

Northwestern Mutual Investment Services, LLC

Jeffrey B. Williams
Vice President & NMIS Chief Compliance Officer
611 East Wisconsin Avenue
Milwaukee, WI 53202-4797
414-665-1924 office
414-625-1924 fax
jeffreywilliams@northwesternmutual.com

June 29, 2009

Via E-Mail

Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1560

RE: Regulatory Notice 09-25 – Proposed Amendments to the Suitability and Know Your Customer Rules

Dear Ms. Asquith:

Northwestern Mutual Investment Services, LLC (“NMIS”)¹ appreciates the opportunity to comment on FINRA proposed rule 2211. In addition to our comments in this letter, we also support in substantial part the comment letters submitted on behalf of Financial Services Institute, the Committee of Annuity Insurers and Securities Industry and Financial Markets Association.

The proposed rule includes a number of changes to existing NASD Conduct Rule 2310 and the accompanying Regulatory Notice 09-25 also requests comments on certain aspects of the proposed FINRA Rule. Specifically:

1. Proposed applicability of suitability obligations to “investment strategies” as well as securities;
2. Proposed expansion of a member firm’s duty to access any recommendation in light of any information “known by the member or associated person”; and
3. The request for comment on expanding the suitability obligations to apply to all recommendations of investment products, services and strategies made in connection with a firm’s business, regardless of whether the recommendation involves a securities product.

¹ NMIS is a registered broker-dealer and wholly owned subsidiary of The Northwestern Mutual Life Insurance Company.

Marcia E. Asquith

June 29, 2009


Page Two

NMIS requests that FINRA consider the following in regards to the proposed rule and accompanying Regulatory Notices.

- Recommended Investment Strategy - "Investment strategies" would need to be further defined in order to allow member firms to develop and implement policies and procedures to meet FINRA's expectations. Additionally, most firms have developed and rely upon electronic systems to supervise securities *transactions*, and it would be very difficult and expensive to modify these systems to supervise *investment strategies*. Unless FINRA is able to define Investment Strategies, NMIS requests that the proposed rule mirror the existing rule in that suitability is triggered by a transaction, not an investment strategy.
- Use of Information Known by the Member or an Associated Person – The existing rule requires members to assess only the information disclosed by the client. Member firms have developed investor applications and questionnaires to obtain information needed to determine suitability and develop supervisory procedures and processes. The proposed rule is too subjective, overly broad and would make it extremely difficult for firms to develop suitability guidelines and supervisory procedures and processes. NMIS requests that the proposed rule mirror the existing rule in that information disclosed by the client is assessed.
- Non-Securities Product Recommendations – NMIS does not believe that the suitability obligation should be applied to recommendations of investment products other than securities. Rules and guidance exist for most, if not all, non-securities products (e.g., fixed life insurance or annuity products), and subjecting non-securities products to a new set of standards and rules would create different and possibly conflicting regulatory obligations and supervisory demands for member firms.

We appreciate your consideration of our comments. Please let me know if you have any questions regarding our concerns. If you have any questions, please contact me at 414.665.1924.

Very truly yours,



Jeffrey B. Williams
Vice President and Chief Compliance Officer