



**May 6, 2010**

**BY EMAIL TO: [rule-comments@sec.gov](mailto:rule-comments@sec.gov)**

Elizabeth M. Murphy, Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

RE: Release No. 34-61927;  
File No. SR-FINRA-2010-012

Dear Ms. Murphy,

The National Association of Independent Brokers-Dealers, Inc. (NAIBD) was formed in 1979 to positively impact rules, regulations, and legislation by facilitating a consistent, productive relationship between industry professionals and regulatory organizations. The organization is national in scope and direction with a network of more than 350 Broker-Dealer and Industry Associate Members. We appreciate the opportunity to comment on the above-referenced rule proposal regarding amendments to FINRA's Rule 8312.

We understand the value of the online disclosure tool to investors, and therefore we generally support the effort to enhance disclosure through the expansion of information available through BrokerCheck.

As such, we support the expansion of the BrokerCheck disclosure period for former associated persons of a member to ten years from two years, and the terms which would permanently make publicly available in BrokerCheck certain information about former associated persons of a member in instances in which (i) the person was convicted of or pled guilty or nolo contendere to a crime; (ii) the person was the subject of a civil injunction in connection with investment-related activity or a civil court finding of involvement in a violation of any investment-related statute or regulation, and (iii) the person was named as a respondent or defendant in an investment-related, consumer-initiated arbitration or civil litigation which alleged that the person was involved in a sales practice violation and which resulted in an arbitration award or civil judgment against the person.

Notwithstanding this, we ask that permanent public disclosure of all historic customer complaints that were withdrawn, dismissed or denied be removed from the Rule proposal.

We base this request on the belief that the Historic Information is likely to contain a substantial volume of information that will do nothing more than confuse investors. For instance, we believe that Historic Information currently contains a significant percentage of disclosures regarding false complaints, about matters which have been proven to be without merit or regarding matters which have been abandoned by the investor. We believe there is no value to the investor in accessing this information and, further, that disclosure of great volumes of meaningless information will dilute the overall merit of the system.

We also expect that the Historic Information contains a substantial number of disclosures regarding matters in which the individual had been dismissed or was otherwise released prior to adjudication. In such instances, had individuals at the time been informed of the permanence of the disclosures, they may have opted for alternatives that would have allowed the matters to be purged from the system. For instance, they may have withheld their request for dismissal until the hearing, opting instead for a ruling by the arbitrators that would have allowed for the matter to be expunged. Due to the fact that the matters have long since been resolved, avenues for expungement are no longer available to these individuals. Rather they will suffer permanent embarrassment without any mechanism for fairness, and without meaningful benefit to an investor.

Regulators are no doubt already aware of the high degree of confusion among investors regarding investment advisers, registered representatives, brokers, dealers and the myriad of regulatory scenarios. We believe that confusion regarding Historic Information only will be further exasperated if the IAPD-i proposal for disclosure of Investment Adviser Individual disclosure goes forward as planned with IA disclosures dating to 2002, and registered representative data dating to 1999. We strongly urge the regulators to use the same back-date for all licensed securities professionals.

Should the regulators process with the Rule Proposal as is, we request that consideration be given to reformatting Broker-Check to allow for distinct visual categorization of Historic Information, such that it is abundantly clear to site visitors which disclosures regard matters that have been closed with no action (withdrawn, dismissed, or denied), including explanatory text to clarify the relative import of the incident.

Generally, we support the amendment to Rule 8312 that would establish a process to dispute the accuracy of or update information disclosed through BrokerCheck.

We request, however, that the amendment include a timeline for submission and FINRA response, such that individuals requesting relief are assured of a timely removal of any and all erroneous or inappropriate information from their permanent record. For instance, the regulator should be required to render its determination regarding update or removal within 30 days of the submission of valid documentary evidence. If the timeframe is not manageable based on resource allocation, then in fairness to the individual, the regulator should establish a mechanism that clearly categorizes or quarantines these issues as "disputed" while updates are being considered.

We believe that a review of the Historic Information will reveal a substantial number of disclosures that are incomplete or otherwise out of date, but which may not qualify for dispute based on the list of criteria provided in the rule proposal. For instance, as proposed, Rule 8312 would not allow for an individual to request an update unless the new information challenges the accuracy of the original disclosures. However, it is certainly true that there would be significant difference between explanations given in the knowledge that the disclosures would be archived within two years, versus those explanations drafted for permanent public disclosure. For this reason, we request the eligibility of requests be expanded to include requests that would provide a clearer description of the incident, and not solely on a challenge to the accuracy of the existing content.

On behalf of the NAIBD, I welcome you to contact me directly should you have any questions or concerns regarding the comments provided herein.

Sincerely,

A handwritten signature in black ink, appearing to read 'LRoth', with a horizontal line underneath.

Lisa Roth, NAIBD Member Advocacy Committee Chair  
Keystone Capital Corporation, CEO/CCO