

**MEMO# 24374**

June 22, 2010

## **FINRA Proposes to Require Information Provided to Them Via a Portable Media Device be Encrypted; Comments Requested By July 14th**

[24374]

June 22, 2010

TO: BANK, TRUST AND RECORDKEEPER ADVISORY COMMITTEE No. 15-10  
BROKER/DEALER ADVISORY COMMITTEE No. 21-10  
TECHNOLOGY COMMITTEE No. 7-10 RE: FINRA PROPOSES TO REQUIRE INFORMATION PROVIDED TO THEM VIA A PORTABLE MEDIA DEVICE BE ENCRYPTED; COMMENTS REQUESTED BY JULY 14TH

The Securities and Exchange Commission is seeking comment on a FINRA proposal to revise FINRA Rule 8210, which governs the provision of information to FINRA in connection with an investigation, complaint, examination, or adjudicatory proceeding. [1] In particular, FINRA is proposing that, when information is provided to them pursuant to Rule 8210 via a portable media device: (1) such information is encrypted using “an encryption method that meets industry standards for strong encryption;” and (2) FINRA staff is provided the confidential process or key regarding the encryption in a communication separate from the encrypted information itself. Apparently the rule would define “portable media device” to mean a storage device for electronic information including, but not limited to, a flash drive, CD-ROM, DVD, portable hard drive, laptop computer, disc, diskette, or any other portable device for storing and transporting electronic information. [2] The proposal is intended to protect non-public personal information or confidential information provided to the FINRA from improper use by unauthorized third parties.

The Institute expects to file a comment letter supporting the proposal. The letter will also reiterate our view that regulatory authorities should ensure that their internal systems provide protection of non-public personal information they receive from registrants commensurate with the duty imposed on registrants to protect such information. [3] If there are issues you would like us to consider raising in our comment letter, please provide them to the undersigned no later than Wednesday, July 14th by phone (202-326-5825) or email ([tamara@ici.org](mailto:tamara@ici.org)).

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**endnotes**

[1] See SEC Release No. 34-62318 (June 17, 2010), which is available on the SEC's website at: <http://www.sec.gov/rules/sro/finra/2010/34-62318.pdf>. The language of the proposed rule is neither included with the SEC's request for comment nor posted on FINRA's website. It does not appear as though FINRA published it for comment prior to filing it with the Commission.

[2] See Release at fn. 5.

[3] See Release at fn. 4.

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