PUBLIC INVESTORS ARBITRATION BAR ASSOCIATION
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October 19, 2015

Robert W. Errett
Deputy Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: SR-FINRA-2015-032 Proposed Rule Change to Amend FINRA Rule 8312 (FINRA BrokerCheck Disclosure) to Reduce the Waiting Period for the Release of Information Reported on Form U5

Dear Mr. Errett:

I write on behalf of the Public Investors Arbitration Bar Association ("PIABA"), an international bar association comprised of attorneys who represent investors in securities arbitrations. Since its formation in 1990, PIABA has promoted the interests of the public investor in all securities and commodities arbitration forums, while also advocating for public education regarding investment fraud and industry misconduct. Our members and their clients have a strong interest in rules promulgated by the Financial Industry Regulatory Authority ("FINRA") relating to both investor protection and disclosure. As such, PIABA frequently comments upon proposed rule changes in order to protect the rights and fair treatment of the investing public.

PIABA continues to support and applauds any effort, on the part of FINRA, to make BrokerCheck more transparent and accessible for investors. PIABA supports the proposed rule as being in the best interest of the investing public. However the current proposal reducing the waiting period for the release of information reported on Form U5s, while well-intentioned, lacks substantive changes. FINRA must also address and correct a system that allows, for instance, the routine expungement of customer claims from the Broker Check system and fails to include critical CRD information in the first place. That is the type of meaningful change PIABA believes is necessary to show FINRA's commitment to making the BrokerCheck system a primary source of critical information for the public investor.

Background

Pursuant to Section 19(b) of Securities Exchange Act of 1934, before becoming effective, a proposed rule must be authorized for filing by the Board of Governors and must be filed with the Securities and Exchange

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Commission ("SEC") after a mandatory comment period. As such, FINRA is seeking comment on a revised proposed rule. FINRA has solicited prior comments relative to the BrokerCheck system, most recently in June 2014 and August 2015 (SR- FINRA 2014-19 and SR-FINRA-2015-022, respectively). PIABA submitted comment letters during both comment periods.

Comments

As was the case with prior comment letters, in general PIABA supports the proposed rule because the Association feels strongly that public investors would benefit from shortening the waiting period for releasing mandatory U5 disclosures. However, as was also the case with respect to the prior proposals, the limited scope of information currently provided to the public through BrokerCheck remains a concern. FINRA has not taken any steps to expand the information and make it more comprehensive. The information in BrokerCheck is derived from the Central Registration Depository (the "CRD"). However, BrokerCheck does not make most of the information contained within the CRD available to the investing public. There are significant gaps in the information available to investors in certain states if they request a CRD Snapshot from their state securities regulator compared with what would be available through BrokerCheck.

BrokerCheck continues to exclude critical information relating to reasons for a broker's termination and a firm's internal investigations. BrokerCheck does not disclose tax liens or bankruptcies if they occurred more than 10 years ago. BrokerCheck does not disclose how many times a registered person has taken an exam, or how many times they have failed it. This information is not uniformly available from state securities regulators due to variations in state public records laws. Also, unlike BrokerCheck where the information is provided instantaneously and for free, legacy CRD Snapshot reports requested from some states cost consumers money; must be requested either by telephone, by email, or through the state securities regulator's website; and may not be delivered for hours or days after the request. To avoid investor confusion and make disclosures consistent in all states, FINRA should make available through BrokerCheck this more comprehensive CRD disclosure information.

FINRA has taken the position publicly that BrokerCheck reduces the search costs for investors associated with acquiring valuable information about firms and registered persons. However, that is true only if the search done through BrokerCheck eliminates the need for further research. Currently it does not. For an investor to be truly informed under the current system, they must still contact their state securities regulator to ensure that BrokerCheck has not left out critical information about the firm or registered person they will often be trusting with their life savings and future livelihood. FINRA's description of BrokerCheck is conspicuously absent of a warning that a full picture of a broker's history can be achieved *only* if an investor checks with state regulators as well.

Conclusion

In summary, while PIABA supports the proposed rule as being a positive step and in the best interest of the investing public, PIABA feels strongly that FINRA must also address and correct the present system that allows for the routine expungement of customer claims from the BrokerCheck system. The BrokerCheck system must also include the important information that is currently only available through certain, but not all, state legacy CRD systems. Those are the type of meaningful substantive changes PIABA believes are

necessary to show FINRA's commitment to making the BrokerCheck system a primary source of critical information for the public investor. PIABA thanks FINRA for the opportunity to comment on this proposal.

Very truly yours,

Joseph C. Peiffer
PIABA, President

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