
From: Cordisco, Meredith
Sent: Thursday, August 8, 2019 2:27 PM
To: Comments, Public <Public.Comments@finra.org>
Subject: FW: Regulatory Notice 18-08

From: Dale Pope <dale.pope@mercapsecurities.com>
Sent: Thursday, August 8, 2019 2:05 PM
To: Cordisco, Meredith
Subject: Regulatory Notice 18-08

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Meredith:

I spoke to you about a week ago regarding the status of the above notice and you invited me to send you my thoughts/comments.

My position as the President of a number of small broker-dealers over the past 30 years is as follows:

First, I support the proposed rule in its entirety and the single streamlined rule.

I do not feel that a Broker-Dealer (BD) should be responsible for a registered persons outside business activities, private securities transactions and a registered person's personal investments. In particular, the responsibility to review and supervise the outside unaffiliated investment advisory (IA) activities of their registered persons. The outside Registered Investment Advisor (RIA) is either registered with the state or the SEC and these regulatory bodies provide very extensive oversight of these activities which extends to protecting the investing public. Also, the notion that the investing public may perceive the outside activity as part of the member's business can easily be addressed with proper disclosures. The argument that this proposed rule will affect the investing public in my view does not hold water. In my many years in the business I have been subject to state and SEC examinations and they are very involved with the aim of protecting the investing public. I would also add that if a BD wants to supervise this activity they should have the right to do so. Many BDs don't want to give this oversight up because it is a big revenue generator. These firms charge a supervision fee as high as 5% of the fee income.

I support the requirement that a registered person must give written notice to the BD and obtain approval before engaging in these activities.

I hope the proposed rule goes through soon and I commend you on your excellent analysis of the

subject matter. This rule change is long overdue. I hope these abbreviated comments are useful. If I can be of any help with this important rule change, please do not hesitate to contact me.

Sincerely,

Dale A. Pope
President & CEO

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