

July 13, 2015

By Electronic Mail to pubcom@finra.org

Marie E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington D.C. 20006-1506

Re: FINRA Regulatory Notice 15-19 (Educational Communication to Customers of Transferring Representative)

Dear Ms. Asquith:

Ameriprise Financial Services, Inc. (“Ameriprise”) welcomes the opportunity to comment on FINRA’s Regulatory Notice 15-19 and accompanying rule proposal (“Proposed Rule” or “Rule”) concerning the delivery of a FINRA created educational communication (“Educational Communication”) to customers of a transferring representative. We appreciate the thoughtful approach that FINRA has taken with respect to the rulemaking process, and the careful consideration given to comments submitted about the prior proposal (FINRA Proposed Rule 2243). Ameriprise also commends FINRA for significantly revising the prior proposal in recognition of these comments to now provide for the delivery of an Educational Communication to former customers of the transferring representative. We believe this approach strikes the right balance between informing the customer and respecting advisor privacy.

In light of these changes, Ameriprise supports the Proposed Rule, although with some reservations about the delivery process. These concerns include the supervisory challenges associated with implementing a new delivery system, particularly when a more efficient alternative delivery process is available. More specifically, member firms already have an account transfer delivery process in place that could be leveraged to deliver the Educational Communication in a cost effective manner. By tying the delivery of the Educational Communication to an existing process, the Rule would be significantly strengthened and improved.

I. The Delivery Requirement Should be Revised

1. Inducement is a Vague and Undefined Term

Ameriprise supports a simple, plain English delivery requirement that is easy to understand and supervise. The delivery requirement of the Proposed Rule, however, is not only vague and imprecise, but tracks two different delivery scenarios depending upon whether the first contact is verbal or is in writing. Under the current proposal, the delivery of the Educational Communication is triggered when the member or the member’s representative attempts to “induce” the former customer to transfer assets to the new firm. The Proposed Rule does not define “induce” or “inducement,” making it nearly impossible to

determine when an inducement has occurred and the delivery obligation is triggered. More specifically, many transferring advisors send announcement cards or make announcement calls to former customers, advising the customer of their change of employment. These calls and cards are not intended as an inducement, but member firms run the risk of regulatory discipline if FINRA determines this longstanding industry contact practice violated the Proposed Rule.

In addition, Ameriprise is concerned that the Proposed Rule may be interpreted as requiring member firms or their representatives to send an Educational Communication with an announcement card. To the extent the transferring advisor is not protected by the broker protocol, the transmittal of the Educational Communication with the announcement card may be interpreted by the former firm as a violation of the advisor's employment agreement, prompting unwanted and unnecessary litigation. The more practical approach would be to require the delivery of the Educational Communication in conjunction with the delivery of the account transfer paper work, avoiding a situation where a simple announcement, by virtue of the accompanying Educational Communication, could be construed as a solicitation.

2. The Three Day Delivery Requirement is Unreasonable

Ameriprise believes it will be extremely difficult to ensure compliance with the delivery of the Educational Communication within three business days because of the challenges inherent in thoroughly supervising the verbal communications of a new advisor who may be making hundreds of phone calls to former customers. The Proposed Rule requires that the Educational Communication must be sent within three business days of a verbal inducement, or with the account transfer documentation, whichever is earlier. From a supervisory standpoint, it will be next to impossible to ensure compliance with the delivery of the Educational Communication within a three day window. The newly hired advisor may be calling hundreds of customers over the span of several months, requiring extensive supervisory control. More specifically, monitoring the advisor's self-reporting of these calls would cause tremendous operational strain, particularly for new employees who are unfamiliar with firm processes and procedures. Further, if these disclosure obligations extend to multiple new advisors, the supervisory burden could extend to over 1,000 phone calls a week.

