

We have reviewed Regulatory Notice 10-25 (Registration and Qualification Requirements for Certain Operations Personnel) and are generally quite supportive of the goals of the proposed rule changes. However, we believe that certain of these requirements are not applicable to “limited-lines” or “cash and app” broker dealers with no direct client accounts.

While the proposed licensing and education requirements for certain operations personnel may generally help ensure that proper investor protection mechanisms are in place and that qualified persons are performing the operational duties at broker-dealers who have custody of client assets, these requirements may be unnecessarily burdensome to smaller, limited-lines broker dealers who, among other things, would not have direct access to client funds, do not borrow or lend securities, do not offer Prime brokerage services, and offer no trading function or custody of client accounts.

We appreciate the proposals in section (D) that would exempt certain persons from qualification exams, and suggest that similar exceptions should be made for the registration and continuing education requirements for operations professionals employed by such limited-lines broker dealers.

Thank you for your consideration of our comments regarding this proposal.

Submitted on behalf of Freestone Securities LLC by:

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