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Lawyers in the Best Sense

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Via Electronic Filing

Eduardo A. Aleman, Assistant Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-0190

**RE: Release No. 34-82693; File No. SR-FINRA-2018-003 (Proposed Rule Change
Relating to Simplified Arbitration)**

Dear Mr. Aleman:

The Cornell Securities Law Clinic (the “Clinic”) submits this comment to support the proposal (the “Rule Proposal”) of the Financial Industry Regulatory Authority (“FINRA”) to amend Rules 12600 and 12800 of the Code of Mediation Procedure (the “Mediation Code”). The Clinic is a Cornell Law School curricular offering in which law students provide representation to public investors and public education as to investment fraud in the largely rural “Southern Tier” region of upstate New York. For more information, please see: <http://securities.lawschool.cornell.edu>.

**I. The Rule Proposal Provides A Desirable
Additional Hearing Option For Simplified Arbitration**

The Rule Proposal makes various amendments to Rules 12600 and 12800 to create a new type of “Special Proceeding” for claims of \$50,000 or less. This Special Proceeding would be conducted by telephone unless both parties agreed to an alternative format. The proposed Special Proceeding would be limited to no more than two sessions and the parties would each have two hours to present their case and thirty minutes to make closing statements and rebuttals. Additionally, parties to a Special Proceeding would not be able to call opposing parties as a witness and would not be able to question opposing party witnesses. The Rule Proposal also clarifies that arbitrators adjudicating a Special Proceeding will receive honoraria in accordance with Rule 12800(f).

The Clinic supports the creation of a new Special Proceeding because it offers an alternative to a full hearing that allows claimants an opportunity to present their case more fully than a ruling on the papers. Throughout its 10-year history, the Clinic has never sought to resolve cases on the papers. The Clinic feels that this procedure does not offer its clients an adequate opportunity to present their case. The Clinic believes that in-person hearings are generally

superior. However, a telephonic Special Proceeding may be appropriate in some small cases, and having that option available is in the interest of public customers.

Accordingly, the Clinic believes that this proposed Special Proceeding provides a useful option for smaller investors.

II. The Option for a Special Proceeding Should Be Solely Up To Public Customers

The Rule Proposal also amends the language of Rule 12800(c)(2) to emphasize that hearings of any kind will only occur if a customer “requests” a hearing. The Clinic supports this proposed change because it clarifies that it is the customer’s choice whether to request a full hearing, a resolution of the case on the papers, or the proposed Special Proceeding.

III. Additional Training For Arbitrators

Because the parties to a Special Proceeding have a strictly limited time to present their case and a limited ability to question opposing parties and their witnesses, FINRA expects that arbitrators adjudicating a special proceeding will take a more active role in questioning the parties. To this end, FINRA has expressed its intent to provide additional training materials for arbitrators.

The Clinic supports this change because it believes that the arbitrators potentially more active role in a Special Proceeding is sufficiently distinct from their role in a full hearing to justify this additional training.

Conclusion

For the forgoing reasons, the Clinic supports FINRA’s Rule Proposal.

Respectfully submitted,

/William A. Jacobson/

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