

WEDBUSH

July 15, 2010

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

Re: File Number SR-FINRA-2010-021

Dear Ms. Murphy:

As an attorney and Co-Chief Compliance Officer for Wedbush Securities Inc. ("Wedbush") Mr. Wedbush and myself appreciate the opportunity to provide the Securities and Exchange Commission ("SEC") with comments regarding FINRA's proposal to amend FINRA Rule 8210 to require information provided via portable media device be encrypted. Wedbush is a strong proponent of the protection of client information. Unfortunately this amendment to rule 8210 does very little to protect the information and Wedbush respectfully recommends additional protections be added to the rule.

FINRA Rule 8210 does nothing to address the responsibilities of FINRA to maintain the confidentiality of the information obtained. FINRA obtains confidential information from firms on a regular basis and we quote from a recent FINRA 8210 inquiry "While FINRA's investigations are conducted in a confidential and non-public manner, NASD/NYSE rules do not provide for the "confidential treatment" of documents or records in all circumstances. Accordingly, FINRA does not enter into any agreement with a member as to confidential treatment of documents or records produced during an investigation."

This is a far greater issue that needs to be addressed. In my twenty eight years of providing information to regulatory bodies, I have never had confidential information obtained by a third party from anywhere other than the self regulatory bodies. FINRA will not even notify the firm when FINRA is served with a subpoena requesting confidential client information they have obtained in order to give the firm the ability to challenge and quash the subpoena. Wedbush when producing information via portable media device either hand delivers the device to FINRA or sends the device via overnight mail with tracking. Wedbush is unaware of any unauthorized third party ever obtaining information from one of these disks.

The SEC is required to maintain the confidentiality of the documents they receive yet FINRA, a non-government private entity does see the need to maintain the same level of confidential treatment of customer information as the firms and the SEC. Wedbush does not have any issue with the encryption of media devices being provided to FINRA pursuant to an 8210 inquiry and the firm already has the software and means to comply with this if so required. However, Wedbush believes that such a rule will accomplish little in the way of protecting client confidential information unless rule 8210 is amended to also require the confidential treatment of all data obtained from the firms pursuant to an inquiry or investigation. This requirement should mirror the requirements the SEC itself has in the handling of such confidential information.

We would propose in the alternative, until such time as FINRA also must maintain confidential treatment of information, that the firms be permitted to redact information that is considered confidential such as client social security numbers, drivers license information etc. as a way to protect such data from being obtained and misused.

Sincerely,



Eric Segall
Sr. V.P., Manager, Business Conduct
Wedbush Securities Inc.



Edward W. Wedbush
President
Wedbush Securities Inc.