Dear Sir/Madam:

I wish to oppose the Proposed FINRA Rule Governing Personal Securities Transactions on three points:

1. FINRA's attempt to get more information on the potential of insider or unauthorized trading by Reps completely ignores the potential for abuse against the Rep., without adding any source of information that isn't already available to the Firm.

There is a real danger that Firms and Supervisors would be in a position to withdraw authorization for an outside brokerage account under somewhat vague circumstances (not receiving statements and confirms in a timely manner...I have the same complaint about my current Clearing Firm sometimes!). Additionally, there is the potential for abuse relating to Supervisor/Rep personality conflicts, where a Supervisor now can literally prevent a Rep from obtaining or holding a brokerage account!

There is no language that addresses what remedies a Rep might have in many of these cases; What is a Rep to do if his/her Firm withdraws authorization for a brokerage account, and will not give authorization to open an account elsewhere to transfer those assets? Is the account to be frozen indeterminantly? What if a Rep suspects that his/her Supervisor is using this authorization/withholding of authorization as a tool to retaliate or discipline the Rep for some other reason? What happens when a Rep leaves the Firm...how does he/she regain control of their assets if they are either frozen and at outside Firm, or, since he/she doesn't have a new Firm yet...must be held by the Rep, thus missing a legitimate investment opportunity? What if the Rep leaves the industry - is there going to be a time-limit before they can regain control of their assets? How would this affect an IRA, which can't be distributed without penalty? Will FINRA want to expand this at some point to give the Firms electronic access on a daily basis to these accounts, or will they be happy with paper statements received 15 days after the month's end? These questions alone indicate the massive amount of additional Rules that will be needed to govern this requirement.

The concept that a Rep, once he/she chooses to become registered, must give up his/her right to maintain a brokerage account unless he/she gets and continues to receive "approval" from their employer, seems an incredible opportunity for abuse and un-intended consequences, especially when this review process is already available to the Firm. Firms already have the right to request duplicate statements and confirms from Reps with outside brokerage accounts, and to discipline (even terminate their registration) if those requests are ignored and/or prohibited transactions are found.

Additionally, for many years, Brokerage Firms have included a question on their New Account applications, asking if the applicant is affiliated with a Member FIrm. Once that is answered in the affirmative, the Firm automatically contacts the employing Firm, and inquires whether duplicate confirms and statements are requested. This system of

notification is already in place - the need to give further power to the employing Firm in overreaching.

2. FINRA hasn't considered how it might deal with those accounts where the Rep is either a Trustee or Guardian or other authorized person for the benefit of another. Are those people (Elderly parents, children, etc.) also forced to have their investment assets disclosed, and held at the whim of the employer of their son/daughter? This seems incredibly invasive to the privacy of those person who are not employed by the Firm, and does not seem to accomplish anything that can not be accomplished by the existing Rules and Regulations. Currently, if a Firm suspects insider trading by a Rep, they can report that information, and Market Surveillance can proceed to request Blue Sheets for that security, and detect improper trading in family-related accounts of a particular security (in addition to other previously un-detected persons), without disclosing the entire holdings of that family member to the Rep's employer.

Despite FINRA's current assertion that this should only extend to a Rep's "spouse", there is nothing that once begun, this practice couldn't be extended to include parent's, aunts, uncles, siblings and the other categories usually reviewed by Market Surveillance as related to the Rep.

3. FINRA should not put the FIrm in the "1st blame position" of detecting insider trading. Although it may easily detect suspicious activity in a Rep's account where they are buying or selling large blocks of thinly-traded securities, my Firm has had Blue Sheet requests for INTC and CSCO! Is my Small Firm going to be disciplined because a Rep I have traded INTC, and we didn't detect that he/she had insider information?

FINRA has vast resources, including Market Surveillance Investigators and Blue Sheets to obtain information where insider or improper trading is suspected. This is Market Surveillance's job, and although Firms can be expected to support and assist with this, they shouldn't be in danger of discipline if they miss something that isn't detectible...especially to small FIrms with small numbers of employees. (This could also be difficult for Large Firms with thousands of employees, and accounts. Are they forced to review all employee trades in INTC today because of particular "breaking news" or volume spikes? )

Firms already have the ability to (and are already required by FINRA to review and) report unusually large buying or selling in low-volume stocks. Please do not further burden Firm personnel when existing Rules require us to do this already. <u>If FINRA is finding Firms that are NOT supervising the transactions of their Reps, then FINRA should discipline those Firms, not create troubling and invasive new rules for Firms that are properly supervising this activity.</u>

Thank you for your consideration of these points.

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