**FINRA Regulatory Notice 10-33**

On behalf many broker-dealers who wish to remain anonymous, the Real Estate Investment Securities Association (REISA) brings to your attention the following concerns regarding the proposed FINRA Rule 4524 (aka Regulatory Notice 10-33). These comments were obtained when REISA solicited comments from its data base of several hundred broker-dealers that specialize in Reg. D. offerings.

- This proposal is overkill and really hurts the small firms with limited manpower. Presently, we receive a small firm exemption due to limited management. The costs will definitely go up for FINOP and accounting expenses.

- This rule would hurt smaller firms because we have less revenue sources than the large broker dealers.

- The FINRA proposal is primarily flawed because it is applied to all BDs regardless of lines or volume of business. FINRA continues to ignore the small firm engaged in only M&A and institutional private placement activities who are complying with securities laws by becoming a broker-dealer. It seems they want to create more pressure for non-compliance.

- What is the purpose of routine exams? FINRA can and does look at everything already.

- It gets us no closer to early discovery of the fraudulent programs, when in fact, that's the real issue. The filing of FUCUS reports have not help in stopping firms from having financial issues. Bear Stearns and Lehman Brothers are an example.

- A broker-dealer (BD) will need to start tracking the different kinds of revenue every time a deposit is made. (i.e. If 20 small checks are deposited, now the BD will have to keep track of every kind of check when making a bank deposit. Some are from Reg D offerings, some are from public non traded REITS some are $2.00 checks from mutual funds. Then these have to be allocated for a 3 month period.

- In our opinion this Rule would be costly for a broker dealer to implement. The tracking of each dollar received by category and maintaining a three month rolling average would be a large burned.

- This rule appears to unfairly impact smaller firms. This will be a bigger burden to the smaller firms because 10% of revenue being private placements will show up quicker than a large firm with lots of different revenue sources from many reps with different revenue sources. The 10,000 +/- firms with less that 50 registered representatives firms will be penalized.

- FINRA seems to be unfairly targeting all Reg D offerings right now.

This rule would hurt smaller firms because we have less revenue sources than the large broker dealers.

- As far as expenses are concerned, as long as a firm's net capital is in order, why would firms need to report expense detail? Firms already report commissions and clearing fees, and our auditor tracks all the different expenses at the end of the year, so detailed expense reporting is already shown on every firm's audited financials.

- With the merger of NASD/NYSE the big promise was the firms that were not dually registered would see no changes. Since the merger, there have been many regulatory changes, none of which benefit the investing public.

- The laborious preparation required by broker/dealer fin/ops in order to comply the proposed new FOCUS report requirements would most likely necessitate increased back-office staff, thereby causing unwarranted new expenses.

- Now if we go over the 10% rule we have to pull the offerings, break out the revenue and allocate everything. This cost us more hours on financials, which is already burdensome.

Regards,

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