

Compliance

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February 15, 2013

VIA ELECTRONIC MAIL (rule-comments@sec.gov)

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

RE: File No. SR-FINRA-2013-002
Proposed Rule Change to Amend FINRA Rule 2267
(Investor Education and Protection)

Dear Ms. Murphy:

Charles Schwab & Co., Inc (“Schwab”) appreciates the opportunity to comment on the proposed rule change to amend FINRA Rule 2267 (Investor Education and Protection) to require that members include a prominent description of and link to FINRA BrokerCheck on their websites, social media pages and any comparable internet presence.

Schwab supports helping investors make informed choices about the firms and individuals with whom they do business, but Schwab feels strongly that as currently drafted, the mandated inclusion of BrokerCheck links on “social media pages” and “comparable internet presences” is unworkable in two fundamental respects. First, it lacks sufficient specificity and second, it fails to contemplate the myriad of challenges and costs firms will encounter in order to comply with the requirement. We believe a more limited and targeted requirement to link to BrokerCheck from a firm’s primary website would be appropriate and would provide the investor protection benefits articulated by FINRA.

The proposal does not define with specificity what types of social media programs and internet presences would be required to meet the BrokerCheck requirement. It is estimated that there are currently over 100 million active websites and over 15 billion pages posted on the internet including hundreds of social networking sites with millions of users. Broker-dealer presence on those sites varies widely in scope and content, running the gamut from a limited link, banner ad, comment or article to a comprehensive broker-dealer operated transactional website. The rule proposal is unclear as to what level or type of presence will trigger the requirement to link to BrokerCheck. If applied too broadly, the rule would effectively prohibit broker-dealers from participating in certain social media channels because the establishment and maintenance of the link would not be practical or possible. The format, content and linking protocols on sites vary widely, are not subject to broker-dealer control and may change with little or no notice to the broker-dealer. In many instances, it may not be possible to create the link required by the rule proposal because of layout, space constraints and limited technology capabilities.

Elizabeth M. Murphy, Secretary
February 15, 2013
Page 2

charles SCHWAB

The additional requirement to add the BrokerCheck disclosure and functionality may prove too burdensome and costly for many member firms to bear, and could potentially create a cumulative chilling effect on the use of social media and internet communications by broker-dealer firms. This impact would be unfortunate and counterproductive to the millions of investors who increasingly rely on the internet for information and education.

While FINRA requested comment in Regulatory Notice 12-10 on ways to facilitate and increase the use of BrokerCheck, FINRA did not seek public comment for the specific rule proposal amending Rule 2267. We believe that the specific rule proposal was of sufficient scope and impact to warrant FINRA's solicitation of public comment and that the proposal would have benefited from consideration of public comments prior to filing with the SEC.

Schwab is committed to investor education and protection and the firm is compliant with FINRA Rule 2267 which annually requires firms to send a statement with information describing FINRA BrokerCheck. We are also amenable to a reasonable and specific request to host an optional text description and link to BrokerCheck on our primary broker-dealer website referencing the firm's CRD number and with the singular intent of assisting FINRA to increase investor awareness of their program. However, requiring specific social media pages, vaguely defined internet presences and CRD links for individual associated persons is an overly broad and burdensome approach, one that would impose unreasonable costs on members to implement, and additional significant post-implementation costs to effectively supervise and maintain. There are potentially a number of other ways to achieve FINRA's objective of increasing investor awareness of BrokerCheck including exploring alternative approaches through further evaluation or an industry working group. We are also concerned with the precedent that such a burdensome rule would set for other agencies that may have similar requests for members to allocate valuable and limited space on their websites and other online venues to agency-created investor education materials and links. We disagree with the inference that naturally flows from the rule proposal, that it is appropriate to shift from the agency to member firms the responsibility to raise awareness of the agency's own programs and websites.

Schwab requests FINRA consider either significantly revising or withdrawing the proposed rule change to amend FINRA Rule 2267 Investor Education and Protection to require prominent display of the BrokerCheck on websites and in internet presence.

Schwab thanks the Staff for consideration of the points raised in this letter and welcomes any further discussions or questions. Please feel free to contact me to discuss them in more detail.

Very truly yours,



Melissa Callison
Vice President, Compliance
Charles Schwab & Co., Inc