

March 31, 2014

Kevin O'Neill  
Deputy Secretary  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-1090

**Re: File No. SR-FINRA-2014-004 (Proposed Rule Change Relating to Amendments to FINRA Rule 5110 (Corporate Financing Rule – Underwriting Terms and Arrangements)) – Response to Comments**

Dear Mr. O'Neill:

This letter is being submitted by Financial Industry Regulatory Authority, Inc. (“FINRA”) in response to comments submitted to the U.S. Securities and Exchange Commission (“SEC” or “Commission”) regarding the above-referenced rule filing (“Proposal”).<sup>1</sup>

FINRA proposes to amend FINRA Rule 5110 (Corporate Financing Rule — Underwriting Terms and Arrangements) to expand the circumstances in which termination fees and rights of first refusal are permissible; exempt from the filing requirements certain collective investment vehicles that are not registered as investment companies; and make clarifying, non-substantive changes regarding documents filed through FINRA’s electronic filing system. The SEC received one comment letter, filed on behalf of the Committee of Annuity Insurers (“Committee”), in response to the proposed rule change.<sup>2</sup> The Committee had no objection to the Proposal, but requested that FINRA adopt an additional “catch-all” exemption from Rule 5110 for offerings in insurance contracts that

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<sup>1</sup> See Securities Exchange Act Release No. 71486 (February 5, 2014), 79 FR 8226 (February 11, 2014) (Notice of Filing of a Proposed Rule Change and Amendment No. 1 Thereto Relating to Amendments to FINRA Rule 5110 (Corporate Financing Rule – Underwriting Terms and Arrangements); File No. SR-FINRA-2014-004).

<sup>2</sup> See Letter from Stephen E. Roth and Susan S. Krawczyk, Sutherland Asbill & Brennan LLP on behalf of the Committee, to Elizabeth M. Murphy, Secretary, SEC, dated March 4, 2014.

Kevin O'Neill  
March 31, 2014  
Page 2 of 2

may be treated as securities but may not clearly fall within any of the existing exemptions for insurance contracts.<sup>3</sup>

While FINRA appreciates the Committee's input on an additional exemption to FINRA Rule 5110, FINRA considers the Committee's comments to be outside the scope of the proposed rule change; however, FINRA will separately consider the comments and determine whether any future action is appropriate.

If you have any questions, please contact the undersigned at (202) 728-8200 or James S. Wrona, Vice President and Associate General Counsel, at (202) 728-8270.

Sincerely,



Kathryn M. Moore  
Associate General Counsel

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<sup>3</sup> See FINRA Rule 5110(b)(8) (Exempt Offerings) which exempts the following types of insurance contracts: (1) exempted securities (which includes any security arising out of a contract issued by an insurance company, which interest, participation or security is issued in connection with certain qualified plans as defined in Section 3(a)(12)(iv) of the Securities Exchange Act of 1934) in Rule 5110(b)(8)(B); (2) variable contracts in Rule 5110(b)(8)(D); and (3) modified guaranteed annuity contracts and modified guaranteed life insurance policies described in Rule 5110(b)(8)(E).