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March 13, 2015

VIA ELECTRONIC SUBMISSION

Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street NE.,
Washington, DC 20549-1090

Re: SR-FINRA-2015-003

Dear Mr. Fields,

Thank you for allowing us the opportunity to comment on SR-FINRA-2015-003. The Georgia State University College of Law Investor Advocacy Clinic represents investors who have suffered losses resulting from broker misconduct but cannot afford or find private legal representation due to the size of their claim. Because of the effect the proposal could have on small investors, we submit this comment in opposition the rule as currently proposed and offer two alternative proposals. FINRA should either allow an exception for investors with small claims or implement a phased cancellation/postponement fee.

The proposed amendments require more advance notice before parties cancel or postpone a hearing and assess a higher late cancellation fee. Under the current rule, arbitrators receive a \$100 honorarium when a hearing is postponed or cancelled within three business days of the scheduled date. The proposal requires parties to provide ten calendar days' notice before cancellation or pay \$600 to each arbitrator.

The Proposal Imposes a Significant Burden on Investors with Small Claims

While we believe that the arbitrators should be adequately compensated for their lost time and opportunities, we have reservations about the proposal's impact on small investors. The proposal represents a 500% increase in the penalty for cancellation. We are concerned that the increased cost of cancellation or postponement would discourage settlements and encourage claimants to arbitrate claims to avoid the fee. Many matters settle on the eve of arbitration, and a large fee should not discourage consent resolution of claims. Any change to the rule should take into account the potential impact on small investors. Therefore, we suggest two alternatives to the

proposal: FINRA should either allow an exception for investors with small claims or implement a phased cancellation/postponement fee.

Alternative 1: FINRA Should Exclude Investors with Small Claims from the Proposed Rule Because Small Claims are Disproportionately Impacted by the Proposal.

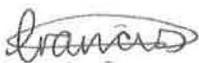
FINRA should create an exception to the increased fees for investors with claims of \$100,000 or less. These investors could experience pressure to arbitrate when it is actually in their best interest to settle their claim simply because the cancellation/postponement fee is a larger percentage of their damages. FINRA acknowledges that some of the increased fee will fall onto the investor,¹ but this impact on small investors can be lessened. By excluding small claims from the proposal, FINRA would protect the interests of small investors while ensuring that arbitrators are adequately compensated for their time.

Alternative 2: FINRA Should Implement a Phased Cancellation Fee to Better Balance the Interests of Arbitrators and the Parties.

As a second alternative, FINRA could implement a phased cancellation/postponement fee. A phased fee would assess a \$100 per arbitrator fee if a hearing is cancelled between ten and four business days in advance of a hearing, with the fee increasing to \$600 per arbitrator for a cancellation or postponement three business days prior to the scheduled hearing. A phased fee better balances the interests of small investors and arbitrators. This alternative would lessen the impact on parties who decide to settle closer to the arbitration date while still ensuring arbitrators are adequately compensated for their lost time and opportunities.

In keeping with our mission to protect the interests of investors, the Investor Advocacy Clinic believes that the proposal in its current form will harm small investors. While we recognize that arbitrators should be compensated for their time, we believe the proposal should be amended to lessen the impact on small investors. FINRA should amend the rule proposal in its current form to carve out an exception for small investors or institute a phased cancellation fee to better balance the interests of all participants in a proceeding. Thank you for your consideration and we look forward to any further discussion.

Best regards,



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Nicole Iannarone
Assistant Clinical Professor

¹ See Proposed Rule, p. 13.