Thornburg Securities

May 27, 2008

Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

Dear Ms. Asquith:

I am writing on behalf of Thornburg Securities Corporation, a registered broker/dealer and FINRA member firm. I am submitting this letter to comment on the proposed consolidated FINRA Rules governing supervision and supervisory controls as discussed in Notice 08-24 (the "Notice").

With regard to proposed FINRA Rule 3110(c)(2)(D), I would ask FINRA to reconsider changing the language in this section from the current language which requires members to identify activities in which the member does not engage in the written inspection report, to requiring members to identify those activities in which the member does not engage in the member's written supervisory procedures for the following reasons:

1. It would confuse the purpose of written supervisory procedures. The general requirements for written procedures in proposed FINRA Rule 3110(b)(1) and current NASD Rule 3010 are to "establish, maintain, and enforce written procedures to supervise the types of business in which it engages…" . To require that the written supervisory procedures also include those activities/business that the member does not engage in would be confusing and more importantly unhelpful to the reader of those procedures.

2. Like our firm, I am sure there are others which have different offices that engage in different types of activities. It will be a lengthy if not difficult process for some firms to note the types of activities that are not engaged in at one location and then have to note for a different office a whole set of different activities that are not engaged in within the written supervisory procedures. What benefit will it be to have a laundry list of office numbers and the types of activities that office does not engage in within the written supervisory procedures manual?

Due to the two points mentioned above, I believe the member will benefit more by having this type of information within the inspection report not in the written supervisory procedures manual.

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With regard to proposed FINRA Rule 3110(c)(3)(B)(i), please clarify if there will or won't be a notice, like the current 3012 Notification, which would need to be filed with FINRA if members are of limited size or resources which would make compliance with paragraph (c)(3)(A) not possible. The Notice did not discuss the Notification so it is unclear if it will still be required.

With regard to the Supplementary Material .02, Designation of Additional OSJs (current NASD Rule 3010(a)(3), I am seeking interpretive guidance. Should a member's determination as to whether to designate other locations as OSJs be based on meeting all of the factors listed, or be based on meeting any one of the factors listed? I raise this question to illustrate what a firm like ours, and many others, face with this rule. If a member firm must designate additional OSJs based on meeting any one factor listed, it would mean that any firm which utilizes regional wholesalers may need to designate multiple OSJ sites because they would meet either (c) or (d) or both (c) and (d) of this section. Regional wholesalers are often geographically dispersed and may be geographically distant from another OSJ. However, these off-site offices of regional wholesalers, which are usually their primary residences, do not engage in retail sales, securities activities or other activities involving contact with the public and do not meet the definition of OSJ in proposed FINRA Rule 3110(d) (current NASD Rule 3010(g)). Would FINRA agree with a firm which does not find it necessary to designate any regional wholesaler offices as OSJs based on the fact that no securities activities occur at such locations even though it meets the two factors mentioned above?

With regard to the Supplementary Material .08(a)(1) and (a)(2), for small member firms this requirement would be extremely burdensome due to the lack of personnel and/or systems to conduct this type of review and investigation. I was recently at a Market Regulation conference, and according to a member of FINRA's Insider Trading Surveillance and Investigations team, insider trading surveillance involves many moving parts and is very hard to prove. Not only does it involve surveillance of the various securities and the news about them and other news but it also means determining if that piece of news is material. In addition the security's price and volume trading history, industry trends and general market trends must be evaluated. Apart from that, data from Blue Sheets are analyzed, interviews with issuers are conducted to get a chronology of events, letters are sent to insiders to see if the suspected person is known to them, other persons are interviewed and if needed efforts can be coordinated with other market participants. A member firm may not have access to this type of data or these types of investigative methods and/or may not have the personnel to dedicate to it. Another thing to think about is that a member firm reviewing trades alone may not identify manipulative and deceptive trading nor identify insider trading. An internal or external communication may be the trigger. At most firms the person reviewing trades is not the same person reviewing communications and if the two do not share information then the trade may go unnoticed. Also, what is on every member's mind and which has not been communicated in the Notice, is what are the consequences for a firm or individual reviewer if they failed to identify insider trading or manipulative activity? What are the consequences for the investigator if FINRA does not think the investigation was thorough enough? Will the firm get sanctioned? Will the employee responsible for the review or investigation get sanctioned and possibly barred from the industry? Members currently have an obligation to review transactions related to their securities business or investment banking business (proposed FINRA Rule 3110(b)(2)) and the ultimate goal of requiring this is to prevent, and/or detect violations of federal securities laws. But to require that members review and investigate transaction with the goal of proving insider trading and/or other manipulative or deceptive activity is both unrealistic and unreasonable. That task is best left to the SRO's. What member firms need to be held responsible for is well rounded supervisory systems

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and supervisory procedures, that their associated persons are well trained on the rules, regulations and firm supervisory procedures and that there is a strong culture of compliance within the firm.

With regard to the Supplementary Material .08(c), Transaction review and investigation, I am seeking interpretive guidance. The definition for "investment banking services" for paragraph (b) of this section includes "acting as an underwriter". Would this include members who engage in the underwriting of mutual funds which is quite different from traditional underwriting of securities. In addition the definition includes "serving as a placement agent for the issuer or other wise acting in furtherance of a private offering of the issuer". Would this include associated persons of a member participating in a private securities transaction? Although a member may not be considered an" investment bank" some of the activities members engage in may meet this definition.

Thank you for allowing me the opportunity to comment on the proposed consolidated FINRA Rules governing supervision and supervisory controls. I hope you will consider my comments, suggestions, and/or request for additional clarification and guidance.

Respectfully Submitted By,

Jennifer Medina-Summers
Chief Compliance Officer

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