



**1st GLOBAL**

1st Global Capital Corp.  
1735 K Street, NW

June 29, 2009

***Sent via facsimile to  
pubcom@finra.org***

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

*RE: Comments on Regulatory Notice 09-25 seeking comment on FINRA proposal to consolidate the existing rules governing suitability and the know-your-customer obligations into a new FINRA Rule 2111 (Proposed Rule)*

Dear Ms. Asquith:

1st Global Capital Corp. ("1st Global") is a broker-dealer which conducts business in all domestic jurisdictions with over 1,150 registered representatives offering securities through nearly 625 branch locations.

As the Chief Compliance Officer of 1st Global, I appreciate the opportunity to submit comments on the issues raised in the above captioned new rule proposal by FINRA.

1st Global opposes the proposal to the extent that we feel it includes (1) an effort to expand suitability requirements to non-security investment products or services and (2) an effort to expand suitability criteria to include portfolio level concerns.

***1st Global opposes FINRA's effort to expand suitability requirements to non-security investment products or services***

1st Global vigorously opposes efforts to expand FINRA's reach to include matters over which it does not have jurisdiction. The sale of insurance products, investment advisory services, and other products and services are already closely regulated by state and federal authorities. FINRA's suggestion that its suitability rule should apply to these activities would result in redundant, conflicting, contradictory regulatory requirements that do not advance the goal of investor protection. As a result, we oppose FINRA's suggestion that it expand the suitability obligations to all recommendations of investment products, services, and strategies made in connection with a firm's business, regardless of whether the recommendations involve securities.

A state system of regulation for the sale of insurance products as well as a dual state and federal system of regulation of investment advisory services already exists. FINRA needs to recognize this fact and continue to work with the regulators within those systems in order to ensure that they bring the level of regulatory scrutiny up to the level which exists within the securities industry. Indirect attempts to regulate segments of these industries via expansion of oversight of a limited number of individual participants within these segments who happen to be registered representatives will only result in ineffectual, disjointed consumer protection. At the same time, it will result in substantially increased supervisory costs for broker-dealers as well as continued attrition of registered representatives due to regulatory arbitrage (i.e., migration to segments of the industry which lack the regulatory commitment to devote substantial resources to frequent and routine proactive examination of participants).

As an aside, 1st Global fully supports the proposition that FINRA occupy a self regulatory organization role for the entire investment advisory industry. 1st Global believes that goal needs to be achieved via direct initiatives with the Securities and Exchange Commission and/or Congress not by FINRA rule modifications which are likely beyond its jurisdictional authority.

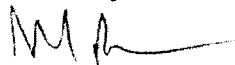
***1st Global opposes the expansion of suitability criteria to include portfolio level concerns***

A client's investment time horizon, liquidity needs, and risk tolerance are important considerations. However, 1st Global believes they are best judged at the portfolio level. The Proposed Rule would instead require each securities transaction to be suitable based upon these additional criteria. We believe this would have unfortunate unintended consequences for investors who may have several competing investment objectives that are best met by a fully diversified portfolio made up of securities of varying degrees of liquidity, risk, and anticipated holding periods.

In summary, 1st Global opposes the proposal because it inappropriately seeks to expand suitability requirements to non-security investment products or services as well as to expand suitability criteria to include portfolio level concerns.

Thank you again for the opportunity to provide commentary on this proposal.

Sincerely,



Michael A. Pagano  
Chief Compliance Officer