



# Allegheny Investments

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We have reviewed Regulatory Notice 10-33 regarding Supplemental FOCUS information when preparing and submitting monthly and quarterly FOCUS reports.

We understand and appreciate FINRA's efforts to capture more detailed revenue and expense information in an effort to provide more transparency into member firm's business activities. However, we do have concerns regarding the additional costs to member firms of complying with the rule and with the application of the "10 percent" rule.

In recent years, member firms have had to add staff (and related costs) to their accounting and compliance departments in order to comply with the additional reporting requirements from FINRA and the SEC. We do understand the importance of compliance in our industry and how the regulations are meant to protect the consumer. Furthermore, we have found many of these requirements to be common sense, helpful, and easy to implement. However, there are also requirements that have little or no application to firms our size. The cost of implementation of procedures and controls necessary to comply with them is prohibitive.

We are a small broker dealer. If these new requirements are implemented we estimate that each month it will take us five or six times as long to prepare the FOCUS report. We acknowledge that the information contained in the report would not only be useful to FINRA, but to the member firm to better analyze and monitor their business. However, given the time required to complete the form and the benefit derived, we submit that there are more cost effective methods of accomplishing the same goal.

FINRA has always had the authority to request additional information when required. The firm's core examiner could request that this form be completed on an "as needed" basis. The form could also be completed for a set period as a part of the periodic examination of the firm. FINRA might also consider only requiring that this information be submitted annually with the audit report. If needed the core auditor or the audit team could request that this information be submitted on a more frequent basis, as needed.

According to the proposed regulation additional reporting would only be necessary when a member firm's underwriting and/or selling group activities exceed 10% of total revenue. The rule does not clarify whether this calculation is to be performed on a monthly or annual basis. If on a monthly basis, is the report only due for the month in which these fees exceed 10%? It would be quite possible (and even likely) that firms would be required to report the detailed information in one month but not the rest of the year. Again, perhaps this report could be implemented on an annual or otherwise random basis, with the same effect and less expense.

Thank you for the opportunity to make comment on the proposed regulation and please consider clarification of the required application of this rule.

Sincerely,

*Stephen T. Hawbaker*

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Vice President of Finance

Allegheny Investments, LTD FINRA member firm CRD# 7597