

January 16, 2013

Re: Request for Comments on disclosures regarding Broker compensation

Fr: The Securities Industry Professional Association (SIPA)

Dear Ms. Asquith:

On behalf of the Securities Industry Professional Association (SIPA) thank you for allowing us this time to comment on this very important proposal. The SIPA currently represents nearly 23,000 registered representatives and approximately 750 small firm broker dealers. The members are very concerned by the new proposed rules for a number of reasons. While on the surface the proposal seems to increase the transparency in our industry, we are concerned that this proposal could actually increase the amount of fraud in the industry as an unintended consequence.

First, the rule will add yet another layer of procedures and checklists for Compliance officers to establish and implement at their firm, thus it will take even more time away from their duties of protecting customers and making sure their investments are consistent with their stated investment objective of their New Account form. This proposed rule does nothing to ensure customer suitability and will not prevent a customer from being harmed in any way shape or form.

Second, we are concerned that Brokers will become the targets of black mail , extortion (fraud) and more when certain clients receive notice that their representative has been compensated in excess of \$50,000. We are concerned that unscrupulous clients and or their attorneys may use a large bonus as a way to extort money from brokers. A client that is down 15% in his portfolio that is meeting his exact stated financial goals may take it upon himself to threaten a complaint unless his broker "*shares*" some of this bonus money with him. In addition, clients that are not down in their accounts may use this as a way to negotiate free trades for a year or some other benefit do to the fact that they have just received notice that their broker received a large check for compensation. This could also hamper efforts to settle outstanding complaints if a plaintiff lawyer catches wind that a Broker received a certain amount of compensation. Lastly the firm that the broker is leaving might be more inclined to settle for any ridiculous amount if they know the broker is receiving a certain amount from his new firm. We

believe all complaints should be handled concisely and fairly and compensation should not be the overriding factor in determining the settlement offer, fairness and credibility should be.

The last thing we need is brokers out their negotiating settlements of potential customer complaints, both real and imagined, because they have been told how much compensation he or she has at their disposal. Quite frankly, if this rule goes into effect I predict that some trial lawyers will take to the airwaves and billboards and ask their clients to ***“contact me as soon as possible if your broker has notified you that he has received a large bonus because you may be entitled to compensation if you have lost account value”***

We would urge you to please reconsider this proposal and instead focus on fraud and unsuitability instead. We thank you again for the opportunity to comment.

Best regards

A handwritten signature in black ink, appearing to read 'John Busacca', with a stylized flourish at the end.

John Busacca

The Securities Industry Professional Association

john@theSIPA.com