

June 15, 2007

Ms. Nancy M. Morris  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-1090

Re: Release No. 34-55431, File No. S7-08-07, Amendments to Financial  
Responsibility Rules for Broker-Dealers

Dear Ms. Morris:

The Securities Industry and Financial Markets Association (“SIFMA”)<sup>1</sup> appreciates the opportunity to provide the Securities and Exchange Commission (the “SEC” or “Commission”) with comments on the Commission’s proposed amendments (the “Proposed Amendments”) to its financial responsibility rules for broker-dealers under the Securities Exchange Act of 1934 (the “Exchange Act”).<sup>2</sup>

SIFMA commends the Commission and its staff for undertaking this review of the financial responsibility rules and for their extensive efforts in preparing the Proposed Amendments. The net capital rule (Rule 15c3-1) and the customer protection rule (Rule 15c3-3) remain vitally important to protecting broker-dealers, their customers, and the markets in which they operate. The continued efficacy of these rules, however, requires that they be periodically reviewed and updated, as the Commission is now doing, to reflect practical experience and new developments in markets, products and risk-management practices.

SIFMA welcomes and supports many of the Proposed Amendments as appropriate and timely enhancements to the Commission’s financial responsibility scheme for broker-dealers. As discussed more fully below, however, in our view certain of the amendments would impose requirements whose costs are not adequately justified by their benefits, and other

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<sup>1</sup> SIFMA brings together the shared interests of more than 650 securities firms, banks and asset managers. SIFMA’s mission is to promote policies and practices that work to expand and perfect markets, foster the development of new products and services and create efficiencies for member firms, while preserving and enhancing the public’s trust and confidence in the markets and the industry. SIFMA works to represent its members’ interests locally and globally. It has offices in New York, Washington, D.C., and London and its associated firm, the Asia Securities Industry and Financial Markets Association, is based in Hong Kong.

<sup>2</sup> Release No. 34-55431 (Mar. 9, 2007), 72 Fed. Reg. 12862 (Mar. 19, 2007) (the “Proposing Release”).



































































































