

September 4, 2008

Via E-Mail: [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

Ms. Florence E. Harmon

Acting Secretary

U.S. Securities and Exchange Commission

100 F Street, NE

Washington, DC 20549-1090

**Re: Notice of Filing of Proposed Rule Change to Adopt FINRA Rules 2350 through 2359 (Regarding Trading in Index Warrants, and Currency Warrants), FINRA Rule 2360 (Options), and FINRA Rule 2370 (Security Futures) in the Consolidated FINRA Rulebook (SR-FINRA-2008-032; SEC Release No. 34-58333)**

Dear Ms. Harmon:

The Securities Industry and Financial Markets Association (“SIFMA”)<sup>1</sup> Equity Options Trading Committee (“Options Committee”) appreciates the opportunity to comment on the proposed consolidation of certain rules related to options into the FINRA Rulebook. SIFMA wholly supports the consolidation process and is pleased that FINRA is moving forward with the creating its new rulebook, and eliminating existing duplicative NYSE rules.

SIFMA also supports the elimination of NYSE rules that govern options. The elimination of NYSE rules governing SROP/CROP designations will permit NYSE member firms to take full advantage of the FINRA rule change approved in June 2008. SIFMA further supports the proposal to change references to “Registered Options and Security Futures Principal” back to “Registered Options Principal” (“ROP”) in the new rule.

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<sup>1</sup> The Securities Industry and Financial Markets Association brings together the shared interests of more than 650 securities firms, banks and asset managers. SIFMA's mission is to promote policies and practices that work to expand and perfect markets, foster the development of new products and services and create efficiencies for member firms, while preserving and enhancing the public's trust and confidence in the markets and the industry. SIFMA works to represent its members' interests locally and globally. It has offices in New York, Washington D.C., and London and its associated firm, the Asia Securities Industry and Financial Markets Association, is based in Hong Kong.

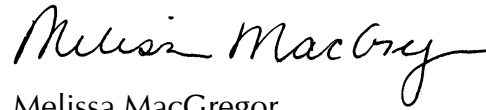
Furthermore, SIFMA appreciates the clarification that either a Registered Options Principal (Series 4) or a Limited Principal – General Securities Sales Supervisor (Series 9/10) may approve the opening of options accounts. This clarification is consistent with the Chicago Board Options Exchange (“CBOE”) rules and recognizes that a Series 9/10 supervisor is sufficiently qualified to review the opening of options accounts.

The Options Committee requests that a similar approach be taken for discretionary options account opening approvals under NASD Rule 2360(b)(18). The NASD rules and the proposed FINRA rule currently requires one ROP to “accept” the discretionary account and a second ROP to “review” the acceptance of the discretionary account. SIFMA believes that the requirement to have two secondary reviews of a discretionary account opening is not necessary, particularly because of the additional requirement to have “frequent appropriate supervisory review by a [ROP] who is not exercising the discretionary authority” under FINRA 2360(b)(18)(A)(ii). SIFMA believes that all discretionary accounts, including discretionary options accounts, are subject to sufficient supervisory scrutiny and the additional requirement of a second approval is unnecessary to protect investors. At a minimum, if FINRA believes that two separate steps (*i.e.*, acceptance and reviews of the acceptance) are nonetheless required, SIFMA strongly urges that FINRA permit either a Series 4 or a Series 9/10 qualified person to “accept” the discretionary account in the first instance, with a Series 4 or Series 9/10 qualified person performing the review of the acceptance.

Finally, SIFMA requests clarification that the requirement for a “frequent appropriate supervisory review by a [ROP] who is not exercising the discretionary authority,” was not intended to require that a registered representative who exercises discretionary option authority be qualified as a Series 4. We assume that the revised language was only meant to ensure that the person exercising discretionary authority is not the same person reviewing the account. SIFMA further requests that a Series 9/10 qualified person be permitted to perform reviews of discretionary accounts. To clarify the requirement, we suggest revising the language as follows: “[D]iscretionary accounts shall receive frequent appropriate supervisory review by a ROP or a Limited Principal - General Securities Sales Supervisor. The ROP or Limited Principal - General Securities Sales Supervisor reviewing the account may not be the same person who is exercising discretionary authority in the account.”

If you have any questions, please contact me at 202-962-7385 or [mmacgregor@sifma.org](mailto:mmacgregor@sifma.org).

Sincerely,

A handwritten signature in black ink, reading "Melissa MacGregor". The signature is fluid and cursive, with the first name "Melissa" and last name "MacGregor" clearly distinguishable.

Melissa MacGregor  
Vice President and Assistant General  
Counsel

cc: Dr. Erik R. Sirri, Director, Division of Trading and Markets, SEC  
Elizabeth A. King, Associate Director, Division of Trading and Markets, SEC  
Gary Goldsholle, Vice President and Associate General Counsel, FINRA