



Richard G. Ketchum
Chairman and
Chief Executive Officer

March 15, 2010

Mr. Andrew J. Donohue
Director, Division of Investment Management
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-5041

Re: Political Contributions by Certain Investment Advisers (Release IA-1812;
File No. S7-19-99)

Dear Mr. Donohue:

In response to your letter of December 18 2009, the staff at FINRA carefully considered the comments received by the SEC, on the provision in SEC Release IA-1812 ("the proposal") that would prohibit investment advisers from using third parties to solicit government business on their behalf. We have also considered comments received directly from broker-dealers that would be subject to the proposed ban on third parties.

In your letter you requested that we consider crafting rules that would apply to broker-dealer members of FINRA and allow such members to act as regulated placement agents in soliciting government entities on behalf of certain investment advisers if they complied with requirements prohibiting pay to play activities by those placement agents on their own behalf or on behalf of the investment advisers in respect of whom they act as placement agent. I am delighted to state that we are in a position to promulgate such a rule. We believe that the FINRA proposal should impose regulatory requirements on member broker-dealer placement agents as rigorous and as expansive as would be imposed by the SEC on investment advisers. We believe that a regulatory scheme targeting improper pay to play practices by broker-dealers acting on behalf of investment advisers is both a viable solution to a ban on certain private placement agents serving a legitimate function. In developing our proposal, we intend to draw closely upon all the substantive and technical elements of the SEC's proposal as well as our regulatory expertise in examining and enforcing the MSRB rules upon which the SEC's proposal is based.

On the assumption that moving forward on this basis is acceptable to your office, I have instructed FINRA's Office of General Counsel to contact your staff and the Division of Trading and Markets to ensure that the FINRA proposed rule making is completely consistent with Commission rulemaking in this area. I thank you for your interest in working with us, and we look forward to assisting the Commission with this critically important rulemaking initiative.

Sincerely,

Richard G. Ketchum

cc: Matt Goldin, SEC
Marc Menchel, FINRA