



NASAA

NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC.

750 First Street N.E., Suite 1140

Washington, D.C. 20002

202/737-0900

Fax: 202/783-3571

www.nasaa.org

Via Electronic Submission to comments@sec.gov

February 15, 2013

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

RE: Release No. 34-68700, File Number SR-FINRA-2013-002.

Dear Ms. Murphy:

On behalf of the North American Securities Administrators Association (NASAA),¹ I hereby submit the following comments in support of the above-referenced rule. NASAA supports this proposal which is designed to increase investor use of BrokerCheck, the Financial Industry Regulatory Authority's (FINRA) system to disclose information about FINRA-registered firms and investment services professionals to the public. NASAA has consistently supported increasing investor access to information pertinent to selecting an investment services professional,² and believes that the proposed amendment to Rule 2267 is a step in the right direction toward that goal.

The proposed amendment to Rule 2267 would require all member firms and associated persons to include a prominent description of and link to their specific BrokerCheck page on their web sites, social media pages, and any comparable internet presence. NASAA believes that displaying a link to BrokerCheck will encourage use of the system by both introducing the service to new investors and encouraging returning customers to regularly monitor their investment services professional's disciplinary record. As a 2009 study found, only 15% of people check an advisor's background before engaging their services.³ NASAA is troubled by

¹ NASAA is the association of the 67 state, provincial, and territorial securities regulatory agencies of the United States, Canada, and Mexico. NASAA serves as the forum for these regulators to work with each other in an effort to protect investors at the grassroots level and to promote fair and open capital markets.

² See Letter from Rex Staples, General Counsel, North American Securities Administrators Association, to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, Re: Release Number 34-60462; File Number SR-FINRA-2009-50 (September 8, 2009) (available at http://www.nasaa.org/wp-content/uploads/2011/07/24-BrokerCheck_090809.pdf); Letter from Ralph A. Lambiase, President, North American Securities Administrators Association, to Barbara Sweeney, NASD, RE: NASD Notice to Members 03-76 – Request for Comment, Enhanced Access to BrokerCheck (January 9, 2004) (available at <http://www.nasaa.org/wp-content/uploads/2011/07/73-BrokerCheckDelivery.37996-42199.pdf>).

³ See Applied Research & Consulting LLC, Financial Capability in the United States, at 46 (December 1, 2009), <http://www.finrafoundation.org/web/groups/foundation/@foundation/documents/foundation/p120536.pdf>.

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this statistic, but is hopeful that by prominently displaying the BrokerCheck logo on web pages and the like, more investors will be persuaded to conduct a thorough review of a given firm or investment services professional before investing.

Moreover, NASAA supports the proposal to require member firms and associated persons to link directly to their individualized BrokerCheck page. NASAA believes that this will avoid many search feature issues such as receiving incomplete or misleading results when searching for brokers with common names, multiple names, or hyphenated names.

Finally, NASAA urges the Commission to reject the arguments suggesting that the information contained in a firm or associated person's BrokerCheck record will confuse, mislead, or in some way discourage investors from engaging an otherwise qualified person or firm. NASAA members currently provide detailed information to investors through state freedom of information laws (in the form of CRD snapshot reports). These laws, generally broader in scope than the current FINRA BrokerCheck rules, serve as an avenue through which investors obtain important information about brokers. As a long-standing advocate of providing investors with a complete picture of a broker's background, NASAA believes that if such a problem existed, the proper solution would be more investor education, not less. In fact, NASAA continues to maintain concern about the restrictions on disclosure of information currently applicable to BrokerCheck.

Should you have any questions about NASAA's comments, please feel free to contact Joseph Brady, General Counsel, or Joseph Opron, Counsel, of the NASAA General Counsel's Office at (202) 737-0900.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Heath Abshure". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

A. Heath Abshure
NASAA President
Arkansas Securities Commissioner