



August 17, 2010

Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

Re: Regulatory Notice 10-33/Proposed FINRA Rule 4524,
Supplemental FOCUS Information

Dear Ms. Asquith:

The Capital Committee (“the Committee”) of the Securities Industry and Financial Markets Association (“SIFMA”) has reviewed the above Regulatory Notice (“the Notice”). As outlined, firms would be required to submit additional financial and operational information pursuant to the schedule set forth in the Notice as a means of supplementing the current SEC FOCUS reports. The Committee has the following observations and recommendations:

- We would recommend that reporting be on a quarterly basis. Many firms as a matter of course have more detailed reporting requirements -- both internal and external -- on a quarterly basis, which would facilitate this additional FINRA reporting while limiting the need for additional resources.
- Supplemental P&L should be filed within the time frames for current supplemental reporting and not on the FOCUS filing date. This would minimize the claim on resources and be consistent with other reporting time frames.
- The request for trading P&L should be based on established units (a business view, not a product) within a firm, such as a trading desk (or cost center), as such units typically use various products to hedge their main trading product. For example, a firm’s corporate debt trading desk is very likely to use government securities and interest rate swaps to hedge their positions. It would be our recommendation that all of the P&L for that desk be contained in the corporate debt category, notwithstanding that some transactions including non-corporate debt would be included.

- A separate P&L category should be established for GAAP Accounting Adjustments that do not represent revenues or expenses that would be realized by the Firm (i.e. FASB 167). This category should be below the Total FOCUS Revenue line in order to keep these accounting adjustments from flowing into the various assessments that utilize the FOCUS Revenues as the basis for calculation.

In addition, the Committee had an opportunity to review a draft of the proposed schedule earlier this year. At the time we commented that many firms organize revenue information around their own definitions of business lines rather than by product categories, particularly with respect to trading activities. At the time, the Committee conducted an informal survey of its member firms and determined that none of the firms' data systems were currently capturing all of the financial data that would be required by the proposed schedule, thus creating significant barriers to ensuring full compliance with the proposed requirements. While the circumstances of each firm varied depending upon a number of factors, all indicated that they would need substantial time to make the operational and systems changes that would be necessary under the proposal.

Consequently, the Committee respectfully requests that if FINRA adopts the Notice, that it consult with member firms to ensure that an implementation date is chosen which will provide sufficient lead time for a smooth transition to the new rule.

If you have any questions about our letter, please feel free to contact the undersigned at 212-902-1360 or the Committee's staff advisors, Jerry Quinn (212-313-1207) or Kyle Brandon (212-313-1280). Thank you.

Sincerely,

Mark Holloway,
Chairman
Capital Committee