

From: CraftFin@aol.com
Sent: Tuesday, June 23, 2009 11:02 AM
To: Comments, Public
Subject: Fwd: GovAlert [RED]: Submit Comments to FINRA by June 29, 2009 Opposing Expan...
Attachments: GovAlert [RED]: Submit Comments to FINRA by June 29, 2009 Opposing Expansion of Suitability Obligations to Recommendations that do NOT Involve Securities.

Dear Folks,

Please stay out of my life with this suitability that you are proposing. FINRA needs no more power.
God bless,
Gerald W. Craft

From: NAIFA Government Relations [governmentrelations@naifa.org]

Sent: Tuesday, June 23, 2009 9:40 AM

To: Craft

Subject: GovAlert [RED]: Submit Comments to FINRA by June 29, 2009 Opposing Expansion of Suitability Obligations to Recommendations that do NOT Involve Securities.



To: All NAIFA Members

From: Cliff F. Wilson, CLU, ChFC, LUTCF, CLF, NAIFA President

Date: June 22, 2009

Subject: Submit Comments to FINRA by June 29, 2009 Opposing Expansion of Suitability Obligations to Recommendations that do NOT Involve Securities.

Background: FINRA recently issued Regulatory Notice 09-25, in which FINRA proposes to consolidate its various rules and interpretations governing suitability and "know your customer" obligations into a new consolidated FINRA rulebook.

However, the notice also contains a request by FINRA for "comment on whether it should propose expanding 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.*" The net result of broadening the scope of a registered rep's suitability obligations would appear to be that the rep would have to run all transactions through the b/d and conduct a FINRA suitability analysis for all investment products and strategies recommended by the rep, rather than only for those recommendations which involve securities.

NAIFA Position: NAIFA opposes expanding the scope of FINRA's suitability rules and obligations to include recommendations that do not involve securities. FINRA does not have jurisdiction over products and services which are not securities, and its authority should not be expanded to include such products and services. In addition, insurance and other non-securities products are already subject to comprehensive regulation by state regulators, and the application of FINRA rules to these products could result in conflicting regulatory requirements. Finally, policymakers on Capitol Hill, in the Administration, the SEC, and FINRA, as well as private sector stakeholders, are currently debating issues concerning the standard of care which broker/dealers and investment advisors owe to their clients and considering whether such standards should be expanded or changed going forward. It would be inappropriate for FINRA to expand or revise current suitability requirements while this debate is underway, since further broader-scale changes may be made within a matter of months.

What You Can Do: Please contact FINRA today and express your opposition to the expansion of FINRA's suitability obligations to recommendations that do not involve securities. You can do this by:

- Going to NAIFA's Legislative Action Center at <http://capwiz.com/naifa> and electronically submitting comments to FINRA. Once at the Action Center you will find a pre-written comment letter ready for you to send to FINRA. However, the Action Center does allow you to change and revise your comments before they are submitted-**and we strongly urge you to do this.** It always has a greater impact if you use your own words when submitting comments to regulators or lawmakers-so please take a few minutes and "personalize" your comment letter.
- **Better yet,** send your own comments to FINRA either by e mail to pubcom@finra.org or by mailing written comments to Marcia E. Asquith, Office of the Corporate Secretary, FINRA, 1735 K Street, NW, Washington, DC 20006-1506. Please reference "FINRA Regulatory notice 09-25" in the subject line of your e mail or letter.

Sample Comments: Again, using your own words always has a greater impact on regulators than submitting the same form letter as many others. The following sample language can be used as the basis for your comment letter or text of your e-mail:

I am a licensed insurance professional and registered representative. I am writing to you because I strongly object to expanding FINRA's suitability obligations to recommendations that do not involve securities.

At the outset, let me clearly state that I firmly believe that people who promote unsuitable sales and engage in misleading sales practices should be aggressively prosecuted and subject to meaningful sanctions. However, FINRA does not have jurisdiction over products and services which are not securities, and neither FINRA nor broker/dealers have the resources or product-specific expertise necessary to oversee non-securities transactions. FINRA's authority should not be expanded to include non-securities products and services.

Another reason why the expansion of FINRA's suitability obligations is unwise is that insurance and other non-securities products are already subject to comprehensive regulation at the state level, through the efforts of state insurance departments and other state regulators. The application of FINRA rules to these products could result in conflicting and confusing regulatory requirements which will detract from the goal of consumer protection.

Finally, policymakers on Capitol Hill, in the Administration, the SEC, and FINRA, as well as private sector stakeholders, are currently debating issues concerning the standard of care which broker/dealers and investment advisors owe to their clients and considering whether such standards should be expanded or changed going forward. It would be inappropriate for FINRA to expand or revise current suitability requirements while this debate is underway, since further broader-scale changes

may be made within a matter of months.

For the reasons stated above, I urge you not to expand FINRA's suitability obligations to include recommendations that do not involve securities. Thank you for considering my views on this issue.

Reminder-the comment period closes June 29, 2009. PLEASE submit your comments by no later than Monday, June 29, 2009.

Technical Assistance? If you have technical questions about using NAIFA's Legislative Action Center, please contact Matthew Laptew at 703-770-8154, or MLaptew@naifa.org. If you have questions about the FINRA proposal, please contact Gary Sanders at 703-770-8192 or gsanders@naifa.org.

Thank you in advance for your help on this issue!



National Association of Insurance and Financial Advisors
2901 Telestar Court, Falls Church, VA 22042; 1-877-TO-NAIFA

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