

11-48 FINRA is requesting comment on a proposed new rule that would require each carrying or clearing member firm to maintain and keep current certain records in a central location to facilitate a more rapid and orderly transfer of customer accounts to another broker-dealer as well as a more orderly liquidation in the event the member firm can no longer continue to operate due to financial or operational problems.

Comment Period Expires: December 9, 2011

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all financial firms should have a plan for their demise. they need to unwind the positions in the market because debts are debts to the public, to other investors. it is cheaper for people who know how records are kept and where to unwind the position rather than a bankruptcy trustee to guess.

this rule should apply to brokers, clearinghouses, exchanges.

i think that the company compliance officer, operations officers, the CEO, and the controller should all contribute to the cost of the bankruptcy trustee trying to find records, if they do not have information readily available.

the bankruptcy trustee should be readily able to find passwords, files, customer and firm records, bank accounts. any time spent trying to find things or dealing with erased computer files should be billable time to the executives personally. this is the responsibility of fiduciary duty to the market, to their customers, to investors and to the government. if the bankruptcy trustee in MF global hasn't started a lawsuit about the disarray of records, they should do that to recover costs.