

PACE INVESTOR RIGHTS PROJECT

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June 18, 2007

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

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

Dear Ms. Morris,

The Pace Investor Rights Project (PIRP) at Pace University School of Law welcomes the opportunity to comment on SEC's proposal to amend the professional responsibility rules for broker-dealers. PIRP's mission is to advocate on behalf of investor justice, particularly with respect to the rights of small investors.

PIRP is first writing generally with respect to the proposed amendments that focus on a broker-dealer going insolvent while a client has his/her accounts with the firm. We agree with the goals of these amendments to increase the transparency of broker-dealers and prevent the probability of their insolvency by requiring them to be more financially responsible overall. We support the proposed amendments and commend the SEC's efforts to protect broker-dealer customers from being misled by their broker-dealers as to the firms' financial condition, thereby decreasing the likelihood of financial harm to the customers. Particularly, this proposal protects investors of moderate means, by mitigating financial loss that may be incurred as a result of an insolvent broker-dealer or a broker-dealer employee who is engaged in unlawful activities.

The SEC seeks specific comment on many technical amendments that PIRP is not in a position to respond to because we are not a broker-dealer, with the exception of the proposed amendment to Rule 15c3-3 pertaining to free credit balances. We fully support this proposal as it addresses our concern that broker-dealer customers may not have sufficient knowledge about their own accounts. These housekeeping amendments compel broker-dealers to obtain affirmative consent from their customers before

changing the terms under which the customers' free credit balances are invested. This amendment allows customers to be more informed regarding the rules and legal terms governing their accounts. This is a positive step forward in motivating a broker-dealer to act within the limits of its customers' consent.

Thank you for providing us with the opportunity to comment on these proposed rule changes. Please do not hesitate to contact us if you have any questions regarding these comments.

Respectfully Submitted,

Jill Gross
Director of Advocacy

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Student Intern