



July 16, 2009

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

Re: FINRA Regulatory Notice 09-29

Dear Ms. Asquith:

The Securities Industry and Financial Markets Association¹ (“SIFMA”) appreciates the opportunity to comment on the referenced Regulatory Notice, which seeks input on proposed FINRA Rule 2030 relating to the origination and circulation of rumors. FINRA initially sought comment on the proposed rule in Regulatory Notice 08-68.

SIFMA commends and greatly appreciates FINRA’s amended rule proposal, which reflects comments made by the industry and others in response to the initial regulatory notice. Overall, we consider the current FINRA proposal to be vastly improved and more sensitive to market practices, including the need for market participants to responsibly discuss rumors under certain circumstances. SIFMA also supports FINRA’s efforts to coordinate with the New York Stock Exchange to develop consistent standards governing the circulation of rumors. As noted in our prior comment letter, the NYSE Risk Assessment Group, in consultation with industry representatives, has been working to amend its own rumor rule as contained in NYSE Rule 435(5) and intends to publish that proposal for comment shortly.

SIFMA supports the FINRA proposal. However, as FINRA prepares proposed Rule 2030 for publication in the Federal Register, we urge FINRA to continue to work with NYSE to develop harmonized standards, particularly with respect to such fundamental elements as the definition of “rumor” and the applicable reporting

¹ SIFMA brings together the shared interests of more than 650 securities firms, banks, and asset managers. SIFMA’s mission is to promote policies and practices that work to expand and perfect markets, foster the development of new products and services, and create efficiencies for member firms, while preserving and enhancing the public’s trust and confidence in the market and the industry. SIFMA works to represent its members’ interests locally and globally. It has offices in New York, Washington, D.C., and London and its associated firm, the Asia Securities Industry and Financial Markets Association, is based in Hong Kong. More information about SIFMA is available on its website at www.sifma.org.

requirements. We strongly believe that a coordinated approach will yield the best regulatory outcome.

In particular, we encourage FINRA and NYSE to jointly reconsider the proposed reporting requirement that is triggered if the member “learns of a rumor that the member knows or has reasonable grounds for believing was originated or circulated for the purpose of improperly influencing the market price of a security.” We believe that it would be more appropriate to adopt a more objective standard, such as one that would require reporting where the member firm “*knows or has reason to know*” the rumor is false *and* was intended to influence the market price of a security. Such a standard would clarify member firms’ obligations and avoid the potential that FINRA (and NYSE) would be overloaded with reports of questionable value or relevance.

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We appreciate the opportunity to provide comment on FINRA’s rule proposal. SIFMA would be pleased to discuss any comments herein, including market practices. Please do not hesitate to contact me at (212) 313-1268 if you have any questions or comments.

Sincerely,

A handwritten signature in cursive script, appearing to read "Amal Aly".

Amal Aly
Managing Director and
Associate General Counsel