Cornell University
Law School

Lawyers in the Best Sense

WILLIAM A. JACOBSON
Associate Clinical Professor of Law

G57 Myron Taylor Hall
Ithaca, New York 14853-4901
T: 607.255.6293
F: 607.255.3269
E: waj24@cornell.edu

May 15, 2010

Via Electronic Filing

Florence E. Harmon
Deputy Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

RE: File Number SR-FINRA-2010-014
Proposed Rule Change Relating to FINRA Rule 9554 to Eliminate Explicitly the Inability-to-Pay Defense in Expedited Proceedings

Dear Ms. Harmon,

The Cornell Securities Law Clinic (the "Clinic") welcomes the opportunity to comment on the proposed rule change (the "Rule Proposal") to eliminate explicitly the Inability-to-Pay defense from Financial Industry Regulatory Authority ("FINRA") Rule 9554. The Clinic is a Cornell Law School curricular offering, in which law students provide representation to public investors and provide public education on investment fraud in the largely rural "Southern Tier" region of upstate New York. For more information, please see http://securities.lawschool.cornell.edu.

The Clinic supports the Rule Proposal. The Rule Proposal generally improves investor protection by incentivizing associated persons and members to cooperate with aggrieved investors in the process of satisfying an award issued in a FINRA arbitration proceeding.

The Rule Proposal seeks to facilitate a harmed customer's ability to obtain payment of a valid arbitration award. It will do this by eliminating explicitly the Inability-to-Pay defense from FINRA Rule 9554. This defense applies in expedited proceedings which arise when a respondent (a "FINRA member or associated person") fails to pay an arbitration award to a customer within thirty days. FINRA will inform the respondent that he or she will be suspended unless the award is paid or a hearing requested. Currently, at a hearing a respondent can raise the Inability-to-Pay defense upon demonstration of a bona fide inability-to-pay. Since suspension serves as FINRA's primary means of enforcement, the respondent now has little incentive to satisfy a pending award.

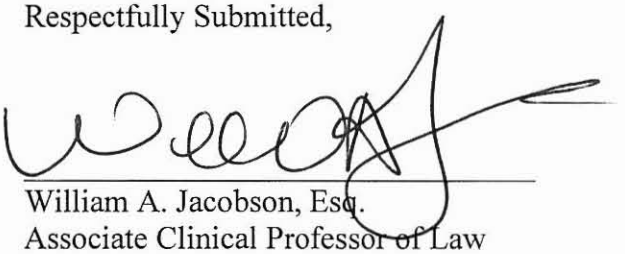
Suspension not only serves as a penalty for respondents who do not pay their arbitration awards, but the mere threat of suspension serves as a strong incentive for respondents, regardless of their financial status, to work with customers to satisfy pending awards. Without the threat of suspension, respondents have virtually no incentive to satisfy any claims or negotiate alternative payment methods—harming not only the customer, but the integrity of the industry as well.

The Clinic takes no position on the continuation of other defenses, such as bankruptcy, which are not affected by the Rule Proposal.

Conclusion

The Clinic greatly appreciates the opportunity to comment on this Rule Proposal. The Clinic strongly supports this proposal because it improves investor protection by incentivizing respondents to cooperate with harmed consumers when attempting to satisfy arbitration awards.

Respectfully Submitted,



William A. Jacobson, Esq.
Associate Clinical Professor of Law
Director, Cornell Securities Law Clinic

Lennie B. Sliwinski
Cornell Law School '11