

6/13/08

RE: Proposed Consolidated FINRA Rules Governing Supervision and Supervisory Controls

Dear Ms. Asquith:

Coordinated Capital Securities, Inc. (CCS) appreciates the opportunity to comment on the proposed consolidation of FINRA rules governing Supervision and Supervisory Controls as outlined in Regulatory Notice 08-24.

As fundamental as the "Know your Client" standard is to the industry and to customer protection, rules governing supervision and supervisory controls create a "Know Your Firm" standard that allows firms of all sizes and business models to develop, implement, test and update when required, their own unique supervisory systems and processes. It is important that the consolidated new rules clearly reflect that member firms have the ability to design supervisory systems tailored to the uniqueness of their business, size and organizational structure.

FINRA Proposed Rule 3110(a)(2)

We support the elimination of many of the prescriptive supervisory requirements required by 3012 and are in favor of a more flexible approach to certain supervisory requirements. However, we are greatly concerned that the proposed rules regarding supervision appear to include requirements for the supervision of activities outside of FINRA's jurisdiction.

Proposed Rule 3110(a)(2) would require designation of an appropriately registered principal(s) to supervise each type of business in which the firm engages regardless of whether registration as a broker dealer is required for that activity.

Removing the condition "for which registration as a broker dealer is required" broadens activities to include outside business activities and suggests that member firms would have supervisory responsibilities over the outside business activity itself rather than the current requirement to have supervisory procedures and controls in place to reasonably ensure these activities are properly disclosed to the firm and that they comply with any firm restrictions, conditions or prohibitions.

Therefore, we recommend that the language of the Proposed Rule revert to that of current NASD Rule 3010 which reads in relevant part: "The designation, where applicable, of an appropriately registered principal(s) with authority to carry out the supervisory responsibilities of the member for each type of business in which it engages for which registration as a broker/dealer is required."

FINRA Proposed Rule 3110(b)(6)(C)

The proposed rule would require written supervisory procedures prohibiting associated persons "who perform a supervisory function" from supervising their own activities. We ask that you clarify or provide a definition of "supervisory functions" and indicate whether or not an individual performing these functions need be a registered principal.

Supplementary Material Section 04. Supervision of Multiple OSJ's by a Single Principal

Although our business model does not include or allow our OSJ offices (other than the home office) to manage other OSJ offices, we believe that firms should be allowed to determine the appropriate number of OSJ offices assigned to each OSJ Manager based on the firm's system of supervision and its annual testing results. Firms with supervisory systems that allow OSJ Manager's to supervise multiple OSJ locations should not have such systems labeled as unreasonable. We encourage FINRA to strike the last paragraph of Supplementary Material Section 04. in its entirety.

Thank you for the opportunity to comment on these important rules.

Sincerely,

Mari Buechner
President & CEO