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June 9, 2015

VIA EMAIL

Mr. Brent J. Fields, Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090
rule-comments@sec.gov

RE: SR FINRA-2015-009-Proposed Rule Change to Adopt FINRA Rule 2272 to Govern Sales or Offers of Sales of Securities on the Premises of Any Military Installation to Members of the U.S. Armed Forces or their Dependents



Dear Secretary Fields,

On behalf of the Investor Advocacy Clinic at Michigan State University College of Law, I write this comment letter both as a student clinician and veteran honorably discharged after four years of service in the United States Army. We strongly support the proposed rule change to adopt FINRA Rule 2272. The clinic is a non-profit focused on investor protection and on supporting measures designed to improve financial services.

We strongly support the proposed rule because it protects our service members, yet we believe the proposed rule does not go far enough to stop ongoing financial exploitation of service members. Therefore, we suggest two additions to the rule: i) imposing additional suitability criteria within the military context; and, ii) requiring financial advisers and associated persons to disclose any military service and discharge status.

We believe FINRA should either expand the proposed rule to include military-specific suitability factors or issue interpretive guidance for applying FINRA Rule 2272 to service members. FINRA should require broker-dealers to assess the service member's anticipated time remaining at their current duty station. This requirement will protect

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service members from incurring unsustainable financial commitments. Service members experience substantial income variability. This happens because service members may be ordered, at any point, to effect a permanent change of station (“PCS”); when a PCS occurs, the service member’s duty station changes. Different duty stations have different basic allowance housing (“BAH”) and cost of living adjustments (“COLA”). Together, changes in BAH and COLA may significantly alter a service member’s compensation and disposable income. For example, the Department of Defense website shows that a service member stationed near Washington D.C. might receive upwards of \$2500 a month in BAH; however, if they are ordered to effect a PCS to Fort Hood, Texas, then their BAH might decrease by over \$1,000. The same goes for overseas duty stations with COLA as well as operational deployments and associated hazardous duty pay. Many service members will have a rough estimate of the time they have remaining at their current duty station. If a service member has recently arrived at post then it is possible that they will remain at the duty station for 2-5 years; of course, the inverse of this is to be expected as well. This unavoidable change can dramatically alter the amount of disposable income available to a service member. Therefore, it is necessary that financial advisers assess this crucial piece of information before recommending products.



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FINRA should also require that broker-dealers take into account the time a service member has remaining on her contract. This criterion will reduce the likelihood that a service member overly encumbers their finances as they transition out of the military and into the civilian sector. Many service members have difficulties adjusting to the civilian world. One of the primary difficulties is moving away from a lifestyle with a guaranteed monthly income and readily offered food and housing facilities. Many service members are not accustomed to closely maintaining their finances after service in the armed forces. Therefore, a broker-dealer needs to know the remaining time on the service member’s contract before offering them a financial product that would create illiquidity.

Finally, we also believe that persons associated with any broker-dealer should be required to disclose both verbally and in writing if they served in the armed forces as well as the status of their discharge from the service. Former military personnel, specifically

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those with long careers or who served in prestigious assignments, hold a certain amount of influence over young service members that respect military tradition. The military culture gives great deference to those who served before, especially in positions of influence, which might incorrectly influence other service members. The proposed rule implicitly recognizes this dynamic by requiring firms to avoid claiming affiliation with the military. In order to ensure that service members are not being overly influenced by former service members currently working as financial advisers, it is critical that persons serving military communities accurately disclose their history of service as well as discharge status. Additionally, financial advisers should also disclose that any former service does not relate to the financial advice they may give nor should a service member feel compelled to invest with a certain adviser because of their prior service.

We thank the Commission for the opportunity to comment and strongly support the proposed rule.



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Respectfully Submitted,

A handwritten signature in black ink, appearing to read "D. Rader".

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