

**MEMO# 21546**

August 28, 2007

## **Draft ICI Comment Letter Supporting FINRA Providing Greater Flexibility in Maintaining Registrations; Sept. 14th Due Date**

[21546]

August 28, 2007

TO: TRANSFER AGENT ADVISORY COMMITTEE No. 54-07  
BROKER/DEALER ADVISORY COMMITTEE No. 53-07  
COMPLIANCE MEMBERS No. 50-07  
SEC RULES MEMBERS No. 114-07    RE: DRAFT ICI COMMENT LETTER SUPPORTING FINRA  
PROVIDING GREATER FLEXIBILITY IN MAINTAINING REGISTRATIONS; SEPT. 14TH DUE DATE

FINRA recently filed with the Securities and Exchange Commission proposed revisions to NASD Rules 1021 and 1031 that are intended to provide FINRA member firms greater flexibility with respect to maintaining their associated persons' registrations and licenses. [1] FINRA's proposal and the Institute's draft comment letter are briefly described below. Comments will be due to the SEC twenty-one days after FINRA's proposal is published in the Federal Register. In anticipation of this, please provide any comments you have on the Institute's draft letter to the undersigned no later than Friday, September 14th. Comments may be provided by phone (202-326-5825) or email ([tamara@ici.org](mailto:tamara@ici.org)).

As proposed, FINRA would revise the NASD's rules to enable members to maintain registrations for any of their associated persons who perform a bona fide function at the member firm. As such, anyone who is employed by or associated with a member firm could maintain any NASD registration or license, even though such person may not be functioning at all times in a capacity related to his or her registration or license.

The NASD's current rules prohibit a member from maintaining the registration of any person if such registration is not necessary to the function such person performs for the member. This limitation hinders members' ability to establish effective and efficient redundant staffing plans or to move persons between registered and unregistered positions. The Institute's draft comment letter, which is attached, supports the proposed revisions. It notes that the revised rules would enable members to more effectively plan for and respond to emergencies or unexpected situations impacting their staffing needs. As such, the revised rules will better serve FINRA's members and the investing public.

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Senior Associate Counsel

#### [Attachment](#)

[1] See, *Proposed Rule Change to Amend NASD Rules 1021 and 1031 Regarding Registration Requirements*, which is available on FINRA's website at: <http://www.finra.org/RulesRegulation/RuleFilings/2007RuleFilings/P036408>. This proposal, which has not yet been published by the Commission, was not published for comment by FINRA prior to its filing with the Commission.

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