals operating under the two- or five-year examination provisions.[114]

The Commission finds that FINRA's proposed Rule 1240(c), and proposed Supplementary Material .01 and .02 to Rule 1240, is in the public interest and would protect investors because it would, among other things, help enhance the education of registered persons and their compliance with their regulatory obligations, thus reducing regulatory risk. In particular, by providing a means for individuals to maintain their qualifications after termination of a registration for a longer period of time, the proposed rule change would aid the securities industry in attracting and retaining a more diverse workforce. Additionally, this proposed rule change would provide registered persons with increased flexibility to manage significant life events, including professional changes and development (such as pursuing educational goals, a career change to a role in the firm that is not part of the broker-dealer, working overseas for an extended period due to a career change or an attempt at a different career path) or personal life events (such as birth or adoption of a child, unexpected loss in the family or relocation due to family needs). In addition, the Commission finds that FINRA's decision to choose five years as the time period for maintaining qualifications after termination of a registration, while also continuing to monitor the efficacy of the proposed CE Program, is reasonable.

The proposed rule change would also increase opportunities for reentry to the securities industry for individuals who may not have otherwise been able to do so without retaking their qualification examinations. As a result, this proposed rule change would provide firms with a more diverse pool of applicants from under-represented populations in the

[99] *See* SIFMA Letter at 2; NASAA Letter at 2; NFS Letter at 2; letter from Frederick Greene, Executive Vice President, Woodforest Wealth Strategies, dated July 11, 2021 (''Woodforest Letter''); letter from Carrie Chelko, Chief Compliance Officer, Fidelity Investments, dated July 14, 2021 (''Fidelity Letter''); and letter from Howard Spindel, Senior Managing Director, Integrated Solutions, dated July 14, 2021 (''Integrated Letter'').

[100] *See* SIFMA Letter at 2.

[101] *See* Fidelity Letter at 2; Integrated Letter at 2–3; NFS Letter at 2; and Woodforest Letter at 1.

[102] *See* Fidelity Letter at 2.

[103] *See* NFS Letter at 2; Woodforest Letter at 1–2. Additionally, the Woodforest Letter suggested that individuals availing themselves of this program should be required to complete at least the minimum Firm Element requirement, including training on ethics, AML, regulations, and products and, if applicable, additional continuing education relating to supervisory functions. In response, FINRA stated that the continuing education content for individuals who elect the proposed option would consist of a combination of Regulatory Element content and content selected by FINRA and the CE Council from the Firm Element content catalog. According to FINRA, that content would correspond to the registration category, including any supervisory or principal registration category, for which individuals wish to maintain their qualifications. In addition, FINRA stated that the content selected from the Firm Element content catalog would be based on the minimum standards for Firm Element training, including training in professional responsibility. *See* FINRA Letter at 6. Commenters were supportive of the content catalog, stating that it would enable more timely and increased awareness that would enhance customer protection, for example, by providing relevant information regarding, among other things, trends in retail investor trading, regulatory rule changes, and cybersecurity. *See* NASAA Letter at 1. *See also* Fidelity Letter at 1.

[104] *See* Integrated Letter at 2–3.

[105] *See* FINRA Letter at 6. *See also* Notice, 86 FR at 33435 (explaining that FINRA believes a length of five years could achieve the main goals and anticipated benefits of the proposed changes to the CE Program. FINRA further stated that a seven-year period may not best protect investors and that a five-year period may better mitigate the impact of differences with state licensing requirements.).

[106] *See* FINRA Letter at 3.

[107] *See* Notice, 86 FR at 33435–36.

[108] *See* FINRA Letter at 6.

[109] *See id.* FINRA further stated that in determining whether to grant a waiver in such cases, FINRA expressly considers whether the individual was previously registered, and for how long relative to the duration of time that the individual has been unregistered. FINRA also explained that it considers whether the individual worked in a field ancillary to the securities industry, and for how long, while unregistered. *See id.*

[110] *See* FINRA Letter at 6.

[111] *See* Notice, 86 FR at 33431.

[112] *See* NASAA Letter at 2.

[113] *See* FINRA Letter at 6.

[114] *See* FINRA Letter at 5–6.

securities industry, such as female and older registrants. In turn, this proposed rule change would allow the industry to retain expertise from skilled individuals, providing investors with the advantage of greater experience among the individuals working in the industry. For these reasons, the Commission finds the proposed rule change is designed to protect investors and is in the public interest.

## IV. Conclusion

*It is therefore ordered* pursuant to Section 19(b)(2) of the Exchange Act [115] that the proposed rule change (SR–FINRA–2021–015), be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[116]

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

[FR Doc. 2021–20818 Filed 9–24–21; 8:45 am]

**BILLING CODE 8011–01–P**

## SECURITIES AND EXCHANGE COMMISSION

**[SEC File No. 270–660, OMB Control No. 3235–0722]**

## Submission for OMB Review; Comment Request

*Upon Written Request Copies Available From:* Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549–2736

*Extension:*
Form 1–U

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (''Commission'') has submitted to the Office of Management and Budget this request for extension of the previously approved collection of information discussed below.

