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October 12, 2007

By E-mail
Rule-comments@sec.gov

Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street N.E.
Washington, D.C. 20549-1090

Re: File Number SR-FINRA-2007-011

Dear Ms. Morris:

Thank you for the opportunity to comment on the Rule Proposal of the Financial Industry Regulatory Authority (FINRA) to amend NASD Rule 2711 regarding a member firm's disclosure and supervisory review obligations when distributing independent third-party research (Release No. 34-56480, 72 Fed. Reg. 54698; File No. SR-FINRA-2007-011) (Rule Proposal).

We are writing on behalf of our client, Auerbach Grayson & Co., Inc., a registered broker-dealer and FINRA member firm (AGCO). AGCO's business is acting, pursuant to Securities Exchange Act Rule 15a-6(a)(3), as the U.S. broker-dealer for brokers and dealers in some 106 foreign countries to solicit and effect transactions for U.S. institutional investors and major U.S. institutional investors in securities traded in the securities markets of these foreign brokers and dealers. The arrangement between AGCO and each of these foreign brokers and dealers is memorialized in a written agreement conforming to the requirement of Rule 15a-6(a)(3).

The U.S. investors with whom these foreign brokers and dealers seek to effect securities transactions in their home country using the services of AGCO are U.S. institutional investors and major U.S. institutional investors as defined in Rule 15a-6(b)(4) and (b)(7) and in no action letters issued by the staff. One of the main methods to obtain business from these U.S. institutional investors and major U.S. institutional investors is to send to them the research reports of these foreign brokers and dealers on issuers in the foreign broker's home country and to maintain these research reports on AGCO's password protected web site.

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Among other things, the Rule Proposal would reduce the obligations of a member firm distributing or making available independent third party research, as defined in proposed Rule 2711(h)(13)(E). FINRA is to be commended for this effort that will facilitate the distribution of independent third party research.

Currently, FINRA members distributing independent third party research must accompany the report with specified disclosures regarding the distributing firm as set forth in Rule 2711(h)(1)(B), (h)(1)(C), (h)(2)(A)(ii) and (h)(8) (Disclosure Requirements). The distributing firm must also conduct a due diligence review of the independent third party research pursuant to NASD Rule 2210(d)(1)(B) and NASD Notice to Members 07-04 (Due Diligence Review).

Proposed Rule 2711(h)(13)(C) would relieve the distributing member firm of the Due Diligence Review in the case of independent third party research regardless of how the research is distributed or made available by the member firm. We commend FINRA on this proposal and urge its adoption.

Proposed Rule 2711(h)(13)(B) would grant relief from the Disclosure Requirements where the independent third party research reports are made available by the member firm in the following three instances:

- (i) Upon request;
- (ii) In connection with a solicited order in which the customer is informed of the availability of the independent research report and the customer requests it; and
- (iii) Through a member maintained web site.

We understand the concern with allowing widespread distribution of independent third party research reports by a member to retail and similarly situated customers without the Disclosure Requirements. However, we do not feel these concerns are present in the case of distribution to U.S. institutional investors and major U.S. institutional investors.

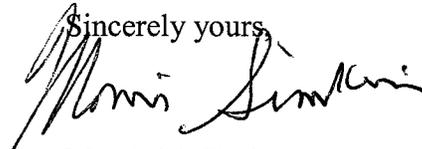
Therefore, we suggest that a fourth category of distribution of independent third party research reports be added to Proposed Rule 2711(h)(13)(B). This would cover distribution of independent third party research reports, including those of foreign brokers and dealers, to U.S. institutional investors and major U.S. institutional investors as defined in Securities Exchange Act Rule 15a-6. We believe this is appropriate because these types of investors are

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sophisticated, informed, and able to make their own independent evaluations without the benefit of the Disclosure Requirements.

We would be happy to discuss with the staff any questions they may have regarding this letter.

Sincerely yours,



Morris N. Simkin

MNS/ybb

cc: Mr. Erik Sirri
James Brigagliano, Esq.
Philip Shaikun, Esq.