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June 29, 2009

VIA Email

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

Re: Regulatory Notice 09-25 - Proposed Consolidated FINRA Rules Governing Suitability and Know-Your-Customer Obligations

Dear Ms. Asquith,

On behalf of United Services Automobile Association (USAA), I am writing to provide comments on FINRA's Regulatory Notice 09-25 "Proposed Consolidated FINRA Rules Governing Suitability and Know-Your-Customer Obligations", and proposed Rule 2111.

USAA is a member-owned association that seeks to facilitate the financial security of its members and their families by providing a full range of highly competitive financial products and services, including insurance, banking and investment products. USAA members are part of the American military community, and include present and former commissioned and noncommissioned officers, enlisted personnel, and their families.

FINRA proposes to expand member firms' suitability obligations to cover both recommended securities and investment strategies involving a security or securities. FINRA also seeks comment on whether FINRA "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." These could present several difficult challenges to USAA in the fulfillment of its mission.

USAA is concerned with the expansion of the suitability Rule to include investment strategies. USAA's appropriately licensed member service representatives (MSRs) offer financial solutions to its members based upon the member's needs. The terms "investment strategies" and "involving securities" however, are undefined, either in the proposed Rule, interpretative materials, or case law. USAA is concerned that it will be difficult to ascertain the potential scope and application of the proposed Rule to its business. Absent specific guidance from FINRA on the scope and meaning of these terms, the meaning of these terms may only come after the adoption of the Rule through the examination, enforcement and legal proceedings processes. Moreover, many of these same MSRs are licensed as investment adviser representatives in the State of their place of business acting on behalf of SEC registered

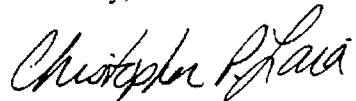
Ms. Marcia E. Asquith
June 29, 2009
Page 2

investment advisers. Attempting to extend jurisdiction to activities clearly falling under SEC jurisdiction would create duplicity and confusion.

USAA is concerned particularly with the concept of expanding the suitability requirement to all investment services and strategies “regardless of whether the recommendation involves securities.” As noted previously, MSRs may be licensed to offer both securities and non-securities related financial products and services to our members. Currently, the regulatory oversight of USAA’s business is reasonably well defined, so that USAA can supervise MSR’s securities activities according to applicable SEC and FINRA rules, and supervise banking and insurance related activities according to applicable federal and state law, respectively. If the FINRA approach were to be adopted, these activities would now also be subject to additional and potentially conflicting FINRA requirements. USAA respectfully suggests that expanding a member’s suitability obligation in this manner would result in a significant expansion of FINRA’s jurisdiction into subject matter areas traditionally regulated by other bodies, and any expansion of FINRA’s jurisdiction should not be attempted through the Rulebook consolidation process.

Please feel free to contact the undersigned if you have any questions or require further information regarding our comments.

Sincerely,



Christopher P. Laia
Vice-President and General Counsel
Financial Advice and Solutions Group