



June 5, 2009

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

RE: Comments to Regulatory Notice 9-22

Dear Ms. Asquith:

I am writing to provide comments in response to your request contained in Regulatory Notice 9-22 addressing the proposed FINRA Rule 3210.

As proposed, Rule 3210 is overly broad and would place significant burdens (with no corresponding regulatory benefit) on many firms to monitor for both the existence of outside brokerage accounts as well as to properly account for the receipt of employee statements. The proposed rule does not address what firms will have to do with statements, once received and accounted for. Presumably, the need to receive statements will carry a requirement (Notice 9-22 notes the proposed rule "...would promote more effective oversight of personal trading...") to review an employee's activity. For many firms, the question becomes what a firm may be monitoring and reviewing for. FINRA's predecessors have noted that firms have a responsibility to monitor for conflicts with firm related investment banking and proprietary activity (see NASD Notice to Members 91-45 "NASD/NYSE Joint Memo on Chinese Wall Policies and Procedures"). Therefore, the need to receive statements (to monitor their employees' personnel trading) for firms that do not engage in order entry, execution, proprietary trading or investment banking (including advisory activity) is unwarranted. Such firms effectively have nothing to monitor their employees' activity against. Exchanges and other market centers already have programs in place to detect and review for trading issues, including insider trading, on the part of all investors, including those who may be employees of limited broker-dealers.

Therefore the proposal should be amended such that for the following types of firms whose business is limited to any or all of the following activity be excluded from the proposed requirements to both identify employee accounts as well as receive account statements:

1. Firms whose business is limited to the distribution of variable insurance products and/or investment company shares and/or municipal fund securities;
2. Firms engaged in the sale or distribution of direct participation programs;

PACIFIC SELECT DISTRIBUTORS, INC.

700 Newport Center Drive, Newport Beach, CA 92660-6397, Tel (800) 800-7681, Fax (949) 759-9809

Comment to Regulatory Notice 9-22

June 5, 2009

Page Two

3. Firms that have other limited business (not involving order entry, trade execution or investment banking) as may be defined by FINRA.

With respect to those firms that must provide and/or receive information regarding employee trading, I would recommend that FINRA encourage firms to provide data in a consistent electronic format (as determined by FINRA, working with its membership). Currently, firms that must receive information (from those providing it) obtain it in a variety of electronic and hard copy formats. That makes review especially difficult as time is required to "sort" through existing statements and put information in a consistent format to ensure adequate review.

Thank you for the opportunity to comment.

Sincerely,

S. Kendrick Dunn
Assistant Vice President
Pacific Select Distributors, Inc.

PACIFIC SELECT DISTRIBUTORS, INC.

700 Newport Center Drive, Newport Beach, CA 92660-6397, Tel (800) 800-7681, Fax (949) 759-9809