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Via Electronic Filing

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

RE: Release No. 34-63181; File No. SR-FINRA-2010-052 (Proposed Rule Change to Adopt FINRA Rules Regarding Books and Records in the Consolidated FINRA Rulebook)

Dear Ms. Murphy:

The Cornell Securities Law Clinic (the “Clinic”) welcomes the opportunity to comment on the proposed rule change to adopt FINRA rules regarding books and records in the consolidated FINRA rulebook (the “Rule Proposal”). The Clinic is a Cornell Law School curricular offering, in which law students provide representation to public investors and public education on investment fraud in the largely rural “Southern Tier” region of upstate New York. For more information about the Clinic, please see <http://securities.lawschool.cornell.edu>.

The Rule Proposal endeavors to consolidate and renumber certain NASD and NYSE rules setting forth members’ obligations regarding books and records. Additionally, the Rule Proposal seeks to amend certain rules in order to clarify and simplify the rules, as well as to eliminate requirements that have become obsolete or duplicative. However, as discussed below, the requirement to maintain the signature of the registered representative introducing an account should not be removed, because such an amendment would be detrimental to customers and it would not further the objectives of the Rule Proposal.

One particular amendment of the Rule Proposal aims to renumber and modify NASD Rule 3110(c)(1), which provides that each member shall maintain, among other things, the “signature of the registered representative introducing the account and [the] signature of the member or partner, officer, or manager who accepts the account” This rule effectively sets forth the requirements for opening a new account.¹ Presently, when opening a new account,

¹ See NASD Notice to Members 97-19 (stating that NASD Rule 3110 and NYSE Rule 405 set out the normal requirements for opening a new account).



members shall maintain two signatures on all new accounts: The signature of the introducing representative, and the signature of a partner, officer, or manager who accepts the account. The Rule Proposal deletes the requirement of maintaining the signature of the introducing representative.

1. The Clinic Opposes the Removal of the Requirement to Maintain the Signature of the Registered Representative Introducing the Account

The Clinic opposes the removal of the language of NASD Rule 3110(c)(1) that requires members to maintain the signature of the registered representative introducing the account. The Rule Proposal provides two explanations for this removal. First, the proposed rule will purportedly simplify a member's record keeping obligations by requiring members to maintain the name of the associated person responsible for the account, along with the signature of the partner, officer, or manager who accepts the account. Second, the Rule Proposal implies that requiring the signature of the accepting representative is duplicative, since members are still obligated to comply with Securities Exchange Act (the "Exchange Act") Rule 17a-3.

Neither of these explanations justifies the removal of the requirement that members maintain the signature of the introducing representative.

First, thorough and accurate record keeping should not be sacrificed for the sake of simplicity. Members are better poised to perform their supervisory duties if they have accurate documentation of the introducing representative's signature. It is important that members are able to maintain evidence of who signed a particular new account form. Furthermore, in the event of a dispute it may be necessary to establish that a particular representative filled out a new account form. Accordingly, the representative's handwriting, evinced by a signature, may be indispensable. By removing the requirement that members maintain the signature of the introducing representative, customers and members would lose this valuable form of documentation.

Second, the requirements of the Exchange Act Rule 17a-3 do not overlap with the requirements of NASD Rule 3110(c) in a manner that renders the obligation to maintain an introducing representative's signature duplicative or obsolete. According to the Exchange Act Rule 17a-3, members need only maintain an account record indicating "whether it has been signed by the associated person responsible for the account, if any"² This provision does not require that members maintain the signature of an introducing representative, but merely requires members to indicate *whether* an associated person responsible for the account has signed the account. This rule does not mandate members to maintain the signature of introducing representatives at all.

In conclusion, the Clinic opposes the removal of the requirement that members maintain the signature of the introducing representative, because it would deprive members and customers of a valuable piece of documentation.

² 17 C.F.R. § 240.17a-3(a)(17)(i)(A) (2008).

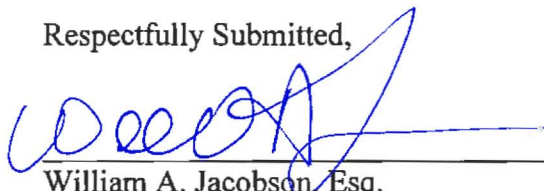
2. **The Clinic Takes No Position on the Other Changes of the Rule Proposal**

The Clinic takes no position on the other changes of the Rule Proposal. The Clinic appreciates the Rule Proposal's objectives of consolidating NASD and NYSE rules, clarifying the provisions of the rules, and reducing duplicative provisions. However, the Clinic takes no position on whether the other changes in the Rule Proposal are consistent with these objectives.

Conclusion

The Clinic greatly appreciates the opportunity to comment on this Rule Proposal. The Clinic opposes the Rule Proposal's removal of the requirement that members maintain the signature of the introducing representative because members and customers would lose a valuable form of documentation. The Clinic takes no position on the other changes of the Rule Proposal.

Respectfully Submitted,



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