



December 29, 2008

Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

Re: Regulatory Notice 08-71
Reporting Requirements

Dear Ms. Asquith:

The National Association of Independent Brokers-Dealers, Inc. (NAIBD or the association) was formed in 1979 to positively impact rules, regulations, and legislation by facilitating a consistent, productive relationship between industry professionals and regulatory organizations. The association is national in scope and direction with 350+ Broker-Dealer and Industry Associate Members in its network. This letter represents the collective views of a representative sample of our membership, as expressed through its Member Advocacy Committee, chaired by the undersigned.

In regard to FINRA proposed Rule 4530, NAIBD appreciates the opportunity to express its support and/or its concerns regarding the proposed changes to NASD Rule 3070 and NYSE Rule 351.

We support the extension of the reporting period from 10 to 30 days, as proposed in the FINRA Rule 4530(a).

NAIBD respectfully requests the FINRA's consideration of its concerns regarding other aspects of the rule proposal as described below.

First and foremost, NAIBD strongly urges FINRA to use this opportunity of a Rule amendment to eliminate the redundancies between and among 3070, U4 and U5 such that any report made to U4 or U5 would satisfy the reporting requirement. Aside for rule text, there does not appear to be a significant technological barrier to this important modernization. Surely the data and information provided by firms and individuals to CRD are readily available to FINRA personnel, and ultimately to the investing public. Any requirement that would impose duplicative reporting obligations on firms seems inconsistent with any rules initiative designed to modernize and/or consolidate.

We suggest that the proposed amendments to Rule 4530(a)(1)(A) formerly Rule 3070(a)(1), be reconsidered on the basis that we feel the amendments expand the reporting requirements beyond what is reasonable and appropriate for firms engaging in a securities business. Specifically, the addition of "insurance" to the language regarding regulatory violations, the deletion of "financial" as a modifier to "business or professional organization" and transposing the phrase "investment-related" from before to after "insurance" combine to impose an unrealistic burden of oversight on securities firms. As written, the proposal would require firms to engage in oversight of business areas far outside their jurisdiction such as health and automobile insurance, real estate, and accounting, among others. The resources and systems that would be required to detect and prevent violations in these areas are not accessible to, nor are they affordable for, many firms. Further, even if detection of a violation of a health insurance, accounting or real estate practice standard were possible, the firm and its supervisors would be powerless to mandate corrective action. Because some of these business lines are typically in the jurisdiction of the states, we urge FINRA to coordinate with those jurisdictions before imposing supervisory requirements on member firms.

NAIBD also requests FINRA's consideration of its recommendations for further amendment and/or clarification to Rule 4530 (a)(1)(H), formerly Rule 3070(a)(g). We recommend that the phrase proposed to be deleted ", and the member knows or should have known of the association" be included in the new Rule. We believe this is essential to the success of a firm's compliance with the provision, as regulatory systems to this day continue to provide disclosure loopholes outside the control of a member firm, but which might allow a statutory individual to shield his/her disciplinary record. Unless or until the publicly available information regarding such individuals can be made fool-proof, NAIBD believes it is reasonable for FINRA to provide such allowance to its members.

NAIBD also requests clarification of the use of the term "investment advice" in this proposed rule. Specifically, if the term would require that the activities of investment advisers be incorporated into Rule 4530, we recommend that "investment-related" replace the term, based on the issues of jurisdiction discussed above. If the term is meant to limit the reporting requirements to only investment-related disqualifications, then we again request that "investment-related" replace "investment advice" in this subsection of the proposed rule.

In regard to the proposed Supplementary Materials, NAIBD requests further consideration of FINRA's clarification of the calculation of monetary thresholds for reporting civil litigations, which as described in Notice 08-71 suggests that firms will be

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required to include attorneys fees and interest. NAIBD notes that in many cases, within 30 days of knowledge of the event, and even throughout any related proceedings, firms may be unable to accurately predict these amounts. As such, NAIBD suggests that FINRA grant flexibility in reporting only those estimates that can be reasonably calculated over the course of the proceeding.

NAIBD appreciates the opportunity to comment on this important new rule proposal. If you have any questions or would like to request clarification, please contact the undersigned at 619-283-3107.

Sincerely,

// Lisa Roth //

Lisa Roth, on behalf of the Member Advocacy Committee of NAIBD
CEO, Keystone Capital Corporation
Chairman, NAIBD