

Ledbetter & Associates, P.A.

Dale Ledbetter

Admitted in Florida, Tennessee
and District of Columbia

G. Robert DeLoach, Jr.

Admitted in Indiana and
South Carolina

Adam Nativ

Admitted in Florida

James E. Hall

Admitted in District of Columbia
and Tennessee

333 RIVERWALK PLAZA, Suite 1500
FORT LAUDERDALE, FLORIDA 33301

PHONE: 954 635-5759

FAX: (954) 622-9107

www.dlsecuritieslaw.com

Of Counsel Attorneys**Jason Scott Coupal**

Admitted in Florida

William J. Gladden

Admitted in Georgia

James Graven

Admitted in Ohio

Stephen P. Oggel

Admitted in California

A. Daniel Woska

Admitted in Oklahoma

March 28, 2011

Marcia E. Asquith

Sharon K. Zackula

Office of the Corporate Secretary

FINRA

1735 K Street, NW

Washington, DC 20006-1506

Dear Ms. Asquith and Ms. Zackula:

I am writing to object to the proposed FINRA rule changes affecting the current Fair Pricing Rules set forth in FINRA Rule 2440 and IM-2440-1. More specifically, I am objecting to the proposed rule change calling for the elimination of (i) the 5% Guideline for mark ups/mark downs and commissions set forth in IM 2440-1, and (ii) the "Proceeds Rule" set forth in IM-2440-1(c)(5). These rules are necessary for investor protection, and there is no legitimate reason or justification for eliminating this important safeguard.

The investing public has lost much faith in the securities industry due to the financial disaster in recent years, and the idea that FINRA would consider eliminating any investor protection programs is unthinkable. FINRA proclaims to stand for investors as well as the industry, but FINRA's position on this issue causes every reason to discredit that notion.

The proposed Fair Pricing Rule change sends a clear message that FINRA holds the securities industry's interest above the interests of the investing public.

The 5% Guideline

FINRA then makes the illogical suggestion in Notice 11-08 that the 5% Guideline should be eliminated completely because it is supposedly obsolete and that electronic trading has reduced transaction costs. FINRA references a study it conducted that showed most broker-dealers typically charge between 2-3% markup/markdowns and commissions. If FINRA's statements regarding lower transaction costs are true and that there is a general industry practice

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of charging between 2-3% in markups/mark downs and commissions, then the Guideline should be reduced to coincide with recognized industry practice, not eliminated.

Having no Guideline or a reasonable reference point invites abuse by unscrupulous industry practitioners and tempts even honest industry practitioners to raise their markup/markdowns and commission to meet the never-ending demand to make profits. In both cases, the investor loses.

Removing the limitation on the amount an investor pays in mark ups/mark downs and commissions also benefits a financial industry – at the expense of the investor -- that wants to move as rapidly as possible to an asset-gathering, wrap fee model. By allowing the industry to drive up commissions without any limiting guideline, customers may be forced into unsuitable and inappropriate fee-based accounts.

The Proceeds Rule

The Proceeds Rule (IM-2440-1(c)(5)) is one of the most important rules protecting investors from clever but unscrupulous brokers and broker-dealers. FINRA's sole justification in Notice 11-08 for completely eliminating the Proceeds Rule is that the Rule is allegedly "confusing." This statement is offensive and without merit. There is nothing "confusing" in the Proceeds Rule and if FINRA really believes confusion exists, then FINRA needs to clarify the Proceeds Rule, not eliminate it. Elimination of the Proceeds Rule is an obvious and completely unwarranted 'gift' to the industry at the expense of investors.

Investors are most often left to their own accord through the FINRA run arbitration process to seek recoveries from unscrupulous brokers and broker-dealers who have violated the Fair Pricing Rules. Even the most honest broker-dealers have demonstrated a pattern of discovery abuse which makes it incredibly difficult to obtain the information necessary to prosecute Fair Pricing Violations in an arbitration proceeding. With the elimination of the 5% Guideline and the Proceeds Rule, FINRA is placing another obstacle in front of investors seeking recoveries for abusive pricing practices.

For all of the reasons set forth herein, I strongly object to the proposed rule changes seeking to eliminate the 5% Guideline and the Proceeds Rule. The 5% Guideline could be easily modified to be consistent with current industry practices and the Proceeds Rule could be clarified, if necessary.

Sincerely,

Dale Ledbetter