



January 11, 2011

Ms. Lourdes Gonzalez  
Assistant Chief Counsel  
Division of Trading and Markets  
US Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Re: File Number 4-606: Obligations of Brokers, Dealers and Investment Advisers

Dear Ms. Gonzalez:

This letter responds to your request in our January 5<sup>th</sup> telephone conversation for information about various aspects of the broker-dealer industry.

1. You requested a breakdown of FINRA-registered firms, as of September 30, 2010, according to the number of registered individuals. The figures set forth below reflect firms with a FINRA “approved” status and show the number of FINRA- registered individuals (“RIs”) associated with the firms.<sup>1</sup>

# of RIs	# of Firms	% of all Firms
1-10	2,483	53%
11-50	1,353	29%
51-150	421	9%
151-499	215	5%
500+	176	4%
<b>Total</b>	<b>4,648</b>	<b>100%</b>

2. You requested the total number of brokerage accounts held by all FINRA-registered firms. As of December 31, 2009, there were 109.5 million retail and institutional accounts held at broker-dealers. In addition, these broker-dealers reported 25,838

---

<sup>1</sup> “Registered individuals” consists of anyone who is registered with FINRA in one or more capacities. FINRA has two basic levels of qualification and registration - registered representatives (generally, sales personnel) and principals (generally, officers of the firm and other management personnel involved in the day-to-day operation of the firm's investment banking or securities business.)

omnibus accounts. These figures were obtained from broker-dealers' FOCUS Schedule 1 filings for 2009.<sup>2</sup>

3. You asked for the total number of individuals registered with FINRA. Any person associated with a firm who is engaged in the securities business of the firm, including partners, officers, directors, branch managers, department supervisors, and salespersons, must register with FINRA. As of September 30, 2010 there were 636,529 registered individuals with an approved FINRA registration in any category.
4. You requested information regarding brokers-dealers that have an investment adviser affiliate. We obtained this information by examining firm responses to Item 10A on Form BD, which asks:

*Directly or indirectly, does applicant control, is applicant controlled by, or is applicant under common control with, any partnership, corporation, or other organization that is engaged in the securities or investment advisory business?*

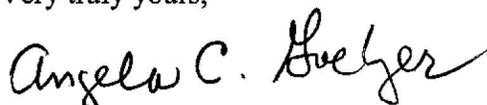
As of September 30, 2010, 1,734 firms, or approximately 37.3%, of 4,648 FINRA registrants, had an affiliate that engaged in investment advisory activities.<sup>3</sup>

5. Finally, you requested statistics regarding firm membership agreement applications granted subject to restrictions imposed by FINRA on the firm's permissible activities. Attachment A provides information on actions taken on applications between January 1, 2008 and December 31, 2010. During that period, 26 registrations were denied, 48 were granted with restrictions imposed by FINRA, 67 were rejected, and 398 failed to proceed for other reasons.

\*\*\*

I hope that this information responds fully to your request. Please contact me at 202/728-8120 or Thomas Selman at 202/728-6977 if you have any questions or comments.

Very truly yours,



Angela C. Goelzer

---

<sup>2</sup> All FINRA firms submit SEC Financial and Operational Combined Uniform (FOCUS) reports to FINRA pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. The 2010 Annual Focus Schedule 1 reports, which will provide account data for 2010, must be filed by January 26, 2011.

<sup>3</sup> This number includes 1,431 broker-dealers that are not dually registered as investment advisers, and 303 firms that are dual registrants. In addition, there are 553 dual registrant firms that did not report an investment advisory affiliate.

Ms. Lourdes Gonzalez  
January 11, 2011  
Page 3 of 3

**Attachment**

cc: Elizabeth M. Murphy  
Jennifer B. McHugh  
Richard G. Ketchum  
Stephen Luparello  
Thomas Selman

## Attachment A

	Withdrawn by Firm	Lapsed <sup>1</sup>	Rejected <sup>2</sup>	Denied	Granted with Restriction(s) <sup>3</sup>	Total (Other than Granted)	Total Granted <sup>4</sup>
January 1-December 31, 2008							
New Membership Applications	16	10	7	1	16	50	184
Continuing Membership Applications <sup>5</sup>	52	38	---	6	8	104	544
<b>Subtotals</b>	<b>68</b>	<b>48</b>	<b>7</b>	<b>7</b>	<b>24</b>	<b>154</b>	<b>728</b>
January 1-December 31, 2009							
New Membership Applications	20	2	5	2	4	33	144
Continuing Membership Applications	78	37	13	9	10	147	556
<b>Subtotals</b>	<b>98</b>	<b>39</b>	<b>18</b>	<b>11</b>	<b>14</b>	<b>180</b>	<b>700</b>
January 1-December 31, 2010							
New Membership Applications	22	4	0	2	2	30	166
Continuing Membership Applications	88	31	42	6	8	175	561
<b>Subtotals</b>	<b>110</b>	<b>35</b>	<b>42</b>	<b>8</b>	<b>10</b>	<b>205</b>	<b>727</b>
<b>Totals</b>	<b>276</b>	<b>122</b>	<b>67</b>	<b>26</b>	<b>48</b>	<b>539</b>	<b>2,155</b>

<sup>1</sup> NASD Rule 1012(d) provides for the lapse of an application if the applicant, absent a showing of good cause, fails to: fully respond to an information or document request as required by NASD Rules 1013 or 1017 or within such time agreed to by FINRA and the applicant; appear or participate in a scheduled membership interview; or file an executed membership agreement under NASD Rule 1014(d) or 1017(g)(4). within 25 days of service of the membership agreement or within such time as agreed to by FINRA and the applicant.

<sup>2</sup> Membership applications that are deemed not substantially complete upon submission are rejected. Note: FINRA began tracking rejections for Continuing Membership Applications on October 30, 2009.

<sup>3</sup> Applications may be granted with one or more restrictions imposed by FINRA that limit the scope of the applicant firm's business. Such restrictions are reflected in the firm's membership agreement.

<sup>4</sup> Granted applications include those submitted by firms seeking to engage in a limited scope of securities activities.

<sup>5</sup> Continuing Membership Applications include applications seeking approval for changes in ownership, control, or business operations and requests for modification or removal of membership restrictions.