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May 12, 2008

Via Electronic Mail

Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

RE: File Number S7-06-08; Regulation S-P: Privacy of Consumer Financial Information and Safeguarding Personal Information

Ladies and Gentlemen:

Edward Jones appreciates the opportunity to comment on the proposed amendments of the Securities and Exchange Commission to Regulation S-P. Edward Jones is committed to protecting the nonpublic personal information of its customers and supports the safeguarding provisions of the Gramm-Leach-Bliley Act ("GLBA").

Edward Jones supports and commends the continuing efforts of the Commission to safeguard customer information entrusted to financial institutions. Of course, privacy is valued at Edward Jones. Our clients are very concerned about threats to the confidential information they entrust with us or any other financial institution. They insist that Edward Jones safeguard their information and hold us responsible for any misuse. Such misuse includes the unauthorized taking of customer information by representatives to solicit Edward Jones clients after moving to another firm.

Consistent with this commitment to privacy, Edward Jones urges the Commission not to adopt the proposed exception to Regulation S-P. The exception is contrary to the explicit command that every financial institution inform its customers about its privacy policies and practices. It would allow for the disclosure of customers' personally identifiable financial information without prior notice or ability to opt-out. Implementing the exception would condone behavior which is, in many instances, directly contrary to the written promises made by financial institutions upon which customers now rightfully rely. There is no compelling reason to manufacture an exception which would allow for the sharing of confidential customer information, no matter how arguably limited, without prior notice to customers or their explicit right to opt out of any information sharing by financial institutions.

We respectfully submit that the GLBA requires financial institutions to provide its customers with a notice of its privacy policies and practices. It further requires that a financial institution not disclose nonpublic personal information about a consumer to nonaffiliated third parties unless the financial institution provides certain information to the consumer and the

consumer has not elected to opt out of the disclosure. Securities and Exchange Commission Release No. 34-42974. Regulation S-P requires financial institutions to provide notice to customers about its privacy policies and practices. Sec. 248.1. It also provides a method by which consumers can prevent financial institutions from disclosing nonpublic personal information to nonaffiliated third parties by allowing them to "opt out" of that disclosure, subject to certain narrow exceptions. Id.

When implementing Regulation S-P, the Commission adopted a definition of "personally identifiable financial information". Included within the protection of the definition is the very fact that someone is a consumer of a broker-dealer, fund or registered investment advisor. That is, personally identifiable financial information includes the very fact that an individual is, or has been, a customer or has obtained a financial product or service from a financial institution. Section 248.3 (u)(2)(c). It also includes any information about a consumer if it is disclosed in a manner that indicates that the individual is or has been your consumer. Section 248.3(u)(2)(D). The Commission made clear that it intended to include within that definition certain information that "may not commonly be considered intrinsically financial...." Release at 19.

The Commission received comments prior to enacting the final regulation arguing that information such as name, address and telephone number should not be defined as "financial". Id. The Commission noted that certain commenters argued that "personally identifiable financial information" should not include the fact that someone was a customer of a financial institution. Id. at 19-20.

The Commission correctly rejected those arguments and decided that it was appropriate to treat any information as "financial" information if a financial institution obtained it in order to provide financial products or services. Id. at 20. The Commission acknowledged that the definition of "financial" was extremely broad but clearly consistent with the intent of, and covered by, the GLBA. Id. The Commission stated specifically:

> We disagree with those commenters who maintain that customer relationships should not be considered to be personally identifiable financial information. This information is "personally identifiable" because it identifies the individual as a customer of the institution. The information is financial because it reveals a financial relationship with the institution and the receipt of financial products or services from the institution.

Id. at 20-21.

The Commission was correct in its analysis then, and should not change or deviate from it now. We respectfully submit that the proposed exception undermines the primary obligation of all financial institutions to safeguard confidential customer information. Further, it is contrary to the mandate that customers be provided notice of their financial institutions' privacy policies and procedures as well as a right to opt out of any sharing agreement. The proposed exception would permit the sharing of a substantial amount of clearly confidential customer information even though those very same customers may have been promised and expect otherwise.

Edward Jones does not believe that the proposed exception or the Protocol (which is described below) complies with the plain language of Regulation S-P or the intent of Congress to protect the confidentiality of customer information. Edward Jones has declined to become a signatory to the Protocol for that reason. Edward Jones hereby urges the SEC not to adopt the proposed exception which is simply a broader version of the Protocol. Both the proposed exception and the Protocol permit the sharing of confidential customer information without notice or consent. There is no legitimate basis, including customer convenience, to justify that conduct.

