



Via Electronic Submission

March 6, 2018

U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: *Request for Public Comments on SR-FINRA-2018-003* (“*Notice of Filing of a Proposed Rule Change Relating to Simplified Arbitration*”)

Ladies and Gentlemen:

I am Executive Vice President, General Counsel, and Board member of Arbitration Resolution Services, Inc., of Coral Springs, Florida (www.arbresolutions.com). Our Chairman, George H. Friedman, is the immediate past Executive Vice President and Director of Arbitration at FINRA. ARS is an online ADR company dedicated to making the resolution of disputes easy, inexpensive, quick and most importantly fair. There is never a physical appearance required to participate in a ARS proceeding, as both mediations and arbitrations are held via teleconference or video conference. We submit this comment to the SEC’s request for public comments.

The SEC Should Approve the Rule Proposal

For the reasons set forth below, we believe it is essential that the FINRA follow through on the Dispute Resolution Task Force’s recommendation of an “intermediate approach” for smaller cases. Based on the Task Force’s recommendation, FINRA believes that “forum users with claims involving \$50,000 or less would benefit by having an additional, intermediate form of adjudication that would provide them with an opportunity to argue their cases before an arbitrator in a shorter, limited telephonic hearing format.” Accordingly, the Authority proposes to amend Rules 12600 and 12800 of the *Customer Code* and 13600 and 13800 of the *Industry Code* “to include a Special Proceeding for Simplified Arbitration (‘Special Proceeding’). The Special Proceeding would be limited to two hearing sessions, exclusive of prehearing conferences, with parties being given time limits for their presentations” (footnotes omitted).

Arbitration Resolution Services supports the proposal and recommends that the Commission approve it. Parties should have an additional option of resolving their dispute beyond “paper-only” but short of a “show-up-in-person” arbitration.

A Next Step After Rule Approval

Assuming the rule change is approved, we suggest that the Commission encourage FINRA think about using a pilot/proof of concept to address a further alternative for smaller cases objective. Specifically, we propose creation of a pilot where parties could opt in to voluntary expedited online arbitration at Arbitration Resolution Services, using the ARS [consumer/individual rules](#) and a single “public” arbitrator from the ARS panel (which already has several arbitrators and mediators who are on the FINRA roster). George H. Friedman, with proven leadership at FINRA, would be directly involved in the establishment and oversight of the Pilot, making this essentially a turnkey program that will be easy to implement within FINRA’s corporate culture and norms.

Such a pilot program at its core would not be very different than the voluntary SICA Non-SRO Pilot from 2000-2, which allowed customers of participating firms to elect arbitration at a non-SRO arbitration forum. And the *Code of Arbitration Procedure for Customer Disputes* would not need to be amended, given the award enforcement language in [IM-12000](#). This rule provides that it “may be deemed conduct inconsistent with just and equitable principles of trade and a violation of [Rule 2010](#) for a member or a person associated with a member to ... (d) fail to honor an award, or comply with a written and executed settlement agreement, obtained in connection with an arbitration submitted for disposition pursuant to the rules applicable to the arbitration of disputes before FINRA *or other dispute resolution forum selected by the parties* ... (emphasis added).

The bottom-line: a voluntary ARS pilot offers a cloud-based, simpler and less costly proof of concept that also achieves what the Task Force recommended: a fast, fair, economical way to resolve disputes between “paper only” and an in-person hearing.

Very truly yours,



Mark D. Norych, Esq.
President & General Counsel

cc: George Friedman, Esq., ARS Chairman of the Board