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Via Electronic Filing

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

**RE: Regulatory Notice 10-01 (Proposed Consolidated FINRA Rules  
Governing FINRA's Membership Application Proceedings)**

Dear Ms. Asquith:

The Cornell Securities Law Clinic (the "Clinic") welcomes the opportunity to comment on the proposal (the "Rule Proposal") of the Financial Industry Regulatory Authority ("FINRA") to revise certain provisions of the existing Membership Application Process ("MAP"). The Clinic is a Cornell Law School curricular offering in which law students provide representation to public investors and public education as to investment fraud in the largely rural "Southern Tier" region of upstate New York. For more information, see <http://securities.lawschool.cornell.edu>.

The Clinic is interested in the Rule Proposal only to the extent that the Rule Proposal impacts investor protection. The Clinic takes no position with regard to purely procedural changes.

With that in mind, the Clinic supports the proposed amendments that will (i) require additional information about the applicant and the applicant's affiliates; (ii) expand the criteria which require a Continuing Membership Application ("CMA"); and (iii) require prior notice of certain significant changes in a member's business that do not currently trigger a CMA.

i. Additional Information Required From New Member Applicants

Under the Rule Proposal, FINRA would require that a new member applicant provide certain additional information during the application process, including its anti-money laundering procedures, the independent audit firm the applicant will use for audits, and a copy of its most recent audit report. The Rule Proposal would also require information be provided as to the relationship between the applicant and each of its affiliates and would permit FINRA to consider that information in determining whether an applicant meets the standards for admission. This information is not currently

required by FINRA during a new member application. In addition, the Rule Proposal adds a new admission standard that requires that an applicant disclose all sources of funding. This rule permits FINRA to determine that such sources of funding are not objectionable before admitting a member organization. The Clinic believes that a more thorough review of new member applicants will allow FINRA to more consistently regulate member firms.

ii. Additional Business Operation Changes Requiring a CMA

The Rule Proposal specifies additional situations under which a member would be required to submit a CMA. The Rule Proposal subjects certain transactions currently excluded under NASD rules to FINRA's review and approval. Importantly, proposed Rule 1160 would also require that a member file for an approval of a divestiture of 25 percent or more of the member's assets or any assets that generate 25 percent or more of a member's earnings. This change is significant to investors because it would prevent a member from rendering itself judgment proof in the event of arbitration or litigation. The Clinic believes that this is an important investor safeguard.

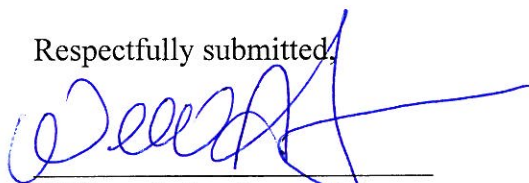
iii. Prior Written Notice of Certain Significant Changes

Under the Rule Proposal, a member would be required to provide advanced written notice to FINRA of certain changes in its business that do not currently require a CMA. These events include divestitures of 10 percent or more, changes in a member's key personnel, changes in clearance activities or accounting methods, and the addition of new products or services. Requiring notice of significant changes will help FINRA be more effective in protecting investors.

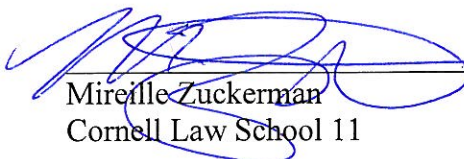
Conclusion

The Clinic supports FINRA's proposal to require additional information and disclosures from new and existing members. The Clinic believes that increasing the availability of information to FINRA would help protect investors from potentially harmful or fraudulent practices.

Respectfully submitted,



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