

The International Association of Small Broker-Dealers and Advisers www.iasbda.com submits the following comment on one general aspect of this proposal. For the last 30 years the SEC and FINRA have been dealing with the general question of finders. See ABA report on this subject included below. Each year at the SEC'S Small Business forum it is one of the chief recommendations to help small business. This year's draft recommendation is as follows;

1. Promote the Commission's twin missions of enhancing small business capital formation and protecting investors. These objectives can be met by bringing more unregulated or ineffectively-regulated activity into an appropriate regulatory environment that emphasizes disclosure and education in the area of private placement broker involvement. Action may be accelerated by the appointment of an advisory committee or designation of a working group involving the staff of the Office of Chief Counsel of the Division of Trading and Markets and the Division' of Corporation Finance's Small Business Office.

2. The Commission should adopt rules as recommended by the American Bar Association in its Report and Recommendations of the Task Force on Private Placement Broker-Dealers, dated June 20, 2005. Background: This recommendation appeared in the 2006 Final Report of the Advisory Committee on Smaller Public Companies, and was recommended by the SEC Government-Business Forum Final Reports issued in 2006, 2007 and 2008. The report is included below

3. Allow "private placement brokers" to raise capital through private placements of issuers' securities offered solely to "accredited investors" in amounts per issuer of up to 10% of the investor's net worth (excluding his or her primary residence), with full written disclosure of the broker's compensation and any relationship that would require disclosure under Item 404 of Regulation S-K, in aggregate amounts of up to \$20 million per issuer. Background: This recommendation is specifically highlighted from those found in the ABA Report and Recommendations of the Task Force on Private Placement Broker-Dealers, dated June 20, 2005.

Despite this long history of debate, this rule filing regarding unregistered finders is going forward without any substantive recognition of the complexity of this issue and can only be confusing to large numbers of business intermediaries currently acting as finders both for members and issuers. We recommend that in forwarding the rule to the commission Finra ask that the commission clarify its position including the numerous no-action letters issued over the last 30 years. If the commission did so in seeking comments on FINRA'S rule, it would help the investment community understand the current status of the issue and may inform the commission as to how widespread a problem exists. The current economic emphasis on small business job creation demands that this issue be taken seriously at this time. We believe the ABA report is a good starting point but there may be other creative ways to clarify this issue including allowing the states to deal with it in regards to small offerings. FINRA would do a great service by engaging this issue at this time

<http://www.finra.org/web/groups/industry/@ip/@reg/@notice/documents/notices/p120480.pdf>

ABA Report and Recommendations

of the Task Force on

Private Placement

Broker-dealers

<http://www.praxiis.com/files/SjoquistJune22005ABATaskForceReport.doc>

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