

ARM Association of Registration Management

Post Office Box 133, Bowling Green Station, New York, NY 10274

October 24, 2014

Mr. Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: FINRA Proposal to Require Verification of the Accuracy and
Completeness of Information Contained in an Applicant's Form U4 No
Later Than 30 Calendar Days After Filing
(File No. SR-FINRA-2014-38)

Dear Mr. Fields,

The Association of Registration Management, Inc. ("ARM") would like to take the opportunity to comment on the proposal by the Financial Industry Regulatory Authority ("FINRA") to adopt Rule 3110(e) and Supplementary Material 3110.15.

ARM is an organization that exists for the primary purpose of representing the financial services industry on issues that concern the registration and licensing functions. The organization has provided that representation for nearly 40 years. ARM appreciates the opportunity to submit this letter and present feedback collected from the financial securities industry on this proposed rule, supplementary material, and related issues.

Along with our members, ARM has reviewed the proposed rule, which addresses the existing requirements of NASD Rule 3010(e) and NYSE Rule 345.11, and calls for member firms to develop and employ written procedures to verify the accuracy and completeness of the responses and information provided in an applicant's completed Uniform Application for Securities Industry Registration or Transfer ("Form U4"). The proposal also adds a specific obligation for member firms to complete a public records search, either on their own or through a third-party vendor service, as part of

those written verification procedures. While ARM agrees with the value of this additional requirement, and believes in its purpose, some clarity on specific expectations of the public record search is requested.

FINRA's requirement to verify the accuracy and completeness of the Form U4 needs to be better defined. Our member firms utilize different verification tools, such as the CRD Pre-Hire check, vendor background check services, and fingerprint submission results. Even with the addition of public record searches, ARM is concerned that FINRA expects the industry to confirm all information on the Form U4—even when that confirmation is not reasonably possible. For example, these resources do not allow broker-dealers to confirm if the responses to Form U4 Question 13 are complete and accurate, and ARM is not aware of a central data-source that could serve as a check for Outside Business. For this reason, ARM would appreciate more details related to FINRA's expectations regarding the scope of this verification for Form U4 completeness and accuracy.

ARM also requests clarity on the difference between the verification process and the NASD 3010(e) requirement to investigate the "good character, business repute, qualifications, and experience" of the Form U4 applicant. If FINRA 3110(e) is expanding on NASD 3010(e) and adding the requirement for written verification procedures and public record search, we feel the difference between verification and investigation is unclear. As the proposal seems to introduce a 30-day period for the verification of the Form's completeness and accuracy, and since the NASD 3010(e) requirement applied to a review of the individual that would allow for certain checks on Form U4 content prior to submission, the difference we regard to timing appears to be the only clear distinction between the "investigation" and "verification." As the same review mechanisms, mentioned above, may be utilized for both the pre-submission investigation and the post-submission verification, ARM requests further explanation on the difference between these two reviews and confirmation that FINRA does not expect its member firms to repeat a review process after a Form U4 submission.

Finally, ARM requests an extension of time for the post-submission verification for the Form U4 content. Our member firms have indicated that vendor public record and background search services often take three or four weeks to complete public record searches. Similar to how incidents on Department of Justice ("DOJ") Criminal History Records Information ("CHRI") reports need to be reviewed against court and arresting agency documentation to determine the details and the possible need for disclosure, events uncovered in public record searches need to be reviewed and investigated to make the same determination. Therefore, considering the

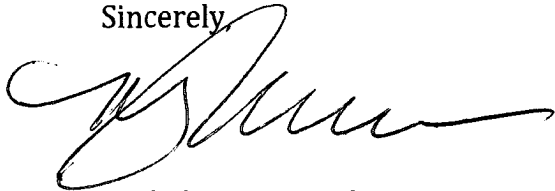
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time necessary to conduct the public records search and the additional need to investigate uncovered instances, ARM does not believe that a 30-day period provides member-firms with the time necessary to verify the completeness and accuracy of Form U4 content. A 60- or 90-day period would be preferred for this verification.

ARM fully supports introducing controls and checks for more accurate Form U4 reporting. However, before proceeding with this proposed rule, ARM requests further guidance and greater clarity for our member firms on the issues outlined above.

Thank you for your time and consideration. Please contact me if you wish to discuss the matter in more detail, if you have any questions, or if I can assist with this issue any further.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michele Van Tassel', with a long horizontal flourish extending to the right.

Michele Van Tassel
President, Association of Registration Management
armgmt@armgmt.org