

# BRIDGE 1 ADVISORS

April 23, 2014

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

Regarding: Rules for Limited Corporate Financing Brokers

Attention: Ms. Martha E. Asquith

Bridge 1 Advisors is a member of FINRA and a Placement Agent. As outlined in the proposed FINRA rule, Bridge would qualify to seek registration as a Limited Corporate Financing Broker.

I applaud FINRA management for recognizing that firms like ours have been regulated in the same manner as firms trading and holding securities with retail and institutional customers. Clearly there is a significant difference in business operations from what they do and what we do in our business. We see this FINRA proposal as an opportunity to focus the appropriate regulation on specific business models versus one size fits all.

A Placement Agent is not a securities dealer but a marketing firm. We do not trade or hold securities but work with clients under contract in the alternative investment space (Private Equity and Hedge Funds). We become for a limited time their marketing arm, generally to assist in increasing assets under management (AUM). Our target market is the institutional investor (Pension Funds, Endowments, Foundations, their Advisors and Consultants) and other qualified investors. Unlike a securities transaction, there are layers of assessment and approvals from internal staff, advisors, consultants, attorneys and investment committees before an investment takes place. This is a process that can take months before an investment and Limited Partnership Agreement is signed by our client and the investor.

As a marketing firm we work with our clients to position and brand their strategy offering a differentiation from the thousands of competitors seeking AUM. Our clients need our expertise and market knowledge to help guide them through the marketing of their strategy.

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We assist our clients in the review and preparation of their collateral materials including the Offering Memorandum (prior to attorney review), web site, due diligence and other related information. All of this is to show a consistent message and explanation of the investment strategy and track record to the potential investor.

Overall, this FINRA proposal is a step toward setting realistic guidelines for Placement Agents. We are overregulated which results in higher costs of doing business with increased time spent dealing with regulations rather than marketing. The question to FINRA - do the current rules reflect our business model and effectively regulate our firm. The answer is NO!

Some examples of this oversight are overwhelming in regard to our business profile.

SIPIC insurance: WHY? – we do not deal with the public nor transact or have custody of securities.

PCAOB: Why? – we are not a public company but yet are required to hire an additional accounting firm to produce this filing.

Fidelity Bond: Why? – the bond includes the coverage of securities, counterfeit currency, credit card forgery and a list of issues that have nothing to do with our business.

SSOI and Focus Reports: Why? Both are documents relating to securities and that related business. Relative to the questions needing response we answer fewer than a dozen entries.

There are more examples like monthly financial reports, net capital requirements and week long FINRA examinations. The one common aspect is that FINRA and the SEC unrelated rules take time and money to comply with these regulations. Rules and Regulations are acceptable if they relate to a business operation, but these and others do not.

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I understand all these rules and regulations are not issued by FINRA alone so I ask our governing body to work with the SEC to review and relieve marketing firms like ours from the burdens of unnecessary regulation from both entities.

As for the SEC no-action letter issued to Faith Colish, dated January 31, 2014 it offers a perspective for firms like ours. This SEC letter makes it possible to be in a related business like ours without the regulation which is appealing to a small firm. On the other hand, our clients like the comfort of dealing with a broker dealer. It does however bring up the question – at what cost is it reasonable to be a member of FINRA.

Finally, the proposed Rule for Limited Corporate Financing Brokers is a great initial step. I urge FINRA to recognize that more work is necessary to relieve firms like ours from rules and regulations that are unrelated to our business model.

Thank you for the opportunity to comment on this proposed rule.

Respectively,



Robert G McGroarty  
Managing Partner