There is a superior alternative approach which both protects the confidential information entrusted to a financial institution and makes the investor aware of any change in his/her representative's employment. Edward Jones has implemented the alternative it recommends here because it represents the best practice when one of its representatives takes employment at another firm. It recognizes that the primary duty of Edward Jones is to protect the privacy of its customers' information and, at the same time, facilitates customer choice.

Rather than permit the sharing of what we believe is confidential information without the knowledge or consent of the customer, the firm from which the registered representative departs would be required to give notice of the representative's change of employment to those customers he/she serviced at the former firm. The former firm will promptly inform, in writing, the departing registered representative's relevant customers, (i.e., those he or she serviced) of the name of the new employer his or her new address and phone number. The former firm would also announce, in the same written notice, the name of the registered representative now assigned to the customers and the fact that no action need be taken by customers in order maintain their account(s) at their present firm.

Under our proposal, when a representative terminates employment without prior notice, he or she must, at the time of resignation, provide the former firm with a list of relevant customers and the name, address and telephone number of the representative's new firm. So

long as the representative provides this information to the former firm at the time of resignation, the former firm must mail the said written notice to relevant customers by the end of the next business day. If a representative provides prior notice of the termination date along with the necessary information, the written notice would be mailed to relevant customers on an agreed upon date.

Having the former firm give written notice to its customers regarding the representative's departure satisfies the primary obligation of the firm to maintain the privacy of its customers' information and the right of the investor to make a choice as to with whom he/she desires to maintain a relationship. This alternative precludes the sharing of any customer information whatsoever with an unaffiliated third party. All personally identifiable financial information remains safeguarded by the firm to which it was entrusted by the customer.

At the same time, customers are given prompt and adequate notice of the representative's change of employment and where he/she can be found. The decision to contact the representative or remain with their present financial institution remains solely with the customer.

This alternative clearly satisfies the safeguarding mandate of Regulation S-P and also facilitates investor choice. Any argument against it evidences nothing more than a concern on the part of the representative and new firm about enhanced asset gathering, not protecting and preserving the confidential customer information. Edward Jones urges the Commission not to implement an exception which we submit ignores the clear mandate of the GLBA, plain language of Regulation S-P and the right of customers to have their information kept confidential.

The proposed exception would permit, without the customer's knowledge or consent, the sharing of a substantial amount of information. Information in excess of what is necessary to promote investor choice and convenience. Our plan merely requires a written announcement to be mailed to the customers the representative serviced while employed at his or her former firm. Customers will then have notice of the representative's change of employment and possession of information sufficient to contact said representative if the customer so chooses. This alternative clearly accomplishes the duel concerns of confidentiality and customer choice.

A discussion of the proposed exception necessarily requires an examination of the Protocol. It is respectfully submitted that the proposed exception is, in reality, nothing more than a broader version of the Protocol which we submit oversteps the parameter of Regulation S-P.

The Protocol is merely a private forbearance agreement between its members that permits the taking of certain confidential information and the solicitation of customers. The Protocol permits the taking of confidential customer information by representatives on their way out the door without the customers' knowledge or consent. While Protocol members may, among

themselves, agree not to sue each other for what would otherwise be violations of contractual covenants not to solicit, non-disclosure agreements or state trade secret laws, they have absolutely no right to exempt themselves from Regulation S-P.

Edward Jones and other broker/dealers who have rightfully decided not to join the Protocol have been increasingly faced with situations where representatives and Protocol member firms decide unilaterally to take confidential customer information when representatives terminate their employment and take positions with said Protocol member firms. In fact, representatives have admitted during litigation that they were told by their Protocol member hiring firms to take confidential customer information prior to their termination of employment to be used to solicit Edward Jones customers in violation of a binding employment agreement, applicable trade secret law and Regulation S-P.

