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**From:** ProfLipner@aol.com [mailto:ProfLipner@aol.com]  
**Sent:** Saturday, June 27, 2009 12:01 AM  
**To:** Comments, Public  
**Cc:** ProfLipner@aol.com  
**Subject:** Comment to Rule 2130 Proposal

I submit this comment to the proposal to amend Rule 2130. I make these suggestions based upon 25 years experience representing investors and writing about securities law and rules. These suggestions are addressed specifically to the areas in which abuse of investors is most likely to occur, and against which protection is most needed.

1. The Rule should apply to all recommendations by Members and Associated Persons, especially recommendations to hold securities or pursue any strategy, recommendations to borrow or use leverage in investing, and recommendations to employ a particular third-party manager or advisor.. The rule should not be limited to recommendations to purchase or sell securities. There is no rational basis for the existing limitation. All recommendations should be subject to this most-important of standards.
2. The Rule should follow the language of Rule 2130(b)(19)(b)("Options"), and provide that "the person making the recommendation [must have] a reasonable basis for believing, at the time of making the recommendation, that the customer has such knowledge and experience in financial matters that he may reasonably be expected to be capable of evaluating the risks of the recommended transaction, and is financially able to bear the risks of the recommended [investment or course of conduct]." Many investment strategies and products are complex. No recommendation should be made without a basis for believing that the investor understands the risks of the strategy or product.
3. The Rule should require that the Member document in writing, and retain such documentation in its files, the basis for its belief in the suitability of any recommendations to engage in any investment strategy involving the use of leverage, including but not limited to extensions of credit or options strategies. Leveraged strategies are the most dangerous. Requiring documentation as to the basis for recommending a leveraged strategies will add an important layer of protection that is currently lacking.
4. The Rule should require that the Member document in writing, and retain such documentation in its files, the basis for its belief in the suitability of any recommendations to purchase the proprietary products of the Member or its affiliates, or investments underwritten by the Member, including mutual funds managed by affiliates of the Member. The sale of proprietary products and underwritten securities creates a risk that the recommender has done so because of the fees to be earned by the Member or its affiliates. Requiring documentation as to the basis for recommendations of this kind will add an important layer of protection that is currently lacking.

Thank you for this opportunity to comment.

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