

Sterne Agee & Leach, Inc (“Sterne Agee”) is a self-clearing firm that in addition clears for 95 FINRA members on a fully-disclosed basis. Sterne Agee strongly supports any regulatory initiative that improves customer protection. We appreciate this opportunity to comment on the FINRA proposed Rule 2231. While NASD rule 2340 and NYSE Rule 409 required carrying firms to send quarterly statements to customers, as has been the custom with other clearing industry participants, Sterne Agee generated monthly customer account statements if account activity occurred during that particular month. However, Sterne Agee as well as other clearing industry participants defaulted to a quarterly statement when an account has no activity other than for the credit of interest/dividends in a money market fund position.

Proposed FINRA Rule 2231 would impose the additional burden that passive activity such as money market fund dividends/interest would require the generation of a monthly statement to be sent to the particular customer. We strongly recommend that a “carve out” be incorporated into the rule for at least the singular exception of money market fund interest/dividend activity. The cost of production alone would more than double our present statement expense and cause us to increase fees to the introducing broker dealer resulting in higher commission cost for customers.

Like most carrying firms, Sterne Agee provides electronic account access for all customers of Introducing Firms. Additionally, we could institute a policy wherein if a money market fund per share market value drops below \$1,00 (“Breaks the Buck”) we would, upon that event, generate a monthly statement for those accounts whose sole activity would have been money market credits for dividends/interest. This would serve to alert customers had they not already been aware through other media.

We appreciate the opportunity to present this thought for your consideration.

Gene Woodham
Chief Operating Officer
Sterne Agee Group, Inc.