October 24, 2012

Securities and Exchange Commission
Attn.: Ms. Nancy M. Morris, Secretary
100 F Street, N.E.
Washington, DC 20549-1000

Via email (rule-comments@sec.gov)

Re: File Number S7-08-07 Amendments to Financial Responsibility Rules for Broker-Dealers

Ladies and Gentlemen:

Raymond James Financial, Inc. ("RJF") appreciates this opportunity to provide the Securities and Exchange Commission (the "Commission") with comments on the Commission's proposed amendments (the "Proposal") to its Financial Responsibility Rules for Broker-Dealers under the Securities and Exchange Act of 1934 (the "Exchange Act").

RJF commends the Commission and its staff for taking the time to review the financial responsibility rules and addressing particular concerns of broker-dealers. While RJF supports the goal of the Proposal relating to effectively managing concentration risk, we believe certain provisions of the Proposal would impose requirements that would inevitably result in elevated costs, disproportionate to the achieved benefits.

RJF welcomes and supports many of the Proposed Amendments. However, as explained more fully below, RJF believes that the Commission should carefully consider specific alternatives to the Proposal to fully accomplish its desired purpose.

A. Proposed Amendments to the Consumer Protection Rule

I. Allocation of Customers' Fully Paid and Excess Margin Securities to Short Position

The Proposal would add a new paragraph to Rule 15c3-3 requiring registered broker-dealers to generally obtain physical possession and control of securities included in its books and records as a propriety short position or a short position for another person within ten business days (or 30 calendar days if the registered broker-dealer is a market maker in the securities). To date, there is no such requirement when a customer's fully paid or excess margin long position allocates to a short position. Instead, the broker-dealer includes the value of the security as a credit in the reserve formula.

880 Carillon Parkway // St. Petersburg, FL 33716 // T 800.248.8863 // raymondjames.com
Writer's Direct Dial: 727.567.5180 // Fax: 866.208.0522 // E-mail: Paul.Matecki@RaymondJames.com
Raymond James Financial, Inc.

This proposed amendment to Rule 15c3-3 will greatly increase the cost of proprietary and customer short positions that were established and maintained in accordance with all applicable short sale regulations at the time entered. This could be very vital to the investment or hedging strategies of the broker-dealer or its customers and it will inevitably impose a heavy burden on short sales. As such, RJF requests that the Commission reevaluate this proposed requirement to ensure that the benefits of such proposal outweigh the extreme concerns regarding the amendment.

II. Treatment of Free Credit Balances

The Commission proposes to add a new paragraph (j) to Rule 15c3-3 that would introduce explicit requirements on the manner in which registered broker-dealers offer to "sweep" funds (referred to as "free credit balances") that are payable to customers on demand into money market funds, bank deposits or other instruments, and the requirements for changing sweep options that they make available to customers. The Proposal would allow sweep arrangements only under three specific circumstances.

Specifically, RJF believes that the Commission should not limit the types of investments or products into which a customer can allow a broker-dealer to sweep free credit balances. While the broker-dealer should always comply with the applicable disclosure requirements in offering such investment or product, the Commission should not limit the ability of broker-dealers and their customers to identify new or different sweep investments. Therefore, RJF suggests that the Commission reconsider its proposed limitations on such investments.

Furthermore, proposed paragraph (j) would require a broker-dealer to provide customers with all disclosures and notices required by the applicable SROs "on an ongoing basis." Because there are currently no SRO requirements that broker-dealers make disclosure concerning sweep arrangements on an ongoing basis, RJF requests that the Commission reconsider this proposed requirement until such time as such requirements become the rule.

This Proposal is the first significant formal guidance offered by the Commission regarding sweet arrangements. As such, RJF suggests that the Commission reexamine the proposed amendments regarding the stringent requirements on registered broker-deals offering to sweep customers' funds.

III. Banks Where Special Reserve Cash Deposits May Be Held

The Proposal would limit the banks at which broker-dealers may hold their reserve accounts by: (i) excluding cash deposits at parent or affiliate banks for the purposes of meeting

reserve requirements, and (ii) limiting the amount of cash a registered broker-dealer may maintain in a reserve bank account at any single unaffiliated bank to the lower of (A) fifty percent (50%) of the broker-dealer's excess net capital and (B) ten percent (10%) of the unaffiliated bank's equity capital.

