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March 23, 2012

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

Dear Ms. Asquith:

Thank you for the opportunity to comment on proposed changes to BrokerCheck. Our comments on various aspects of the proposal appear below.

Examination scores:

There has been much speculation about the possible inclusion of FINRA examination scores. We believe that industrywide publication of aged examination scores would be of no value to investors and in many cases could in fact be misleading. For many persons in the industry, these scores reflect examinations taken ten, twenty, or thirty years ago. Decades-old examination content bears little relation to today's rules, regulations, and market conditions and thus says little or nothing about a person's knowledge of today's financial world. A person who took the Series 7 in 1980 or 1990 will not recall mention of CMOs, CLOs, CDOs, ECNs, ETFs, dark pools, swaps, derivatives, or a host of other concepts which are of vital importance in today's markets. At that time high-frequency trading meant spending many hours on the telephone talking to other traders and daily NYSE volume was generally less than 60 million (with an 'm') shares per day. It was another world and the results of an examination testing knowledge of that world have no value today. Indeed, a high score from long ago might well imply current competence where no such competence exists.

In addition, it is reasonable to believe that a person who took an examination early in his or her career has gained experience and knowledge during subsequent decades in the industry. We might well support a proposal to publish contemporaneous scores if the relevant exam was taken during modern times. Given the pace of change in the markets and the industry, we believe that any score more than three to five years old probably has little or no probative value in determining a registered person's knowledge of today's industry or financial markets.

We would reconsider our position if FINRA can provide evidence showing a statistically significant correlation between examination scores, of whatever age, and investment results, client satisfaction, disciplinary record, or any other relevant measure of what investors may be concerned with.

Educational Background:

Many of the comments above apply to this proposal as well. Many people end up in careers other than the one they expected at the time they obtained their formal education, and we are not aware of any evidence showing a correlation between educational background and investor satisfaction. Again, we would reconsider our opinion if FINRA can provide evidence showing a statistically significant correlation between educational background and investment results, client satisfaction, disciplinary record, or any other relevant measure of what investors may be concerned with.

An investment professional must have a 'reasonable basis' for recommending something to an investor. That is what investors want, too, when choosing an investment professional. The proposed disclosures do not enhance the effort to develop a 'reasonable basis' for considering an investment professional. We suspect that FINRA would look askance, and rightly so, at an advisor who made recommendations based on the decades-old educational background of a company's senior management. Many, perhaps most, of the individuals involved in various recent financial scandals, Ponzi schemes, and the like have impeccable educational backgrounds.

We respectfully suggest that FINRA abandon the idea of publishing test scores which are of no relevance today and educational backgrounds which are decades old. **If we have learned nothing else from the events of the past few years, it is the fact that a resume says nothing about character or competence.**

Links to other sites:

We believe it would be beneficial for investors if FINRA included links to websites maintained by financial industry regulators or organizations that provide investor education. These could include the SEC's investor guidance and a link to SIPC. We would also include direct links to other parts of the FINRA site, specifically the Investor Alerts and guidance on avoiding fraud.

Professional Designations:

We support the idea of disclosing professional designations but are hesitant to increase the burden on Members by requiring additional U4 amendments. We suggest that the organizations granting such designations be invited to supply the data and periodic updates, perhaps upon payment of an appropriate charge to reflect the cost of processing that data. That charge could be borne by the sponsoring organization or passed on to its designees. Doing so would add to the benefits offered by the organizations to their designees, would not increase FINRA's costs, and could prevent fraudulent use of designations to which the individual was not entitled.

Clarifying terms and phrases:

FINRA is correct in its suspicion that certain terms and phrases may be unfamiliar to investors. Useful information might include brief (one paragraph) descriptions of what each license represents and an explanation of how customer complaints are reported and disclosed.

Report format:

We use BrokerCheck on a regular basis and find the current report format reasonably satisfactory. However, we realize that for very large firms a matrix summarizing disclosure events might be useful.

For smaller firms with few events it is probably not necessary. We strongly believe it would be useful to put disclosure events in context by including a comparison of the individual or firm's record with the industry as a whole. For example, a metric such as 'Customer complaints per year' (for reps) and 'Customer complaints per rep per year' (for firms) compared with comparable numbers for the industry as a whole would give investors a useful indicator as to where a particular firm or individual stands in the larger picture. We strongly believe that customer complaints, which are not presently included, are much more relevant and useful to investors than are disclosure events involving more arcane regulatory matters such as late filings, trade reporting, email retention, etc. and the latter types of events could perhaps be offered as an option rather than automatically included in every report.

Sale of personal information to commercial vendors:

We strongly oppose the idea of making personally identifiable BrokerCheck information available to third-party vendors. FINRA collects this data in its role as a regulator, and to give (or, more likely, sell) it into the marketplace is inconsistent with longstanding practice and the understanding with which it was provided to FINRA originally. If FINRA manages BrokerCheck properly, as it is clearly attempting to do by issuing this request for comment, there should be no need or demand to share personal identifying information elsewhere.

Respectfully submitted,

Chris Charles
President