Our law firm has focused on the representation of customers in claims against the brokerage industry for many years. I write in support of the proposed revisions to Questions on Forms U-4 and U-5.

There can be no decision with greater significance than the selection of a broker to manage the investments of public customers. Retail customers are encouraged to investigate the qualifications and professional history of brokers before this critical decision is made. However, the current rules provide a loophole that often makes this inquiry meaningless.

Our firm rarely names brokers and/or managers as respondents, and instead only names the broker dealer who employed the associated person. However, we clearly identify the broker (including by CRD number) and describe the wrongful conduct committed by that person. There are both legal and strategic reason that dictate this decision. Under the current rules, such a Statement of Claim filed with FINRA would not trigger a U-4 reporting requirement for the broker. However, if I mail a copy of the same SOC to the branch office manager, it becomes reportable. This meaningless distinction results in incomplete and inaccurate complaint information appearing on a brokers CRD or thru Broker Check.

Brokers may argue that this change creates unnecessary disclosure and somehow affects their rights. Nonsense. The securities industry is one of the most highly regulated in this country and one of the reasons is to increase investor protection. When you compare an investors right to know against a brokers desire to cover up allegations of wrongdoing, the choice becomes clear.

For years I have advocated a rule change that allows for the transparency desperately needed by prospective customers. I am pleased to enthusiastically support this measure.

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