

Public Investors Arbitration Bar Association

December 20, 2010

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Ms. Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: File Number S7-23-07 Release No. IA – 3118 Temporary Rule Regarding Principal Trades with Certain Advisory Clients

Dear Ms. Murphy:

On behalf of the Public Investors Bar Association (“PIABA”), I thank the Commission for this opportunity to comment on the above-referenced temporary rule regarding principal trades with certain advisory clients. PIABA is a national, not-for-profit bar association comprised of attorneys, including law school professors and regulators, who devote a significant portion of their practice to the representation of public investors in securities arbitrations. Accordingly, our organization, its members, and their clients have a vested interest in the rules regarding investor protection and advisory regulatory compliance.

The temporary rule seeks to accommodate the interests of advisers to permit principal trading by advisers without the need to comply with the transaction-by-transaction disclosure and consent requirements for non-discretionary accounts. The discussion of the proposed temporary rule notes that the Commission is required under section 913 of the Dodd-Frank Act to deliver its report to Congress no later than January 2011. Initially, the extension of the need to comply with the *Financial Planning Association v. SEC* decision, formerly known as the ‘Merrill Lynch Rule’ granted by the Commission, was for a one-year extension to the rule’s sunset period. Similarly, PIABA believes a one-year extension, rather than two years, is appropriate in this instance. One year will allow advisers and their firms to adapt to any uncertainty surrounding the Dodd-Frank study findings presented to Congress next month. There simply is no need to provide a two-year extension.

A one-year extension of the exemption strikes the proper balance between the concerns of investor protection and the burden of revised regulations. PIABA recommends that a one-year extension of the exemption be enacted. Thank you for your consideration.

Respectfully submitted,
PUBLIC INVESTORS ARBITRATION
BAR ASSOCIATION

/s/

Peter J. Mougey
President

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