

Dear Ms. Asquith,

We appreciate the opportunity to comment on the proposed rule set change for Limited Corporate Broker Dealers as outlined in Regulatory Notice 14-09. As a placement agent for high quality private equity and venture capital funds, CSP Securities, LP would definitely fit the definition of a firm that would benefit from relief from a number of the rules and regulations required of a registered Broker-Dealer. There are a number of requirements that CSP Securities, and other firms such as ours, are currently subjected to through the standard FINRA rule book that neither provide customer protection nor serve to enhance FINRA's ability to supervise our activities. The move towards establishing a distinct rule set for Limited Corporate Financing Brokers is to be commended; however, we feel that the modifications proposed fall short of providing significant relief in the areas that we feel are misaligned with the nature of our business. A few examples of requirements currently imposed on firms of our size and scope that are misaligned include:

- SIPC Membership – CSP Securities does not carry customer accounts nor do we engage a clearing firm to clear customer accounts. At no point do we handle customer funds or are we in a position to potentially result in a loss of customer funds, so to require SIPC membership and the related annual assessment is an expense that ultimately carries no value to our Firm.
- Anti-Money Laundering Audit requirement – CSP Securities does not handle customer funds nor do we facilitate the handling of customer funds by a third party. Customer funds utilized to purchase product sold by CSP Securities is handled directly by CSP Securities' client and ultimately, by counsel representing CSP Securities' client. CSP Securities is not directly involved in the transaction dynamics and thus, it is difficult for us to verify source of funds and/or monitor suspicious activities. CSP Securities exercises diligence in reviewing OFAC and FinCEN to insure that there are no issues relative to our target customer base, but beyond that the majority of the elements subject to third-party audit do not apply to our firm. The scope of our AML exposure could easily be encompassed as part of the annual certification of compliance and supervisory processes (3130 / 3012).
- Fidelity Bonds – Similar to our concerns related to SIPC membership, the requirement for CSP Securities to purchase / renew annually a Fidelity Bond with minimum coverage amounts in order to protect customers against loss is in essence requiring our firm to incur an expense for a product that is irrelevant to the type of business conducted by CSP Securities. At no time does CSP Securities handle client funds or securities and thus the potential for loss is nil.
- Suitability Requirements – CSP Securities serves as an introducing agent to General Partners raising capital and is generally not a party to the transaction process; and in all cases is not in a control position such as to require disclosure of profile details such as other investments, financial needs, tax status, investment objectives, etc. The majority of investors covered by CSP Securities can be verified via a third-party public data search, however, this is not always the case. These investors are required to complete comprehensive Subscription documents in which they must disclose acceptance of terms as outlined in the Limited Partnership Agreement and attest to the qualifications necessary of Fund investors. The documentation process is facilitated by fund counsel, a process to which CSP Securities is generally not privy.

Given that the modified structure provides little relief from the primary burdens imposed on truly Limited Corporate Securities firms, we would not be inclined to modify our registration category.

Thank you for your consideration of these comments. It is our hope that FINRA will continue to investigate the needs for a revised rule set for firms, such as CSP Securities, that conduct businesses that fall largely outside that of a traditional broker / dealer.

Very truly yours,

Tiffany Lauterbach

Principal / FinOP

CSP Securities, LP

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