

RAYMOND JAMES®

August 24, 2010

BY E-MAIL to: rule-comments@sec.gov

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

**Re: File No. SR-FINRA-2010-035
Proposed Rule Change Amendments to the Discovery Guide and
Rules 12506 and 12508 of the Code of Arbitration Procedure for
Customer Disputes**

Dear Ms. Murphy:

Raymond James Financial Services, Inc. and Raymond James & Associates, Inc. (collectively "Raymond James")¹ appreciates this opportunity to comment on the above cited proposed rule change amendments (the "Amendments") submitted to the Securities and Exchange Commission (the "Commission") by the Financial Industry Regulatory Authority ("FINRA"). We believe that the Amendments, while beneficial in numerous respects, are flawed in several important ways, as described in further detail below.

1. General Comments.

Raymond James urges the Commission to define a reasonable time period and scope for all items on the proposed Lists, as well as distinguishing between "customers" and "claimants" in the text of the actual Lists. Raymond James believes that distinguishing between customers and claimants will eliminate numerous ambiguities in the proposed amended Lists and will

¹ Raymond James Financial Services, Inc. ("RJFS") and Raymond James & Associates, Inc. ("RJA") are FINRA registered broker dealers and wholly-owned subsidiaries of Raymond James Financial, Inc. ("RJF").

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clarify a firm or associated person's obligation to produce certain documentation in accordance with the proposed amended Lists.

2. Proposed List 1, Item 9.

Raymond James believes that the provision of the proposed Amendment requiring production of writings evidencing communications between the associated person and the firm's compliance department relating to the securities products at issue in the claim, as opposed to claimants' accounts, will unduly burden the responding firm and will likely result in the production of large numbers of documents wholly irrelevant to the claim, such as cancel and correct tickets, etc. Raymond James believes that, if this proposal is accepted, it should be specifically limited to writings evidencing communications between the associated person and the firm's compliance department relating to claimants' accounts.

3. Proposed List 1, Item 10.

Raymond James opposes the proposed amendment to require the firm/associated person to produce all customer complaints filed against the associated person, irrespective of whether the complaint is similar in nature to the claim at issue. This proposed expansion of the current Guide is, almost by definition, designed to produce documents irrelevant to the claim at issue and would result in "fishing expeditions" at hearing as claimants would seek to examine associated persons on prior customer complaints which have no nexus to the claim at issue.

4. **Proposed List 1, Item 11.**

Raymond James does not object to this proposed amendment but urges that any manual, bulletin or update produced by the firm be treated as confidential or, at a minimum, be treated as presumptively confidential. Compliance manuals or other company policies or manuals fall squarely within the framework of documents which should be treated as confidential business plans and procedures and firms should not have the burden of affirmatively seeking to have these documents be deemed confidential if the opposing party will not stipulate to a protective order.

5. **Proposed List 1, Item 13.**

This amendment, as written, would seemingly require a firm to produce all reports, for all customers, in all branches, for all time in regard to failure to supervise claims. This would be crippling to firms in terms of cost, time and resources. It would also make it essentially impossible for firms to draw meaningful distinctions between what to produce and what to withhold. It cannot be what was intended. The requested documents should bear some direct and immediate relationship to the supervision at issue in the case at hand.

6. **Proposed List 1, Item 16.**

This item should be limited to investigations that relate to the associated person, branch office or products at issue. Furthermore, the term "investigation" is potentially vague and ambiguous and should be defined.

7. Proposed List 1, Item 20.

The proposed amendment, which requires production of all gross and net compensation per associated person and documents which indicates whether each trade entered by that associated person was solicited or unsolicited, is unduly burdensome, costly and time consuming, and would create a significant redacting project in each case to satisfy the firm's privacy obligations to its other customers. This item should be strictly limited to cases in which there are churning or frequent trading allegations.

8. Proposed List 2, Item 1.

Raymond James proposes to add the condition that if claimants are not in possession of the required tax returns that the claimants be obligated to execute a release allowing the firm/associated person to obtain such tax returns directly from the IRS.

9. Proposed List 2, Item 4.

This proposed amendment should make clear that any confirmations with notations made by the claimant or any third-party be produced to the firm/associated person.

10. Proposed List 2, Item 7.

There is no basis to limit claimant's production of notes relating to claimants' accounts at third-party firms and these notes should be produced.

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11. **Proposed List 2, Item 12.**

The term "trustee" is unduly restrictive. The second sentence of the proposed amendment should be stricken and replaced with the sentence, "[P]rovide documents showing any accounts on which the claimants have trading authority."

12. **Items Customers Would No Longer Be Required to Produce.**

Raymond James disagrees with FINRA's proposal to eliminate the requirement that claimants be required to produce all documents showing action taken by the claimants to limit losses in the transactions at issue. Raymond James disagrees with FINRA's assertion that these documents are in most instances already in the possession of the firm/associated person. Raymond James believes just the opposite to be true and proposes that the requirement to produce these documents remain as set forth in the current Guide.

Very truly yours,



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Member of The California Bar Only

RMR/dwd