



Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1735 K Street, NW.
Washington, DC 20006-1506

Dear Ms. Mitchell:

Insigneo Securities, LLC, a U.S. based broker dealer in Miami, Florida, welcomes the opportunity to respond to FINRA's request for comment with respect to proposed FINRA Rule 3290. We endorse the proposed change based on our understanding of its application and we wish to confirm our reading is the correct one. In this regard, you can consider this comment letter as speaking for similarly situated international firms like ours.

Insigneo has created a niche as a U.S. broker dealer helping non-U.S. investors and their advisors participate in the U.S. securities markets. The less onerous it is for Insigneo to help our customers and their financial advisors invest in U.S. markets (while meeting investor protection), then the better it is for the U.S. economy and for our firm, our registered representatives and our clients. Let me explain the economic backdrop by quoting from a Congressional Research Service report.

"Foreign capital inflows play an important role in the U.S. economy by bridging the gap between domestic supplies of and demand for capital. The importance of these flows was underscored by the financial crisis of 2008-2009, when international capital markets essentially shut down for period of time. International capital flows and international capital markets also generally give the owners of capital the ability to reduce their risk by diversifying their investments. Oversight of these markets has changed as a result of the financial crisis. Foreign investors currently own more than 50% of the publicly held and traded U.S. Treasury securities and hold large amounts of U.S. corporate stocks and bonds. Capital inflows help keep U.S. interest rates below the level they would reach without them and have allowed the nation to spend beyond its current output, including financing its trade deficit. Some observers have expressed concerns about the extent of these foreign holdings, because they argue that this exposure increases the overall risks to the economy should foreign investors decide to withdraw from the U.S. financial markets for political or economic reasons. At the same time, the funding requirements of the U.S. economy often tempers the criticism of some foreign investors, especially if capital flows should shrink and U.S. funding requirements increase." James K. Jackson, "Foreign Investment in U.S. Securities", August 14, 2015.

The point here is that it is a desirable policy goal for the U.S. economy if non-U.S. investment can flow into U.S. portfolio assets like U.S. stocks and bonds without unneeded compliance friction. A recent estimate of foreign investment in U.S. portfolio assets is \$18 trillion dollars. Sarah McGregor, Bloomberg, "Foreign Holdings of U.S. Securities Rise to Record \$18 Trillion", February 28, 2018. Considered another way, it is important to note that, at least for data analyzed in 2016, non-U.S. investors owned 48% of U.S. Treasury securities, 25% of outstanding corporate bonds, 15% of American stocks. Joseph Adinolfi, MarketWatch, "How Much of America Do Foreigners Really Own", September 27, 2016.

Currently, our firm supports independent registered representatives either located in the U.S. or abroad, many of whom have separate outside business activities that are investment related. The registered

representative typically own their own independent local firms and these firms are not owned by Insigneo. In short, the registered representatives have a business with Insigneo to conduct U.S. inbound purchases and sales of U.S. securities and they have a separate non-U.S. business (regulated in their home jurisdiction) for local business (which may be either an investment advisory firm or a regulated broker dealer conducting operations on local exchanges and clearing houses). In either case, there is no need for the local businesses to be registered in the U.S. since those businesses do not have U.S. clients nor do they target U.S. investors.

Currently, Insigneo is reviewing the activity in those local businesses under FINRA 3280 and it is onerous and unnecessarily intrusive. We estimate that the monitoring could equal five percent of the legal, risk and compliance (which in our view is money that could be better deployed elsewhere). The proposed rule, as we read it, would carve out such a review since the non-U.S. business conducted by our registered representatives is done by an unaffiliated firm not requiring U.S. registration. We take additional comfort in the fact that, in our case, the local entities are registered in their home jurisdiction. Just as it is intelligent regulation for U.S. broker dealers to no longer have to review the activity of unaffiliated U.S. advisers, we believe that logic holds true even more so in the case of non-U.S. firms (but nonetheless regulated firms) where the customers are not U.S. and not even investing in U.S. securities. Therefore, we support this rule change as alleviating an unnecessary burden while balancing the needs of the economy with the needs of investor protection.

Sincerely,



George W. Arnett III

General Counsel