



June 4, 2009

Marcia E. Asquith  
Office of the Corporate Secretary  
FINRA  
1735 K Street, N.W.  
Washington, D.C. 20006-1506

Re: Regulatory Notice 09-22  
Personal Securities Transactions

Dear Ms. Asquith:

The National Association of Independent Brokers-Dealers, Inc. (NAIBD or the association) was formed in 1979 to positively impact rules, regulations, and legislation by facilitating a consistent, productive relationship between industry professionals and regulatory organizations. The organization is national in scope with 350+ Broker-Dealer and Industry Associate Members.

NAIBD appreciates the opportunity to comment on the proposed rule noted above. We hope that our expressed views will have constructive value in presenting alternatives, issues and concerns regarding the new rule proposal, and that our responses to specific questions posed in the Regulatory Notice are informative.

NAIBD recognizes and appreciates the extent to which consolidation of the NYSE and NASD rules presents efficiencies and overcomes outdated language. In particular, the proposed elimination of NASD Rule 3050(a)'s requirement regarding account opening due diligence and the elimination of the specific supervisory requirements of NYSE Rule 407(b) positively reflect the overall efficiencies resulting from the consolidation of the rulebooks.

Notwithstanding this, NAIBD is concerned that neither the Proposed Rule 3210(a) nor the Regulatory Notice provides adequate guidance as to the scope of accounts deemed to be included in those with which the associated person has a "personal financial interest." In the Regulatory Notice 09-22, FINRA parenthetically provides that as a general matter 'personal financial interest' is meant to include a spouse's account. The prior NYSE Rule uses the term "employee and family members." We note that many firms extend their firm-wide requirements to align more closely with the NYSE definition, thus including dependent children's and where the associated person has control (e.g., power of attorney) over another's accounts, but does not necessarily

reside in the same household (e.g., parents or in-laws). NAIBD requests additional guidance and clarification regarding FINRA's expectations in regard to accounts affected by the phrase 'personal financial interest.'

Also, as proposed, FINRA Rule 3210(b) requires the associated person to state that 'he or she has a personal financial interest' in the notice made to the executing firm. In our experience, such firms are diligent in fulfilling requests for duplicate confirmations and statements without explanation beyond the affiliation of the associated person with the employer member. Therefore, we believe this requirement serves no material purpose and as such is unnecessary.

NAIBD's membership includes numerous introducing broker-dealers who execute through one or more clearing broker-dealers. As written currently and in the proposed rule, FINRA does not clearly state whether or not associated persons' accounts technically held 'away from the firm' but at one or more of the firm's designated clearing firms would require duplicate statements to be provided to the member. Because these accounts are typically (or could be) categorized or numbered in a way that readily identifies them to the member as associated person accounts, NAIBD believes that the requirements of proposed Rule 3210 should not apply.

In consideration of existing and proposed state and federal laws and regulations designed to protect unauthorized access to personal information, NAIBD encourages the FINRA to consider incorporating language into Proposed Rule 3210(b) that would extend the associated person's notice obligation to include notice to cancel duplicates if/when the associated person's registration is terminated. NAIBD members have found that terminating the delivery of duplicates is often far more complicated and time-consuming than initiating their delivery, putting the former-employer member unwittingly in a position of unauthorized access, when little or nothing can be done to stop the flow of information.

In response to FINRA's questions:

*"What methodologies do firms currently employ to obtain information pursuant to NASD Rule 3050 or NYSE Rule 407, as applicable?"*

While most firms' procedures place the responsibility of prior account notice and approval on the shoulders of the associated person, NAIBD members indicate that the process of requesting duplicates from the executing member is typically initiated by the firm, rather than the associated person, based on a procedure that requires disclosure of personal investment accounts at the time of hiring, and periodically throughout the relationship.

*Do firms collect account activity information (confirmations and statements) electronically, in hard copy or both? Should the proposed rule address such information-gathering methodologies and, if so, how?*

Our members have identified no material barriers to collecting duplicates and statements from executing members as required. The procedures regarding methods of collection vary greatly and include both paper and electronic means. Because of this, NAIBD does not believe that the proposed rule should address specific methodologies for collection of account activity data, but rather leave to the member to tailor to its business model.

*What processes and controls do firms currently implement upon receipt of the information required under NASD Rule 3050 or NYSE Rule 407, as applicable?*

NAIBD members report using the personal investment data for a variety of purposes, including but not limited to insider trading, conflicts of interest, sales practices violations (such as trading ahead or other manipulative schemes), and overall soundness of the associated person's financial position. Many firms have established procedures to track, monitor and escalate for review changes in types of investments, net equity in the account, and numerous other potential red flags.

Thank you for the opportunity to comment on this proposed rule.

Sincerely,

// Lisa Roth //

Lisa Roth  
Association Past-Chairman  
Chair, NAIBD Member Advocacy Committee