

10/20/2011

Marcia E Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

RE: Regulatory Notice 11-43, FINRA Requests Comment on Proposed Amendments to Rule 5210 Regarding Publication of Indications of Interest, September 2011

Dear Ms. Asquith,

Capital Research and Management Company ("CRMC") appreciates the opportunity to comment on the FINRA Proposed Amendments to Rule 5210 regarding Indications of Interest. CRMC serves as investment adviser to The American Funds family of mutual funds with aggregate net assets in excess of \$900 billion. We would first like to commend FINRA in its continuing efforts to ensure that firms are not disseminating misleading information regarding IOIs, including not accurately labeling them to reflect their origination. We believe that achieving these objectives is in the best interest of our fund shareholders.

CRMC supports the proposed changes to Rule 5210, specifically requiring that a firm 'have received a customer order in a security before displaying a quotation or IOI in any way that purports to represent that the quotation or IOI originated with a customer.'

FINRA's broad intent with this rule change is clearly to ensure that brokers do not use quotation or IOI mechanisms to mislead customers into thinking that the broker is acting on another customer's behalf when instead it is representing the broker's own interest. CRMC agrees with this intent and supports the rule change as proposed, but suggests that with further enhancements to IOI labeling FINRA could provide even greater clarity around the use of IOIs.

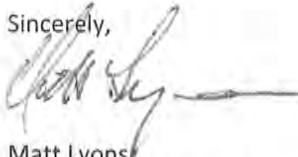
The questions FINRA is requesting comment on are also all clearly intended to prevent brokers from misrepresenting themselves to their customers. CRMC's comments on these questions are as follows:

- The term 'indication of interest' is already clearly stated by FINRA and generally understood in the industry to mean 'non-firm expressions of trading interest that contain one or more of the following elements: security name, side, size, capacity, and/or price.' We do not feel that further definitions are needed or that a further distinction between an IOI and a quote needs to be made. We would stress that a well-functioning block market is essential to institution investors implementing portfolio decisions. IOI's are used to communicate large block trading potential without displaying that interest to the public markets. This process helps to minimize the price impacts that occur from displaying large trading interest in the public markets.
- FINRA should define terms such as 'natural' in the rule. Much of the current uncertainty around the use of the 'natural' flag relates to whether this flag should only be used when the broker has an existing customer order which can be crossed as agent or whether it can also be used when a broker is attempting to offset an existing risk position previously created as a result of a principal transaction with another customer. Creating another labeling category would eliminate all possibilities for confusion and misrepresentation and allow customers to determine which type of IOIs they respond to. For example, the use of 'Natural' could be restricted to a broker representing a customer order whereas 'Proprietary' could be used when the broker is reducing a risk facilitation position. 'Principal' could be used to designate the establishment of a risk position.

- There are instances where a broker may wish to send an IOI on behalf of a customer even if the firm does not have an order on the books from that customer. The common industry parlance for such a situation is that the broker is 'In Touch With' a customer regarding a trading interest in a particular security. Brokers commonly, but by no means universally, use the free text field supported by most IOI distribution mechanisms to indicate as such. Adding this as another category of IOI in addition to 'Natural' and 'Principal' would eliminate any confusion among brokers and customers as to the proper labeling of such interest.
- It is not too restrictive to assume that 'natural' interest can only come from customer orders. While there are many proper and legitimate reasons why a customer may wish to trade principally with a broker at the beginning of a larger order, the customer has a right to expect that the broker is not misrepresenting its IOIs to gain information about which securities customers are trading in the market.

CRMC applauds the ongoing work of FINRA to improving the quality and clarity between member firms and their customers and thanks the Authority for the opportunity to comment on the proposed amendment.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Lyons", with a long horizontal flourish extending to the right.

Matt Lyons
Global Trading Manager