Therefore, Edward Jones strongly urges the Commission not to adopt the proposed exception. Nevertheless, we would be remiss if we did not note further that we agree with other commenters that there are certain fundamental flaws contained in the one proposed that must be remedied before it can be adopted. First, Section 248.15 (a) (8) does not make sufficiently clear that only the broker, dealer, or investment adviser registered with the Commission losing the representative can elect to be governed by its terms, not the representative or the broker, dealer or investment advisor hiring the representative. At a minimum, the actual text must be unambiguous. It must be clear that the exception does not eliminate or change in any way a firm's policies prohibiting the transfer of any customer information other than at the customer's specific direction. The text of Sec. 248.15 (a)(8) must be identical to as that used by the Commission in explaining its scope. Securities and Exchange Commission Release No. 34-57427 at p. 45. (The proposed exception is designed to allow firms that choose to share limited contact information to do so. The proposed exception would not, however, affect firm policies that prohibit the transfer of any customer information other than at the customers' specific direction.)

Second, the exception does not make clear that the taking of customer information without the express permission of the broker-dealer or investment advisor is a violation of Regulation S-P and not sanctioned by the Commission. Edward Jones urges the Commission to add additional language to make explicit that the taking of personally identifiable financial information by a representative without the express permission of the broker-dealer or investment advisor formerly employing the representative is a violation of Regulation S-P.

Third, Edward Jones is particularly concerned, about permitting representatives to take, without the customer's knowledge or consent, a "general description of the type of account and

products held" by the customer. We respectfully submit that language of Section 248.15 (a)(8)(I) is overly broad, ambiguous and far more than necessary to facilitate customer choice. The reference to "a general description of the type of account and products held by the customer" must be stricken in its entirety. As proposed, a broker, dealer or investment advisor could permit the sharing of any information other than that explicitly precluded by the exception, account number, social security number or securities positions. Even the Protocol does not permit the taking of such a substantial amount of confidential customer information. There is absolutely no basis to justify the sharing of this information, which is clearly personally identifiable financial information, without the knowledge or consent of the client.

Given the mandate of the Commission to insure the security and confidentiality of customer records and information, the exception must limit the amount of information a firm can allow to be shared to the absolute minimum needed to permit a customer to decide to contact his/her representative. That information includes, and is limited to, the name and address of customers. It is this information only that a firm should have the right to share absent the knowledge and consent of the customer. Disseminating any other confidential customer information is breaching the trust of the customer and heightening the risk of misuse of said information, including identity theft.

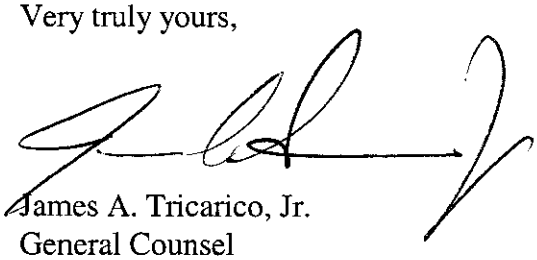
Congress and the Commission have made clear that any concern about promoting customer choice and convenience, while laudable, is not sufficient to create an exception that would undermine the protections granted customers pursuant to the GLBA and Regulation S-P. If such an exception is to be made, therefore, it must be conditioned upon providing investors with a specific disclosure contained in the firm's annual privacy notice. Such notice should at a minimum state that the firm will grant permission to the customer's representative to take information without the customer's consent if their representative changes employment unless the customer opts out of that sharing agreement. Otherwise, confidential customer information is, by definition, misused by financial institutions and that fact is hidden from the customer. This is, of course, one of the fundamental flaws of the Protocol.

It is meaningless, in terms of protecting the privacy of customer information, that the transfer of said information, regardless of how allegedly limited, be conditioned on the broker/dealer or registered investment advisor receiving said information certifying to the sharing institution that it complies with the safeguards and disposal rules. The fundamental precept of the GLBA and Regulation S-P is that financial institutions entrusted with confidential customer information must keep it private. The exception condones the sharing of that very same information without giving customers any notice that their information may be shared or the right to opt out of the sharing agreement. The certification suggested is an act of no consequence for

customers whose information has been disseminated to unaffiliated third parties without their knowledge or consent. No sharing of information between unaffiliated third parties can be justified when it is not disclosed to the customer whose information is at risk. This is particularly true when the disclosure of such a sharing agreement could easily be made known to customers in the annual privacy notice and afford customers their right to opt out.

Edward Jones appreciates the opportunity to comment on the Commission's proposed exception to Regulation S-P. If you desire any additional information, relating to our comment, please do not hesitate to contact the undersigned.

Very truly yours,



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