



Christopher P. Laia
Vice-President
FASG
General Counsel
(210) 498-4103

February 26, 2010

VIA Email

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

Re: Regulatory Notice 09-70 - Proposed Consolidated FINRA Rules Governing
Registration and Qualification Requirements

Dear Ms. Asquith,

United Services Automobile Association (USAA) appreciates the opportunity to provide its comments to Regulatory Notice 09-70 Proposed Consolidated FINRA Rules Governing Registration and Qualification Requirements (the Proposal).

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. USAA Investment Management Company (IMCO), an indirect wholly owned subsidiary of USAA, is a FINRA member, a registered broker-dealer and serves as the registered investment adviser and distributor of the USAA family of no-load mutual funds. USAA mutual funds are sold primarily through USAA Financial Advisors, Inc. (FAI), also an indirect wholly owned subsidiary of USAA and a FINRA member. FAI's Member Advice and Solutions Group is an organization of approximately 450 registered representatives operating in a call center environment whose goal is to provide free financial advice on a wide range of topics and products to help secure our member's financial security.

USAA supports expanding NASD Rules 1021(a) and 1031(a) to permit a member firm to register (or maintain the registration) of any individual who is engaged in the business of a financial services industry affiliate of the member that controls, is controlled by, or is under common control with, the member. Such person would be designated as a Retained Associate and his or her registration deemed "inactive" upon notification to FINRA of such registration status. A Retained Associate could continue with inactive status for a maximum of 10 years, while currently there is a 2 year limitation for an individual to maintain an inactive status.

FAI believes that employees of its financial affiliates, registered as Retained Associates, could be used in its call center to handle “surges” in call volumes related to certain events or in contingency planning situations. For example, FAI could activate Retained Associates and use them to handle surges in call volumes during relatively short periods, such as during tax season, to implement contingency plans for emergencies, or address significant disruptions in the market. Each of the contingencies identified is likely to be for a limited duration shorter than a year.

The Proposal provides that in order to mitigate the risk of customer confusion that might be caused by frequent switching between a Retained Associate’s active and inactive statuses, a Retained Associate who enters into an active registration must remain in such status for at least a consecutive 12-month period to preserve any years that may be remaining on his or her Retained Associate period. The risk that FINRA is attempting to mitigate appears to be present in a brokerage business model where a client has a one-on-one relationship with a registered person. In this context, a customer might experience confusion if the Retained Associate frequently switches between an active and inactive status.

By comparison, with respect to the call center in USAA’s Member Advice and Solutions Group, members do not have a one-on-one relationship with a registered representative. Instead, like in most call centers, each time a member calls into the call center the member speaks with a different registered person. As a result, there is virtually no likelihood of a member being confused as to the status of employee caused by a Retained Associate’s registration being activated or deactivated.

USAA is concerned that the requirement that a Retained Associate must remain in an active status for a 12 month period would unnecessarily limit its ability to use employees of its financial affiliates to meet the short term demands of its members, when the likelihood of customer confusion is low to non-existent.

Therefore, USAA suggests that FINRA consider exempting Retained Associates activated in call centers, such that a Retained Associate who subsequently enters an active status would not be subject to the 12 months period set forth in the proposal. By adopting such a standard, USAA would be able to use the employees of its affiliates, who know and understand our mission and our members, to assist in the call center during periods of unusually high call volumes. This exemption should apply to any call center operated by member firms where there is no ongoing relationship between the customer and a registered representative, *including, but not limited to*, call centers operated by mutual fund underwriters or by broker-dealers that are affiliates of mutual fund underwriters.

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

Sincerely,

A handwritten signature in black ink, appearing to read "C. Laia", written in a cursive style.

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

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