United States Senate
WASHINGTON, DC 20510

December 16, 2013

Mr. Richard G. Ketchum
Chairman and Chief Executive Officer
Financial Industry Regulatory Authority
1735 K Street, NW
Washington, DC 20006

Dear Mr. Ketchum:

Given our interest in improving transparency of our financial markets, we are writing in response to a recent Public Investors Arbitration Bar Association (PIABA) study, which raises concerns about the number of times investor complaints may be expunged, or removed, from publicly available broker records maintained by the Financial Industry Regulatory Authority (FINRA).

FINRA provides information to investors through BrokerCheck, which FINRA believes, "should be the first resource investors turn to when choosing whether to do business or continue to do business with a particular firm or individual." However, as the PIABA study indicates, this system may not enable investors to easily obtain all the information necessary to determine whether to hire a particular FINRA registered broker. According to the PIABA study, expungement relief was granted in 96.9% of cases from May 2009 through December 2011.

We share FINRA's view that "expungement is an extraordinary remedy that should be granted only under appropriate circumstances," and that it should be permitted "only when it has no meaningful investor protection or regulatory value." However, we believe that meaningful investor protection includes the disclosure of whether a customer dispute was settled. Not just for transparency sake, but also to help prospective investors make informed decisions about which individuals or firms with whom to do business.

Given our interest in fair financial markets and transparency, we request that you provide a response to each of the five recommendations cited in the PIABA study and explain whether and why or why not FINRA intends to adopt each recommendation. Additionally, please provide:

1. The number of instances in which FINRA has questioned or challenged the provision of expungement relief and a detailed description of the circumstances of each case.

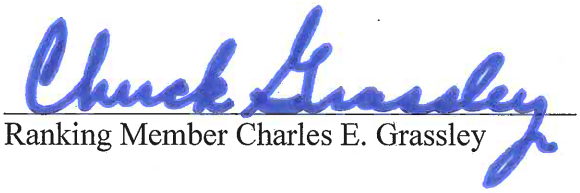
2. Any draft legislative language that would be necessary to provide FINRA with the authority to ensure that expungment relief is provided "only when it has no meaningful

investor protection or regulatory value," if you do not believe such authority already exists.

Please provide a response by January 6, 2014. Thank you for your attention to this important matter.

Sincerely,

Senator Jack Reed



Ranking Member Charles E. Grassley