

Public Investors Arbitration Bar Association

June 13, 2008

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VIA E-MAIL TO PUBCOM@FINRA.ORG

Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1500

Re: FINRA Regulatory Notice No. 08-25
Proposed Consolidated FINRA Rules
Governing Books and Records Requirements

Dear Ms. Asquith:

The Public Investors Arbitration Bar Association (“PIABA”) appreciates the opportunity to provide the Financial Industry Regulatory Authority with the following comments regarding the Proposed Consolidated FINRA Rules Governing Books and Records Requirements.

PIABA is a bar association comprised of attorneys who represent investors in securities arbitrations. Since its formation in 1990, PIABA has promoted the interests of the public investor in all securities and commodities arbitration forums. Our members and their clients have a strong interest in FINRA rules which govern the arbitration process. We are particularly interested in the availability and accuracy of brokerage industry documents when disputes arise.

Proposed FINRA Rule 4512(a)(1)(C) would eliminate the requirement that the signature of the registered representative introducing the account be included on the customer account information. This rule change is simply a bad idea. Investor disputes often focus on information in new account documents. Questions arise in arbitration as to the authenticity and accuracy of new account documents and information. It therefore is important for firm procedures to assure that new account information is signed and dated by both the registered representative and the responsible manager. These verifications assist in confirming the validity of the new account information and ultimately will provide protection for the firm if the documents are challenged. Providing signatures on new account information imposes no significant burden on the registered representative or the manager who accepts the account. Signatures and dates of those responsible for these documents are an important element in assuring their authenticity.


We are pleased to express our qualified support for Proposed FINRA Rule 4513. As a general proposition, PIABA favors longer, more reliable records retention. In general, we therefore support any rule which fosters that end. Requiring member firms to preserve customer complaint records for a period of at least four (4) years is an improvement to the current three-year retention rule.

However, our support for the current proposal is qualified because we prefer to see the record retention requirement extended to at least six (6) years. This six-year period would match the eligibility provisions for customer disputes contained in Rule 12206. It would also make the retention period for customer complaints consistent with the six-year period proposed for retention of customer account information.¹ In the age of electronic storage, there should be little argument over reasonably increasing the time periods for document retention. Whereas the document retention rules once posed a burden in terms of finding warehouse space, electronic storage space may be obtained efficiently.

We also believe that the proposed rule should include a provision that requires the industry to produce covered records, upon written request, to customers and former customers within a reasonable time at no charge.

Respectfully submitted,

PUBLIC INVESTORS ARBITRATION
BAR ASSOCIATION



Laurence S. Schultz
President, 2007-2008

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¹ See Proposed Rule 4512 Supplemental Material .01.