

VIA ELECTRONIC MAIL

October 28, 2013

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

Re: File No. SR-FINRA-2013-025, Notice of Filing of Amendment No. 1 and Order Instituting Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change, as Modified by Amendment No. 1, to Adopt Rules Regarding Supervision in the Consolidated FINRA Rulebook

Dear Ms. Murphy:

On June 21, 2013, the Financial Industry Regulatory Authority (FINRA) filed a notice of proposed rule change (Proposed Rules) to adopt new changes to the Consolidated FINRA Supervision Rules.¹ The Proposed Rules consolidate NASD Rule 3010 and NASD Rule 3012 into proposed FINRA Rule 3110 and 3120, governing the supervision and supervisory controls of Branch Offices and Offices of Supervisory Jurisdiction (OSJs). On October 2, 2013, FINRA provided its response to the individual comment letters received on the Proposed Rules and filed Amendment No. 1² to the Proposed Rules. The Commission is now seeking additional input from interested parties on the changes proposed in Amendment No.1.

The Financial Services Institute³ (FSI) appreciates the opportunity to provide comment on this important proposal. FSI is committed to preserving the valuable role that IBDs and independent advisers play in helping Americans plan for and achieve their financial goals. FSI's primary goal is to ensure our members operate in a regulatory environment that is fair and balanced. We applaud FINRA for acknowledging and addressing the issues raised by FSI and other commenters to earlier versions of the proposal. In particular, FSI sought additional clarity on several proposed requirements included in the original proposal related to One-Person OSJs and insider trading monitoring. FSI also requested FINRA ensure that it not create unworkable standards for regulated entities with the proposed changes. The modifications provided in Amendment No. 1 are impressive in their clarity and in the significant changes they make to the original proposed rule changes. FSI and its members commend the work of FINRA to improve the quality of the proposal and to clarify the requirements that its members will be subject to under the amended proposal. The amendments made to the earlier proposal will ensure that investors are protected

¹ Release No. 34-69902, File No. SR-FINRA-2013-025; 70 Fed. Reg. 40,792 (July 8, 2013).

² Release No. 34-70612, File No. SR-FINRA-2013-025; 78 Fed. Reg. 62,831 (October 22, 2013).

³ The Financial Services Institute, Voice of Independent Broker-Dealers and Independent Financial Advisors, was formed on January 1, 2004. Our members are broker-dealers, often dually registered as federal investment advisers, and their independent contractor registered representatives. FSI has 100 Broker-Dealer member firms that have more than 138,000 affiliated registered representatives serving more than 14 million American households. FSI also has more than 35,000 Financial Advisor members.

by the robust supervision programs implemented by firms, and that firms can continue to effectively utilize their supervisory structures and procedures under clear regulatory requirements. The amended proposal reflects a thorough and thoughtful approach to investor protection and supervision, and balances the appropriate regulatory requirements while ensuring firms can effectively implement them.

Conclusion

We remain committed to constructive engagement in the regulatory process and, therefore, welcome the opportunity to work with FINRA and the SEC on this and other important regulatory efforts.

Thank you for your consideration of our comments. Should you have any questions, please contact me at 202 803-6061.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "D. T. Bellaire". The signature is fluid and cursive, with a large initial "D" and "T" followed by "Bellaire".

David T. Bellaire, Esq.
Executive Vice President & General Counsel