

Thank you for the opportunity to comment on the above Notice to Members, which proposes the creation of an Inactive Disclosure Review status for reps. where the member firm has not timely updated or reported disclosure information.

Although I can understand the frustration NASD must have in finalizing issues via the CRD system, I cannot support the idea of an automatic "inactive" designation when this issue arises. Certainly, even our firm has forgotten to file a U-5 amendment upon the resignation of one of our reps. This was entirely our oversight, and would be inappropriate for the rep. to be punished for the error.

Additionally, I have recently had the experience where a rep. that is affiliated with our firm (but had an arbitration pending at his previous firm) required an updated U-4 entry. We updated the U-4 but it did not agree with the firm that was amending his U-5. Although we fought over the issue for a very long time, only our firm (the employing firm) carried the deficiency - the U-5 amending firm had no problems (even though we disagreed with the filing they submitted). I guess my point in telling you this story is that there are often times where - legitimately - well over 30 days may pass prior to a resolution in a filing where there is disagreement. Again, this deficiency was not caused by the rep. - or frankly even the firm's failure to update - it was strictly an issue with the correctness of the filing. Unfortunately, there are many types of filings that can be quite subjective in their completion. I'm quite sure firms do not always have complete agreement on how to file and properly word DRP's. Due to this complexity, I don't believe an inactive registration is the appropriate response.

Alternatively, if the proposed rule change were modified to allow for two consecutive 30 day windows, with certain exceptions made in the case of disagreement with the wording of the filing - I do believe that would allow for sufficient time for the firm to resolve the matter (or obtain an exemption from completing the filing within the usual prescribed period).

The 60 day total period should include NASD provided written or e-mail reminders sent to the firm executive rep. twice (15 days in and 30 days in) and possibly directed to the President or CEO for the final 2 notices (45 days and 60). This could ensure that, even if the original party that received the notice was no longer at the firm or out of town, that someone else would also receive notification with ample time left to respond. Following the two 30 day periods, I believe it would then be appropriate to allow the rep. designation to become inactive (again, unless an exemption due to special circumstances has been obtained).

Thank you again for the opportunity to share my thoughts and some firsthand experiences.

Sincerely,

Debbie Castiglioni
CEO
Cutter & Company, Inc.