

The Clinic supports unifying the search returns for the IAPD and BrokerCheck databases because it will increase access to information about investment advisers and broker-dealers. The Clinic also supports adding the ability to search BrokerCheck by zip code or other indicator of location. Like the SEC, we believe that this will make BrokerCheck more useful as a starting point for finding a financial adviser.

Furthermore, we agree that adding educational content to BrokerCheck will be useful to investors. Specifically, we believe that adding “bubbles,” “pop-ups,” or some type of hover text over key words or phrases will allow investors to more easily understand the substance of a particular technical term or reference.

II. Additional Issues Raised by the SEC and FINRA

In addition to the near-term recommendations, the SEC recommended that FINRA continue to evaluate the feasibility of expanding BrokerCheck to include other information in the Central Registration Depository system (“CRD”), as well as the method and format of publishing BrokerCheck content. The SEC proposed that FINRA begin this evaluation after the eighteen-month implementation period, which ends in July 2012.

Because FINRA delayed issuing the Request until February 2012, we strongly urge FINRA to adopt additional changes as soon as possible.

As such, the remainder of this letter will address other issues raised by the SEC and FINRA, including: (1) the amount of information displayed on BrokerCheck; (2) the length of time information is displayed on BrokerCheck; (3) the BrokerCheck report design, format, and content; (4) investor awareness of BrokerCheck; and (5) commercial use of BrokerCheck.

A. The Clinic Supports Increasing the Amount of Information Displayed on BrokerCheck Reports

Beginning on page four of the Request, FINRA raises a number of questions, of which we will address a few.

With respect to FINRA’s question on the type of information that should be available on BrokerCheck, the Clinic strongly supports adding information reported on the Form U-4, Uniform Application for Securities Industry Registration or Transfer (“Form U-4”). Specifically, we suggest adding information related to an associated person’s educational history; felony and misdemeanor criminal history, but only to the extent a criminal charge is reportable to FINRA; non-investment related activity to the extent reported on the “Other Business Activities” section of the Form U-4; financial disclosures regardless of when the financial activity occurred and whether the lien or judgment was satisfied¹; and any civil judgments. Providing this additional information will give investors the opportunity to decide for themselves the significance of this information in choosing an associated person.

¹ Including bankruptcy, SIPC, compromise with creditors, bonding payouts, revocations, and unsatisfied judgments and liens.

The Clinic is also in favor of listing an associated person's professional designations, educational history, and examination history (on a pass/fail basis). This information is useful for investors who are deciding on an associated person. Moreover, we believe that a record of examination attempts is useful to investors to evaluate associated persons' professionalism, performance, and ethics.

B. FINRA Should Make All Information in BrokerCheck Available Indefinitely

Additionally, FINRA raises a question regarding the length of time information should be displayed on BrokerCheck. The Clinic strongly believes that FINRA should make all information in BrokerCheck available indefinitely.

The Clinic originally addressed this issue in our comment to the SEC dated September 8, 2009 regarding File Number SR-FINRA-2009-050.² The Clinic asked FINRA to modify its proposal and make the entire BrokerCheck record available indefinitely. More recently, in our comment letter dated May 13, 2010 regarding File Number SR-2010-012³, the Clinic supported (1) increasing the BrokerCheck disclosure period for former associated persons of a member firm; (2) permanently making publicly available in BrokerCheck certain information about former associated persons of a member; and (3) making publicly available on BrokerCheck all historic customer complaints.

We are particularly concerned about formerly associated persons who, though they have left the securities industry, have established themselves in other financial services areas, such as insurance sales or as mortgage brokers. These persons often leave, not of their own accord, and still have the potential to cause great harm to the investing public.⁴

C. The Clinic is in Favor of Altering the Report Design, Format, and Content of BrokerCheck Reports

BrokerCheck reports can be lengthy, with some reports totaling more than 1,000 pages. In these instances, the "Report Summary" page ("Summary Page") remains only a page long and provides an overview of only the most basic information, such as the main office location and the mailing address. This is hardly informative.

We support FINRA's suggestion of having a matrix setting forth the number and types of disclosures on the Summary Page. The matrix should mirror the matrix appearing in the "Disclosure of Arbitration Awards, Disciplinary, Financial and Regulatory Events" page. This will allow investors to see at-a-glance the events that are pending, final, and on appeal.

D. The Clinic Supports Increasing Investor Awareness of BrokerCheck

FINRA should make basic BrokerCheck information (e.g., registration status, employing firm, employment location) available in such a way that enables investors to enter an associated person's name in an Internet search engine, see the basic information in the search results, and be

² <http://www.sec.gov/comments/sr-finra-2009-050/finra2009050-26.pdf>

³ <http://www.sec.gov/comments/sr-finra-2010-012/finra2010012-8.pdf>

⁴ <http://www.finra.org/Newsroom/NewsReleases/2010/P121729>

directed to BrokerCheck for more detailed information. This ensures that investors will be able to easily find and access BrokerCheck information.

FINRA should also consider increasing their online presence through advertisements. Accordingly, FINRA should advertise BrokerCheck on websites directed towards financial issues and even, social networking websites. Because many individuals now receive their information through online sources, this is the best way to increase BrokerCheck's visibility to the general public and promote investor awareness.

E. BrokerCheck Should Be Available for Commercial Use Under Limited Circumstances

We support making BrokerCheck information available to for-profit companies because for-profit companies have a financial incentive to publicize the availability of BrokerCheck information to investors. Consequently, making information available to for-profit companies may actually increase investor awareness of this information.

Although the Clinic supports commercial use of BrokerCheck information, we believe that FINRA should impose two limitations:

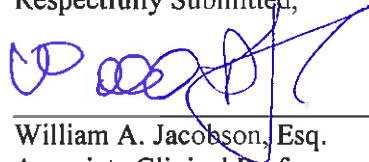
First, for-profit companies must update their BrokerCheck information regularly. An associated person has a reasonable concern that a commercial service may not always have the most updated information on their system. From an investor's perspective, outdated information may not include all reportable events that an investor should know. In either situation, outdated information is misleading information that has the potential to hurt both the associated person and the investor.

Second, FINRA should establish guidelines for how the information is displayed and packaged. This safeguard is necessary to prevent for-profit companies from displaying the information in a deceptive manner.

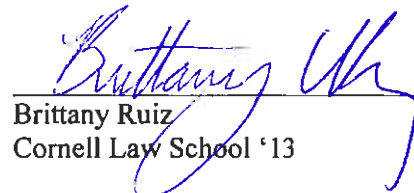
Conclusion

For the foregoing reasons, the Clinic supports the SEC's recommendations and urges FINRA to promptly address the other issues in the Request.

Respectfully Submitted,



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