



April 9, 2013

The Honorable John Patrick, Senate Chair
The Honorable Erin Herbig, House Chair
Joint Standing Committee on Labor, Commerce, Research and Economic Development
100 State House Station
Augusta, Maine 04333

RE: LD 1195 – An Act to Protect the Privacy of Job Applicants

Dear Senator Patrick and Representative Herbig:

The Securities Industry and Financial Markets Association (SIFMA)¹ is writing to express opposition to LD 1195. SIFMA represents the shared interests of hundreds of securities firms, banks and asset managers, many of whom have a presence in Maine. We believe that LD 1195 conflicts with federal and state licensure requirements and will negatively affect our firms' ability to protect customer assets.

SIFMA certainly respects the sponsor's interest in wanting to help people who have experienced financial difficulties get back on their feet through gainful employment. We, however, believe that – at least in the financial services industry - credit history is a very relevant consideration when making hiring decisions. Employees of securities firms have daily and direct access to client funds. These funds represent the dreams and life savings of your friends and neighbors. A person who is facing substantial debt or is in or near bankruptcy or foreclosure poses a potential risk to these dreams and savings. It is important that securities firms are aware of that risk before hiring.

Federal and state securities regulators also recognize the importance of knowing the personal financial circumstances of securities industry representatives. For example, the Financial Industry Regulatory Authority (FINRA) operates Web CRD, the central licensing and registration system for the securities industry and its many regulators. People seeking to be licensed as broker-dealer agents or investment adviser representatives with any of the 50+ state securities departments or the 18 different Self-Regulatory Organizations (SROs) must electronically file a Form U4². On page 14, 15, 19, and 33 of the form, applicants are required to disclose whether they have compromised with creditors, filed a voluntary or involuntary bankruptcy petition, have any outstanding judgments or liens, or had a bonding company deny, pay out or revoke a bond. On page 19, applicants also acknowledge that any jurisdiction, SRO, employer or prospective employer may conduct an

¹ The Securities Industry and Financial Markets Association (SIFMA) brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA's mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA has offices in New York and in Washington, D.C. For more information, visit <http://www.sifma.org>.

² FINRA Rev. Form U4 <http://www.finra.org/web/groups/industry/@ip/@comp/@regis/documents/appsupportdocs/p015112.pdf>

investigative consumer report. Regulators then use the collected information as part of their assessment on whether a license should be granted.

Because credit history is a necessary and relevant hiring consideration for our industry, SIFMA respectfully opposes LD 1195. We ask that you allow us to continue to properly screen applicants and comply with federal and state licensing, registration, and disclosure requirements.

We appreciate your willingness to consider our concerns. Please do not hesitate to contact me at 212-313-1311 or our state counsel Ann Robinson at 207-623-5300 should you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Kim Chamberlain". The signature is written in a cursive, slightly slanted style.

Kim Chamberlain
Managing Director and Associate General Counsel
State Government Affairs

Cc: Representative Brian Jones

Members, Joint Standing Committee on Labor, Commerce, Research and Economic Development