

## **Comment on Proposed Rule Requiring the Filing of Supplemental FOCUS Information and Supplementary Schedule to the Statement of Income (Loss) Parts II and IIA**

These comments are submitted by management of Wachtel & Co., Inc. The firm is a small self-clearing broker-dealer – regrettably, one of the few such firms remaining in business.

We oppose the new rules unless amended to include appropriate exclusion thresholds and/or exemptions that reflect the burden on firms--particularly small firms--weighed against expected regulatory benefit.

Such amendments should be easy to devise. For example, we suggest that more detailed information should not be required unless the particular line item represents the greater of a specified percentage of a firm's business or at least \$20,000. We further recommend that all amounts on the Focus form should allow rounding to the nearest thousand dollars, and firms with revenues below a certain threshold should have the option of reporting on a simplified form.

FINRA should know that the Focus form is a significant regulatory burden that escalates with every increase in the quantity and detail of information required. Many of the categories are developed by painstaking review of individual daily blotters. Amounts must be separately characterized from the presentation required for financial reporting, and in some cases, characterized again for other FINRA requirements. Every month, the effort requires hours of tedious concentration, and we believe this burden is greatest for less computerized small firms. We also that believe the burden could be cut in half with reasonable simplification -- with no significant loss of regulatory utility to FINRA.

The intense detail anticipated by the new requirements promises an environment not just more costly to firms but to regulators as well. Large percentage changes in small amounts should be unimportant from a regulatory standpoint, but most of us have received calls from examiners sparked by the presence of such items on exception reports. Efficient and effective regulation demands that resources be directed to material items, not squandered on minutia. Focus reporting should reflect a priority on cost-effective requirements -- appropriately tailored to different industry members and the different size and risk profiles they entail.

For all of the above reasons, we urge a cost/benefit analysis be undertaken with an eye to amendment, if not abandonment, of the proposed new requirements. We would be happy to discuss the matter in greater detail upon request.

Thank you for the opportunity to present these comments.

Respectfully submitted, this 16th day of August, 2010.

Wendie L. Wachtel, COO