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To: FINRA

Subject: RN 18-22

Date: September 21, 2018

Dear Sir/Madam:

Hiding under the veil of providing additional customer protection, Regulatory Notice 18-22 will only serve to amplify attempts by ambulance-chasing plaintiffs' counsel to sue broker-dealers and their associated persons by enabling them to more readily access insurance-related information that will encourage trolling for more arbitration filings and settlement opportunities.

The securities industry is already rife with attorneys who routinely solicit investors to file contingency-based actions against industry members and associated persons in hopes that insurance exists so as to enable quick settlements. Insurance companies are not in the business of fighting specious lawsuits – they are in the business of collecting premiums and minimizing concomitant outlays for settlements because litigation is frightfully tedious and unconscionably expensive.

Moreover, routinely providing this information to plaintiffs' bar will necessarily result in an increase in the number of officers and owners of smaller broker-dealers who are named in arbitration proceedings as soon as it's determined that:

1. Insurance is not available; or
2. Coverage is limited; or
3. Actions contemplated by the arbitration proceeding are specifically excluded from coverage; or
4. Broker-dealer net capital may be insufficient to sustain an adverse award

It appears that the guiding principal behind this RN is to assist customers in determining their litigation strategies. If that's the case, and given that a significant majority of FINRA members are, in fact, small broker-dealers, what's next? Required posting of financial statements of all officers/owners of small, closely-held broker-dealers to ensure that enough deep-pockets can be lined up?

While we absolutely support FINRA's mission of customer protection, we also believe FINRA has a continuing obligation to its member firms and their associated persons. The firms comprising the securities industry, regardless of size, play a vital role in the country's capital formation process and deserve fair and balanced treatment from its regulators. We don't believe RN 18-

22 meets that test and will only serve to hasten the steady exodus of small broker-dealers from the industry.

Rather than nibble around the edges of a process that is in desperate need of being revamped, we think FINRA should start from scratch and revisit its whole dispute resolution process. As currently constructed, the process may serve plaintiffs' bar well, but falls far short of being an expedient, fair and cost-effective forum for everyone else.

Respectfully yours,

Nicholas C. Cochran
Vice President

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