3. The Delivery of the Educational Communication Should be Tied to an Existing Process

Ameriprise supports tying the delivery of the Educational Communication to an existing process because it would be more cost effective, efficient, and easier to supervise. The costs of tying the delivery of the Educational Communication to an existing process would be *de minimis* compared to the costs of establishing a new delivery system. Furthermore, the delivery of the Educational Communication would be far more likely if tied to an existing process, as opposed to implementing a new system with the inevitable growing pains and operational challenges. Finally, it would be far easier to supervise an existing process rather than developing a new supervisory system, particularly a system that would be tasked with tracking hundreds of telephone calls and delivering hundreds of documents within a three day timeframe.

Ameriprise believes the delivery of the Educational Communication should be triggered by the delivery of account transfer documentation to former customers of the transferring representative. Fortunately, member firms have an existing process in place to deliver account transfer documentation, so the Educational Communication could be added to the transfer paperwork with limited disruption and cost. Clients would be afforded an opportunity to be informed and to seek information from their representative concerning a number of important account considerations, prior to executing the account transfer paperwork. FINRA already requires a number of disclosure obligations at account opening, including, but not limited to, business continuity plans pursuant to FINRA Rule 4370(e), margin disclosure statements pursuant to FINRA Rule 2264, SIPC information pursuant to FINRA Rule 2266, and the existence of a carrying agreement pursuant to FINRA Rule 4311, so tying the delivery of the Educational Communication to the delivery of account opening paperwork would be consistent with FINRA's existing rules.

More importantly, the simplification of the delivery process would enhance the customer experience. First, providing the customer with the Educational Communication and the account transfer documentation at the same time would allow the customer to consider the documents in the proper context. Second, by simplifying the process, the successful delivery of the Educational Communication would be significantly improved. Third, by simplifying the process, the customer and advisor could consider the Educational Communication after it has been received and reviewed by the customer and avoid all together the confusing initial conversation that follows a verbal inducement – a discussion about a forthcoming Educational Communication that the customer has never even seen much less read.

Finally, the Proposed Rule already contemplates delivering the Educational Communication with account transfer documentation if the first contact is a written inducement, so extending the delivery of the Educational Communication to coincide with the delivery of transfer documentation in all cases is a minor adjustment to the existing proposal. By making this minor adjustment, the Educational Communication could be delivered with the other disclosures and the account transfer paperwork at the same time, providing firms with more assured institutional controls over delivery, and a more cost effective and efficient delivery process, all while achieving the regulatory objective of fully informing the customer.

II. The Educational Communication Should not use the Term “Broker”

Ameriprise believes the tone of the Educational Communication could be improved if the term “broker” was replaced with registered representative, registered person, financial advisor, or advisor. For many financial services firms, broker is an obsolete term that does not accurately reflect the comprehensive advice given by registered representatives in the financial services industry. Indeed, the Recruitment Disclosure Form for the prior proposal, which would have been sent to customers of the transferring advisor, more accurately referred to the advisor as a “representative” and not as a “broker.”

III. A FINRA Created Educational Communication is Fair and Uniform

Ameriprise supports the use of the FINRA created Educational Communication and does not support allowing firms to create their own document. First, Ameriprise believes that it is important for investors to receive a document from FINRA, a not-for-profit organization whose mission is to protect American investors by making sure the securities industry operates fairly and honestly, giving investors a sense of comfort that their interests are being safeguarded by an independent third party. The benefit of a FINRA endorsed document is not available if a firm creates its own document. Second, Ameriprise also supports the use of a FINRA created document to ensure uniformity and consistency in the delivery of information to customers. It would be unfair to customers if certain information was not included because the firm exercised discretion in the creation of its own document. After all, the purpose of the Educational Communication is to spark a conversation between the advisor and customer, and the advisor can address any issue raised by the Educational Communication to the extent that it applies or does not apply to the customer's particular circumstances.

IV. Conclusion

Ameriprise appreciates the opportunity to comment on the Proposed Rule, and representatives of the firm would be pleased to discuss the comments presented in this letter or to provide FINRA with additional information.

Please do not hesitate to email me at timothy.games@ampf.com or to call me at (612) 671-4133.

Respectfully Submitted,



Timothy E. Games
Vice President and Group Counsel