

Gehring & Satriale LLC

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March 5, 2013

BY EMAIL

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

Re: FINRA Regulatory Notice 13-02

Dear Ms. Asquith:

We appreciate the opportunity to comment on FINRA Regulatory Notice 13-02 ("Notice 13-02"), which seeks public comments on a proposed rule that would require recruiting member firms to disclose details of enhanced compensation provided to registered persons in connection with the transfer of the registered persons from another financial services industry firm under certain circumstances.

Gehring & Satriale LLC is a law firm based in New York, New York, that regularly advises financial services firms and securities professionals regarding securities law matters. We submit this comment on our behalf as attorneys who are actively engaged in such matters, and the opinions expressed herein are our own and do not necessarily reflect the opinion of any of the firm's clients.

We have reviewed the Proposed Rule and respectfully offer the following specific comments:

1. The Proposed Rule can be construed such that a recruiting member firm can avoid its disclosure obligations if the enhanced compensation is to be provided by a non-member affiliate firm. The Proposed Rule states that the disclosure obligation is triggered when a member firm "provides, or has agreed to provide, to a registered person enhanced compensation in connection with the transfer to the recruiting member of the securities employment (or association) of the registered person from another financial services securities firm".

In our experience, a registered person may join a recruiting member firm and be dual-employed with a non-member corporate affiliate. In such cases, the non-member affiliate may provide some or all of the enhanced compensation to the registered person for any number

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of reasons, and it is not clear that the recruiting member firm's disclosure obligation is triggered in such a situation. We are concerned that a recruiting member firm may attempt to evade its disclosure obligations by having a non-member corporate affiliate provide some or all of the enhanced compensation, creating a situation where a customer (relying on a rule requiring disclosure) may be led to believe that the registered person received no enhanced compensation or received less enhanced compensation than what was received in connection with the transfer of employment or association.

To ensure a level playing field for member firms, we believe FINRA should include in the final rule a provision triggering the member firm's disclosure obligation where the enhanced compensation is provided by either the member firm or one of its corporate affiliates.

2. The Proposed Rule can be construed such that any contact, including contact not involving the transfer of an account, to trigger disclosure obligations. The Proposed Rule states that disclosure of the details of the enhanced compensation "must be made orally or in writing at the time of first individualized contact by the recruiting member or registered person with the former customer after the registered person has terminated his or her association with the previous firm."

We believe the foregoing language is confusing and overbroad. For example, the provision could be construed to require disclosure of the details of the enhanced compensation if the registered person were to meet a customer at a grocery store shortly after resigning, even if the conversation has nothing to do with the transfer of accounts, or where a registered person updates an online directory in a manner that causes certain customers to receive an update of the change in his or her contact information. Further, the provision could be construed to require disclosure even where a registered person simply sends an announcement of his or her new business address and telephone number to a group of people that includes the customers he or she had serviced at his prior firm, with no discussion of transferring accounts to the new member firm.

We believe the foregoing examples are not intended to trigger the disclosure obligations of the Proposed Rule. To remedy this unintended construction, we believe FINRA should limit the circumstances requiring disclosure to the initial contact that relates to the former clients' transfer of their accounts. This revision would still ensure that a customer receives the necessary disclosure before any accounts are transferred to the recruiting member firm.

3. The Proposed Rule is ambiguous as to whether the final rule will apply to registered persons who are hired prior to the Effective Date. The Proposed Rule states that the disclosure requirements are triggered by a registered person's joining a recruiting member firm and that the required disclosures must be made to the customer when the initial contact

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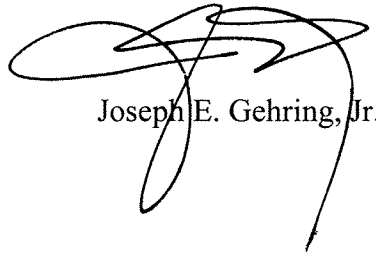
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occurs within the following one year period. The Proposed Rule is silent as to whether the obligation will apply to registered persons who were hired prior to the effective date of the final rule, where the initial contact with a customer does not take place until after the effective date of the final rule.

In order to ensure consistent application, we believe FINRA should limit the disclosure obligations to registered persons who are hired or become associated with member firms on or after the effective date of the final rule.

Please do not hesitate to contact me if you have any questions regarding the issues addressed in this letter.

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'J' followed by 'E. Gehring, Jr.'.

Joseph E. Gehring, Jr.