We strongly encourage the Commission to reconsider the proposed limitations on the amount of reserve account cash deposits that may be held at any one bank. In our view, the Commission has not effectively taken into consideration the significant costs that these limitations would impose on broker-dealers, and the potential adverse impact on customers. It must be recognized that both broker-dealers and banks are highly regulated entities that are required to have policies and procedures designed to protect against the risk of financial difficulties that could threaten reserve account cash deposits. Thus, both federal and state regulators regularly examine banks and require banks to periodically report detailed financial information.

If this Proposal is adopted, registered broker-dealers holding customer funds may be required to move their reserve accounts if those accounts are currently held at affiliated banks. Further registered broker-dealers may need to enter into new or additional banking relationships in order to comply with the Proposal. Ultimately, this will increase both the cost and administrative burden of cash management regarding reserve account funds.

B. Amendments to the Net Capital Rule – Amendment to Rule Governing Orders Restricting Withdrawal of Capital from a Broker-Dealer

Rule 15c3-1 (the **"Net Capital Rule"**) requires registered broker-dealers to maintain a minimum amount of net capital, limits firms' leverage and prohibits rapid withdrawals of capital. The proposed amendments to Rule 15c3-1 are essentially incremental changes that address particular technical issues, rather than sweeping changes to the structure of the Net Capital Rule.

For instance, Rule 15c3-1(e)(3) currently permits the Commission to issue an order restricting for up to twenty (20) business days any withdrawals of capital from a broker-dealer or any advances or loans to stockholders, affiliates or insiders, if the Commission determines that such activities may have certain adverse effects on the broker-dealer's financial integrity or its customers or creditor. However, such orders may only restrict withdrawals, advances or loans during a thirty (30) calendar day period that exceed thirty percent (30%) of the broker-dealer's excess net capital. The proposed amendment would eliminate this 30 calendar day, 30% requirement limit and allow the Commission to restrict all withdrawals, advances or loans under specific circumstances.

This proposed amendment will impose additional compliance burdens for the broker-dealers and would significantly limit broker-dealers in the event of a liquidity crisis. Furthermore, because of the broad definition of an "advance" or "loan" of net capital in paragraph (e)(4)(iv), flexibility to allow certain types of withdrawals, advances or loans is specifically important. Therefore, RJF requests that the Commission reexamine this amendment so that the Proposal does not unduly burden the broker-dealers.

C. Responses to Requests for Comment on Additional Matters

I. Harmonize Securities Lending and Repo Capital Charges

Under the Net Capital Rule, haircuts for securities lending and borrowing transactions are different from those for repo transactions. The Commission is seeking comment on whether and how the net capital treatment for these types of transactions should be harmonized, given the economic similarity between the transactions.

It is RJF's view that it may be appropriate for the Commission to consider adopting some type of framework in which capital charges apply to *any* unsecured exposures of a broker-dealer, regardless of the form of the transaction under which such exposures arise. However, it must be noted that the Commission should consider the potential disruption to the marketplace that may arise if such framework is eventually adopted.

II. Accounting for Third-Party Liens on Customer Securities Held at a Broker-Dealer

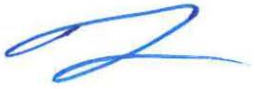
Special insolvency-related issues may arise when customer securities held at a registered broker-dealer are subject to third-party liens. In particular, in some instances, the customer securities may be held in the name of the customer unless they are moved to pledge accounts. In such cases, upon the registered broker-dealer's insolvency, both the customers and the third-party lien-holders may have claims for the securities. In respect to customer securities subject to third-party liens, the Commission seeks comments on whether registered broker-dealers should: (i) include customers' obligations to third-parties as a credit item in the reserve formula; (ii) move such securities into separate pledge accounts in the name of the pledgees; or (iii) record and disclose the liens.

RJF strongly urges the Commission to not require broker-dealer to include the amount of any liens as a credit item in the reserve formula. This approach is not necessary to fully achieve customer protection. Instead, this would impose significant costs and burdens on broker-dealers, including impairing liquidity, without addressing any desired purpose of the Commission.

D. Conclusion

Raymond James Financial, Inc. would like to thank the Commission and its staff again for their time and consideration in developing the Proposed Amendments. We appreciate this opportunity to submit our comments on the Proposal. If you have any questions, please do not hesitate to contact the undersigned, Paul L. Matecki, at 880 Carillon Parkway, St. Petersburg, Florida, 33716, (727) 567-5180, counsel to Raymond James Financial, Inc. in this matter.

Sincerely,



Paul L. Matecki
Senior Vice President
General Counsel

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