

I think this is a bad idea because it provides a little bit of customer protection at the expense of a person's reputation in the securities industry. People who lose money allege all sorts of things against anyone who is involved with their account. This does not mean there is a legitimate violation of sales practice rules. Sometimes the person named is just the person who happened to pick up the phone and tried to lend assistance. If a customer does not name someone as a respondent in an arbitration, there may be a reason for that and it is not just an error of omission. If a customer alleges wrongdoing against a registered person, the actions should be investigated to see if there is merit to such allegations before amending the U-4, a record which could be made public and cannot really be effectively amended. Oh sure the broker comment is there if you bother to look for it.

This is a step toward assuming someone is guilty before giving that person due process and then making that assumption of guilt a public record.

This is a bad idea that looks like it is serving the public interest when it only makes less work for the regulators. FINRA, you should have to do the work, investigate, and find a real violation, not just an alleged violation, before amending a person's U-4.

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