



*Daniel C. Rome, Esq.
General Counsel*

July 16, 2009

Marcia E. Asquith
Senior Vice President and Corporate Secretary
1735 K Street, NW
Washington DC 20006-1500

In re: *Proposed Consolidated FINRA Rule 2030*

Dear Ms. Asquith:

Taurus Compliance Consulting, LLC appreciates the opportunity to comment on proposed FINRA Rule 2030, which is based on FINRA rule 6140 and incorporates NYSE 435(5). The new FINRA Rule 2030, as detailed in Regulatory Notice 09-29, is related to the origination and circulation of rumors.

Retaining an Amended Reporting Requirement

An attempt to respond to information that is designed to game the market at the expense of the investing public and disturb natural price discovery is an admirable goal. However, to require some undefined reporting requirement with no guidance as to an acceptable method of reporting, a time requirement and whom exactly at FINRA is to be contacted is bound to defeat such good intentions. For example, it is not even clear if an email would be acceptable or perhaps a call to the regional coordinator or if a letter by US mail would be acceptable. Regardless of the method, unless FINRA is able to quickly compile numerous reports from multiple locations, it seems unlikely that an effective response is possible and the effort of reporting is lost.

A rule that requires absolute uniformity for all firms regardless of size, complexity and the nature of the services offered would of course be impossible to implement but a rule with no commonality whatsoever is equally ineffective. In short, the reporting requirement proposed still seems to serve no benefit to market participants or the investing public.

Definition of the term “Rumor”

The proposed definition consists of three elements: false, misleading statement, statement without a reasonable basis of which will be discussed separately.

False – a statement that is confirmed as untrue is false but a rumor by nature is unconfirmed. To define a rumor with a term that, at its core, is an opposite term adds no clarity but instead introduces confusion.

Misleading Statement – in order for any one statement to be misleading, it is necessary to consider the totality of the information in possession by a market participant. In addition to the information in possession, it must be known just how that information is understood in relationship to the various different trading strategies in use across the market place. The same information received by different firms is likely to be understood and applied differently which in effect amounts to a variety of standards that are in fact not standard at all.

Statement without Reasonable Basis – a reasonable basis alone makes the assumption that a reasonable basis is also a basis that promotes fair and accurate market activity. A definition that relies on an assumption is problematic.

Furthermore, does this definition indicate that a rumor can be originated and circulated only by statements alone? In other words, is it by definition impossible to start and/or perpetuate a “rumor” by some action that is misleading or likely to induce trading based on inaccurate information?

Permissive Communications & Market Manipulation

This exception seems to create such a fine line distinction between seeking the truth and circulating rumors that firms may be left unable to even evaluate a “rumor” and promote market efficiency. A more clear and broader exception is warranted.

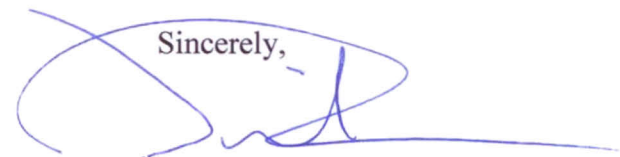
Written Policies and Procedures

Given the lack of clarity discussed above, the ability of a firm to implement policies and procedures reasonably designed to comply with the rule cannot yet be addressed.

Taurus Compliance Consulting, LLC exists to provide our clients with the knowledge and expertise necessary to have the most robust compliance structure possible. We constantly strive to strike a balance between customer protection and market efficiency. As stated earlier, Taurus is a proponent of rule proposals that streamline, simplify, and clarify the compliance obligations of a member firm.

Please feel free to contact me at 1.800.388.8822 (Ext. 125) or drome@tauruscompliance.com if you have any questions or would like to further discuss this proposed rule change. Thank you again for the opportunity to comment.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Daniel C. Rome', with a long horizontal flourish extending to the right.

Daniel C. Rome
General Counsel