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Jesse D. Hill
Principal

Edward Jones

April 17, 2014

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

Re: FINRA Proposed Rule 2243 – Recruitment Compensation Disclosure (Release No. 34-71786; File No. SR-FINRA-2014-010)

Dear Ms. Murphy:

Edward Jones appreciates the opportunity to submit additional comments on FINRA's proposed Rule 2243 to enhance disclosure of recruitment compensation. As stated in our previous letter to FINRA dated March 5, 2013 Edward Jones supports the objectives of the proposed rule and agrees it is important for recruitment incentives to be disclosed in a clear and timely manner to investors so that they can make fully informed decisions about whether to transfer their account to a registered representative's new firm.

Edward Jones is one of the largest financial services firms in the United States, serving the needs of over seven million U.S. investors through personalized service provided by over 12,000 financial advisors. We focus on serving the needs of the long-term individual investor by promoting an investment philosophy that emphasizes quality and diversification.

Edward Jones is not a member of the Protocol for Broker Recruiting and takes the protection of client information very seriously. As FINRA considers further changes to this rule proposal, we ask that consideration be given to the impact on non-protocol firms and their registered persons in accessing former clients' account information and complying with the related disclosure requirements.

We provide the following comments for your consideration.

Disclosure Requirement

As proposed, the new rule would require firms to disclose ranges of compensation to the registered person's former client if the registered person has received or will receive $100,000 or more of either aggregate upfront payments or aggregate potential future payments in connection with transferring to the new firm and the basis for determining these payments. Edward Jones is concerned that the mere disclosure of compensation

investors can make fully informed decisions about whether to transfer an account to a registered representative's new firm.

Should FINRA move forward with compensation ranges, we recommend that the bands be tightened (for example for each $250,000 increment - the range from $2 million to $5 million is very broad) and the rule require firms to separately disclose aggregated upfront payments, aggregated potential future payments, increased payout percentages and other compensation categories in a prominent and readily understandable manner. For example, disclosure of detailed information regarding the structure of a registered person's "forgivable loan" should be required to assist an investor in making a fully informed decision about the transfer of their account. Regardless of the structure, registered persons generally receive a substantial payment when they join a new firm, and that information is often important to investors deciding whether to change firms. We believe specific disclosure of all recruitment compensation is necessary so that investors can have a meaningful discussion with their financial professional about the various forms of compensation and fully evaluate the magnitude of the associated conflict of interests in determining whether to transfer their account.

Delivery of Disclosure

We are concerned about the proposed rule's requirement that written disclosure be provided to the former client within 10 days of the oral contact or with the account transfer documentation, whichever is earlier. We believe the disclosure of recruitment compensation should be provided in writing at the time of the first individualized contact with a former client. Given the significance of the decision whether or not to follow the registered representative to a new firm and the importance of information required to be disclosed, we believe oral disclosure is inadequate. Further, we believe requiring written disclosure within 10 days is insufficiently timely as many investors will make a determination about the transfer of their account prior to receiving the written notification.

We are also concerned about the proposed rule's disclosure requirements when a former client advises the registered person they are not interested in transferring their account. We are concerned as a non-protocol firm that the proposed disclosure requirement could be perceived as a solicitation resulting in unnecessary litigation costs and would not result in any meaningful investor protection benefits to the former client.

Disclosure of Account Termination or Transfer Fees and Non-Transferable Assets

The proposed rule calls for disclosure of costs to the former client to transfer their account, such as account transfer or termination fees, that will not be reimbursed to the former client by the firm. Additionally, the proposed rule requires disclosure of any costs associated with nontransferable assets, including taxes to liquidate and transfer

these assets or inactivity fees to leave these assets with the former firm. We support general disclosure of these issues to assist clients considering the transfer of their account, but believe more specific disclosure will prove problematic

A registered person leaving a firm to join another firm usually has both privacy obligations under Regulation S-P and other rules, and privacy and non-compete obligations under agreements with his or her prior firm. The receiving firm is not in a position to identify transfer or termination fees owed by the client to the prior firm with any degree of accuracy or specificity. While it is appropriate and possible to have the receiving firm point to fees as an issue, we do not believe that FINRA can reasonably expect the receiving firm to identify exact amounts of fees the same way that the receiving firm can specify the compensation that the financial advisor expects to gain. We would also recommend that the disclosure encourage clients to contact their current firm regarding these fees prior to making a decision about the transfer of their account. We also believe that the impact of the conflict is more critical in the area of compensation than with respect to transfer, termination or inactivity fees, particularly given that many receiving firms waive or reimburse such fees.

Conclusion

Edward Jones appreciates the opportunity to provide comments on this rule proposal. We recognize the importance of providing timely, meaningful disclosure to investors about recruitment compensation practices so investors can make informed decisions about whether to transfer an account to a registered representative's new firm. If you have any questions regarding the comments contained in this letter please contact me at 314-515-9711.

Sincerely,

Jesse Hill
Principal – Government and Regulatory Relations