

September 23, 2026

Jennifer Piorko Mitchell
Office of the Corporate Secretary
Financial Industry Regulatory Authority
1700 K Street, N.W.
Washington, D.C. 20006

Re: Comment on Regulatory Notice 26-15 (Modernizing FINRA's Best Execution Guidance) –
FINRA Rule 5310 (Best Execution)

Dear Ms. Mitchell:

We appreciate the opportunity to comment on Regulatory Notice 26-15 (the “Notice”), which solicits comment on modernizing FINRA’s best execution guidance under Rule 5310. We recognize that FINRA has sought comment broadly and that other commenters will address important issues across the full range of topics raised. This letter is intentionally limited to a single issue: the appropriate allocation of best execution obligations between introducing brokers and clearing brokers in a fully-disclosed correspondent clearing relationship.

FINRA acknowledges in Section 5 of the Notice, “Introducing and Receiving Firm Obligations,” that both a routing firm and an executing firm may have best execution obligations, although those obligations “may differ.” Supplementary Material .09(c) to Rule 5310 already permits a routing firm to rely on an executing member’s regular and rigorous review under specified conditions. FINRA has also asked in Question 5(a) whether it should provide additional guidance regarding best execution obligations of different firms in the routing chain and in Question 5(b) whether additional guidance is needed regarding a routing firm’s reliance on the executing firm’s review under .09(c). FINRA should use this opportunity to provide clear, modernized guidance in the context of the introducing-clearing relationship.

Unlike ordinary course transactions routing from one broker-dealer to another, the clearing relationship is specifically designed to allocate responsibilities for various aspects of the customer relationship to the different parties. In fact, FINRA Rule 4311 specifically requires the parties to a clearing agreement to allocate specified responsibilities between the parties. Rule 4311(c)(1)(d) requires the parties to allocate responsibility for the execution of orders in writing in the clearing agreement. Where the parties have, as is customary, allocated responsibility for execution to the clearing broker, it stands to reason that the clearing broker has execution quality responsibilities and that the introducing broker, having allocated that responsibility to the clearing broker, should be allowed to rely on them.

When an introducing broker routes a customer order on a fully-disclosed basis to a FINRA-member clearing broker without directing the execution venue, FINRA should therefore recognize a presumption that the introducing broker has satisfied its best execution obligations. In this scenario, the clearing broker retains full authority and discretion over execution venue selection. The clearing broker, not the introducing broker, is therefore best positioned to satisfy, and be held accountable for, best execution. This presumption is consistent with the framework in Supplementary Material .09(c), which contemplates that a routing firm's review obligations may be satisfied through reliance on the executing firm's processes, and by the structure of the introducing-clearing relationship outlined in Rule 4311. The introducing broker should not bear a duplicative review obligation with respect to a FINRA-supervised entity that independently owes best execution duties under Rule 5310.

If the introducing broker knows or has reason to know that the clearing broker is failing to satisfy its best execution obligations (for example, through customer complaints or FINRA disciplinary actions), the introducing broker should be required to take appropriate action and/or to make inquiry with its clearing broker as to what remedial steps are being taken.

Similarly, the presumption should not apply where the introducing broker directs the trade to a specific execution venue or routes orders to venues other than through the clearing broker. In those circumstances, the introducing broker has exercised discretion over execution venue selection and should be required to conduct its own regular and rigorous reviews of execution quality consistent with Rule 5310 and Supplementary Material .09.

FINRA has expressed a goal of ensuring that Rule 5310 remains "effective" and "consistent" while modernizing its guidance. Requiring introducing brokers to conduct duplicative best execution reviews of a FINRA-supervised clearing broker's execution decisions is resource-intensive, redundant, and inconsistent with that goal. The framework proposed here would eliminate that redundancy, promote regulatory efficiency, and focus supervisory resources on the entity that actually controls execution venue selection. FINRA has also solicited views on potential safe harbors under Question 1(i) of the Notice; the presumption described above could serve as the basis for such a safe harbor in the correspondent clearing context.

We appreciate FINRA's consideration of these comments and would welcome the opportunity to discuss them further.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Russell Sacks", with a stylized flourish at the end.

Russell D. Sacks
King & Spalding LLP