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July 14, 2010

Ms. Elizabeth M. Murphy, Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: File Number SR-FINRA-2010-021, Encryption  
of Electronic Information Provided to FINRA

Dear Ms. Murphy:

The Investment Company Institute<sup>1</sup> is writing to express our support for FINRA's proposed amendments to FINRA Rule 8210. The proposed amendments would require that information provided to FINRA via a portable media device pursuant to a request under the rule be encrypted. Our members take very seriously their obligation to protect the confidentiality and security of non-public personal information. Revising the rule as proposed will help ensure that, when such information is provided to FINRA in response to a FINRA request, the information will be protected in transit from unauthorized or other improper use. Accordingly, we support adoption of the proposed amendments.

In addition to supporting adoption of the proposed amendment, we recommend that FINRA give serious consideration to adopting a rule that would impose information security standards upon FINRA itself. In particular, we recommend that FINRA's corporate rules be amended to add express provisions imposing upon FINRA and all of its employees a duty – at least as stringent as the duty imposed on all FINRA members as SEC registrants – to protect the security, confidentiality, and integrity of all non-public information it receives from its members. FINRA receives vast amounts of non-public personal information, including sensitive personal information from or about registrants and their customers, in the regular course of regulating its members. It seems incongruent to subject information that is held by a FINRA members to a rigorous information security regime without imposing a concomitant duty on FINRA and its staff to secure such information. We recommend that FINRA address this anomaly.

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<sup>1</sup> The Investment Company Institute is the national association of U.S. investment companies, including mutual funds, closed-end funds, exchange-traded funds (ETFs), and unit investment trusts (UITs). ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of funds, their shareholders, directors, and advisers. Members of ICI manage total assets of \$11.97 trillion and serve almost 90 million shareholders.

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Our recommendation is consistent with comments we made in 2008 to the SEC. We urged the SEC, as part of its proposed amendments to Regulation S-P, to impose upon both the SEC and all SROs a requirement to adopt a comprehensive and robust information security program to protect non-public personal information.<sup>2</sup> We have also recommended that, in the event of a breach, the SEC and SROs have an express legal duty to notify each registrant or SRO member whose nonpublic personal information may have been accessed. Such notice will enable the registrant/member to take whatever action it deems warranted to notify individuals and/or address or mitigate potential misuse of the information. We recommend that FINRA not await the SEC's adoption of the amendments currently proposed to Regulation S-P prior to imposing upon itself and its employees an affirmative obligation to protect the security of non-public personal information in its possession.

We appreciate your consideration of our comments. If you have any questions concerning our views, please contact the undersigned by phone at 202-326-5825.

Sincerely,

*/s/ Tamara K. Salmon*

Tamara K. Salmon  
Senior Associate Counsel

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<sup>2</sup> See Letter from the undersigned to Ms. Nancy M. Morris, Secretary, SEC, dated May 2, 2008 commenting on SEC Release No. 34-54727, *Regulation S-P: Privacy of Consumer Financial Information and Safeguarding Personal Information*.