



Cornell University
Cornell Law School

William A. Jacobson, Esq.
Associate Clinical Professor
Director, Securities Law Clinic
G57 Myron Taylor Hall
Ithaca, New York 14853
t. 607.254.8270
f. 607.255.3269
waj24@cornell.edu

February 14, 2013

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

Re: File Number SR-FINRA-2013-002 Proposed Rule Change to Amend FINRA Rule 2267 (Investor Education and Protection)

Dear Ms. Murphy:

The Cornell Securities Law Clinic (the "Clinic") appreciates the opportunity to support the proposed rule change (the "Proposed Rule") by the Financial Industry Regulatory Authority ("FINRA") requiring members to post a description of and link to FINRA BrokerCheck on their internet and social media web presences. The Clinic is a Cornell Law School curricular offering, in which law students provide representation to public investors and public education relating to investment fraud in the largely rule "Southern Tier" region of upstate New York. For more information, please see: <http://securities.lawschool.cornell.edu>.

In January 2011, the Securities and Exchange Commission ("SEC") completed a statutorily-mandated study on ways to improve investor access to member registration information.¹ Following that study, FINRA initiated a review of BrokerCheck and in February 2012, FINRA issued Regulatory Notice 12-10 requesting comments on ways to facilitate and increase investor use of BrokerCheck information.² In response to this request, several interested parties filed comments, including the Clinic,³ in support of various measures to increase access.

In pursuit of the aim of increasing investor use of BrokerCheck, FINRA has proposed changing Rule 2267 on Investor Education and Protection to include a provision requiring members and associated persons to post a description of the BrokerCheck system and a link to BrokerCheck on any web presence they control, such as a firm website or social media page. FINRA will provide customized links and general guidelines to facilitate this effort.

The Clinic supports the Proposed Rule. Many of the benefits the BrokerCheck system provides to the investing public can only be realized prior to forming a relationship with a member or associated person. Increasing investor awareness at a point in which investors are

¹<http://www.sec.gov/news/studies/2011/919bstudy.pdf>

²<http://www.finra.org/web/groups/industry/@ip/@reg/@notice/documents/notices/p125621.pdf>

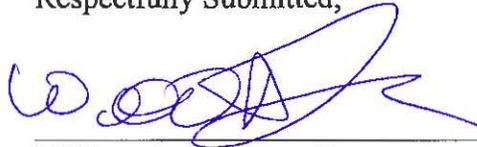
³<http://www.finra.org/web/groups/industry/@ip/@reg/@notice/documents/noticerecommendations/p126092.pdf>

still researching which members and associated persons they would like to engage with will ensure greater realization of the benefits of BrokerCheck. In 2009, the FINRA Investor Education Foundation conducted a study which found that, among participants who had used a financial professional within the last five years, only 15% had checked the background, registration or license of a financial professional with a state or federal regulator.⁴ Such a low penetration may in part be attributable to low investor awareness of systems like BrokerCheck. A market research firm FINRA engaged to determine investor opinion of the System stated that many investors reported being unaware of BrokerCheck.⁵

One of the BrokerCheck System's most important functions is to allow the investing public to make informed decisions about which FINRA members and associated persons they wish to form a relationship with. Once a decision is made, it can become very difficult to switch, and investment decisions made based on information provided by the initial associated person can be nearly impossible to unwind. This makes informing investors of the availability of BrokerCheck prior to their engaging a member or associated person of paramount importance to ensuring the effectiveness of BrokerCheck's prophylactic function.

The Proposed Rule will facilitate investor awareness and use of the BrokerCheck system. The Clinic supports the Proposed Rule and urges the SEC to formally adopt and implement it.

Respectfully Submitted,



William A. Jacobson, Esq.
Associate Clinical Professor of Law
Director, Cornell Securities Law Clinic



Alexander Wingate
Cornell Law School '14

⁴<http://www.finrafoundation.org/web/groups/foundation/@foundation/documents/foundation/p120536.pdf>

⁵<http://www.finra.org/web/groups/industry/@ip/@reg/@rulfil/documents/rulefilings/p197605.pdf>