

VIA ELECTRONIC MAIL

September 7, 2016

Robert W. Errett
Deputy Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: SR-FINRA-2016-029: Proposed Rule relating to use of the Dispute Resolution Party Portal in Arbitration and Mediation

Dear Mr. Errett:

On July 27, 2016, the Financial Industry Regulatory Authority, Inc. (FINRA) published its request for public comment on proposed recommendations to amend the Code of Arbitration Procedure for Customer Disputes (Customer Code), the Code of Arbitration Procedure for Industry Disputes (Industry Code) and the Code of Mediation Procedure (Mediation Code) relating to the use of the Dispute Resolution Party Portal in Arbitration and Mediation (Proposal or Proposed Rule).¹ The Proposal would require arbitration and mediation parties to use the Party Portal to file initial statements of claims, serve pleadings and other documents on FINRA or any other party and file and serve correspondence relating to discovery requests, but would not permit parties to file documents produced in response to discovery requests through the Party Portal.

The Financial Services Institute² (FSI) appreciates the opportunity to comment on this important proposal. FSI commends and supports FINRA's efforts to improve the arbitration claim notification and filing system. FSI believes the Proposed Rule would appropriately enhance the claim and notification filing system, resulting in more efficient and equitable arbitration proceedings.

Background on FSI Members

The independent financial services community has been an important and active part of the lives of American investors for more than 40 years. In the U.S., there are approximately 167,000 independent financial advisors, which account for approximately 64.5% percent of all producing registered representatives. These financial advisors are self-employed independent contractors, rather than employees of Independent Broker-Dealers (IBD).

¹ http://www.finra.org/sites/default/files/rule_filing_file/SR-FINRA-2016-029.pdf

² The Financial Services Institute (FSI) is an advocacy association comprised of members from the independent financial services industry, and is the only organization advocating solely on behalf of independent financial advisors and independent financial services firms. Since 2004, through advocacy, education and public awareness, FSI has been working to create a healthier regulatory environment for these members so they can provide affordable, objective financial advice to hard-working Main Street Americans.

FSI member firms provide business support to financial advisors in addition to supervising their business practices and arranging for the execution and clearing of customer transactions. Independent financial advisors are small-business owners who typically have strong ties to their communities and know their clients personally. These financial advisors provide comprehensive and affordable financial services that help millions of individuals, families, small businesses, associations, organizations and retirement plans with financial education, planning, implementation, and investment monitoring. Due to their unique business model, FSI member firms and their affiliated financial advisors are especially well positioned to provide middle-class Americans with the financial advice, products, and services necessary to achieve their investment goals.

Discussion

FSI appreciates the opportunity to comment on the Proposed Rule. FSI strongly supports the amendments to the Customer Code, Industry Code and the Mediation Code as they enhance the arbitration claim and notification filing system by facilitating interactions among parties, arbitrators, mediators, and FINRA staff on arbitration case-related matters. This, in turn, will result in more equitable arbitration proceedings, which are essential to the continued success of the FINRA Dispute Resolution program. We elaborate on our support below.

For the past several years, FSI has maintained an FSI Arbitration Task Force (Task Force) made up of various FSI member representatives to identify and address areas for improvement regarding FINRA's Dispute Resolution program, particularly with regards to arbitration. The Task Force was designed to foster a dialogue with FINRA and other stakeholders to provide industry insight into challenges with the dispute resolution program and suggest improvements. One area the Task Force identified as a point of frustration was the difficulty of communication between parties in arbitration. FINRA has appropriately addressed this issue by encouraging the use of a new electronic filing system (Party Portal) which facilitates interactions among parties. The Party Portal accomplishes this by permitting legal communications to be accomplished through a secure electronic system rather than by hard copy or by the current, outdated online system. FSI members feel this change is essential as it will provide parties in arbitration a simpler means to communicate, which will make these proceedings more efficient.

FSI Task Force members were invited to participate in a beta test program of the Party Portal. Those who participated reported that the system was efficient, simplified responses to communications, and allowed for easier tracking of progress in the dispute. FSI greatly appreciates FINRA's deliberate use of a beta program to test the Party Portal prior to proposing this rule and gathering user feedback to refine and improve the new tool. The time-saving nature of the Party Portal is a benefit to all parties involved.

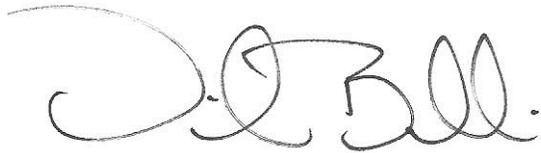
The dispute resolution process is an essential part of FINRA's regulatory functions. It is enhanced by this Proposed Rule and FSI supports its adoption.

Conclusion

We are committed to constructive engagement in the regulatory process and welcome the opportunity to work with FINRA on this and other important regulatory efforts

Thank you for considering FSI's comments. Should you have any questions, please contact me at [REDACTED].

Respectfully submitted,

A handwritten signature in black ink, appearing to read "D. T. Bellaire". The signature is fluid and cursive, with a large initial "D" and "T" followed by "Bellaire".

David T. Bellaire, Esq.
Executive Vice President & General Counsel