Form 1–U (17 CFR 239.93) is used to file current event reports by Tier 2 issuers under Regulation A, an exemption from registration under the Securities Act of 1933 (15 U.S.C. 77a *et seq.*). Form 1–U provides information to the public within four business days of fundamental changes in the nature of the issuer's business and other significant events. We estimate that approximately144 issuers file Form 1–U annually. We estimate that Form 1–U takes approximately 5.0 hours to prepare. We estimate that 85% of the 5.0 hours per response is prepared by the company for a total annual burden of 612 hours (4.25 hours per response × 144 responses).

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

The public may view background documentation for this information collection at the following website: *www.reginfo.gov.* Find this particular information collection by selecting ''Currently under 30-day Review—Open for Public Comments'' or by using the search function. Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to (i) *www.reginfo.gov/public/do/PRAMain* and (ii) David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o Cynthia Roscoe, 100 F Street NE, Washington, DC 20549, or by sending an email to: *PRA_Mailbox@sec.gov.*

Dated: September 22, 2021.

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

[FR Doc. 2021–20904 Filed 9–24–21; 8:45 am]

**BILLING CODE 8011–01–P**

## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34–93094; File No. SR–BOX–2021–14]**

## Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing of Amendment No. 1 and Order Instituting Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change, as Modified by Amendment No. 1, in Connection With the Proposed Establishment of BSTX as a Facility of the Exchange

September 21, 2021.

On June 7, 2021, BOX Exchange LLC (''Exchange'' or ''BOX'') filed with the Securities and Exchange Commission (''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 change to adopt rules in connection with the establishment of the Boston Security Token Exchange LLC (''BSTX'') as a facility of the Exchange. The proposed rule change was published for comment in the **Federal Register** on June 24, 2021.[3] On August 3, 2021, pursuant to Section 19(b)(2) of the Act,[4] the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.[5] On September 16, 2021, the Exchange filed Amendment No. 1 to the proposed rule change, which replaced and superseded the proposed rule change as originally filed.[6] The Commission has received no comments on the proposed rule change. The Commission is publishing this notice and order to solicit comments on the proposed rule change, as modified by Amendment No. 1, from interested persons, and to institute proceedings pursuant to Section 19(b)(2)(B) of the Act [7] to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 1.

[115] 15 U.S.C. 78s(b)(2).

[116] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 92206 (June 17, 2021), 86 FR 33402 (''Notice'').

[4] 15 U.S.C. 78s(b)(2).

[5] *See* Securities Exchange Act Release No. 92556, 86 FR 43572 (August 9, 2021). The Commission designated September 22, 2021, as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to approve or disapprove, the proposed rule change.

[6] In Amendment No. 1, the Exchange revised the proposal to: (1) Adopt the BSTX LLC Third Amended and Restated Limited Liability Company Agreement (''BSTX LLC Agreement'') prior to the commencement of operations of BSTX as a facility of the Exchange, which, among other things, (a) changes the legal name of the facility from ''Boston Security Token Exchange LLC'' to ''BSTX LLC,'' (b) modifies certain defined terms, including ''BSTX Product'' and ''Competing Business,'' (c) defines the term ''Governmental Authority'' and modifies certain provisions to permit access to certain confidential information by any such authority, and (d) adds a provision that would, among other things, require an effective rule filing pursuant to Section 19 of the Exchange Act prior to any Member, or Related Person of such Member, becoming a BSTX Participant if such Member, alone or together with any Related Persons of such Member, has the right to appoint more than 20% of the BSTX Directors entitled to vote; (2) provide additional information about ownership of non-voting Class B Units; (3) clarify how limitations on voting of interests in BOX Holdings are implemented by reallocating voting rights to other BOX Holdings owners, and how a similar provision in the BSTX LLC Agreement would operate; (4) discuss certain provisions and associated definitions in the BSTX LLC Agreement that are the same or different from those that currently apply to BOX Holdings and BOX Options, particularly with respect to the board structure, intellectual property, and automatic admission of Class B Units as Members; (5) provide additional description of limitations on voting and ownership of interests in the Exchange; (6) provide additional description of the roles, obligations, and authorities of BOX Digital, tZERO, and the Exchange with respect to BSTX; (7) describe the funding of operations of BSTX; (8) clarify representation of BSTX Participants on the Exchange's Board and committees, and how those representatives would be appointed at the commencement of operations; and (9) make other technical, clarifying and conforming changes. Amendment No. 1 is available on the Commission's website at: *https://www.sec.gov/comments/sr-box-2021-14/srbox202114-9251558-250847.pdf.*

[7] 15 U.S.C. 78s(b)(2)(B).