



July 6, 2023

Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

Dear Ms. Mitchell,

In response to Regulatory Notice 23-11, The Financial Professionals Coalition has several comments pertaining to potential Rule 4610.

The Financial Professionals Coalition, Ltd. was founded as a diverse resource for over 1.2 million registered representatives, associated persons, traders, bankers, back-office staff, and owners of broker-dealers and registered investment advisors.

Generally, the Coalition views regulations, requirements, concept proposals and potential rules through the prism of the small broker-dealers, Registered Representatives, Traders, Investment Advisers, etc. who constitute our membership and how they are being or would be impacted by FINRA and SEC rules and regulations.

With regard to potential Rule 4610's requirement to establish a written Liquidity Risk Management Program (LRMP), including: Liquidity Stress Tests (LSTs) and a Contingency Funding Plan (CFP) in order to be considered having met their Requirement to Maintain Sufficient Liquidity on a Current Basis, the Coalition recognizes the need for such new rules as applicable to 4610's Members Subject to the Rule, namely "big firms" whose size and liquidity are a concern.

However, the Coalition is concerned some of its members and smaller broker-dealers would additionally be subject to the proposed Rule in the event thresholds subjecting members to the Rule are lowered.

The Coalition believes subject Members should be large and mid-size firms, and not small members whose size businesses would be unnecessarily burdened, especially by having to construct and execute Liquidity Stress Tests on a monthly basis.

While large firms have the resources to conduct regular LSTs and should, small firms whose customers and business modes and platforms don't expose themselves to liquidity issues caused by trading meme stocks in size, for example, the presumed benefits of conducting monthly LSTs would never justify the costs.

Additionally, we believe that under SECURITIES AND EXCHANGE COMMISSION, 17 CFR Part 240, Release No. 34-70072; File No. S7-08-07; RIN 3235-AJ85: Financial Responsibility Rules for Broker-Dealers, Final Rule /Page279, small broker-dealers are already either documenting risk management procedures or not subject to them.

3. Small Entities Subject to the Rule

These amendments apply to a limited number of broker-dealers, namely, those firms with more than \$1 million in customer credits or \$20 million in capital. Based on FOCUS Report data, as of December 31, 2011, the Commission estimates that none of the broker-dealers that will be subject to this amendment will be “small” for the purposes Rule 0-10.

4. Reporting, Recordkeeping, and Other Compliance Requirements

These amendments will require broker-dealers to document any credit, market, and liquidity risk management controls established and maintained by the broker-dealer to assist it in analyzing and managing the risks associated with its business activities. The Commission is not mandating any specific controls, procedures, or policies that must be established by a broker-dealer to manage market, credit, or liquidity risk. Rather, the Commission is requiring that a control, procedure, or policy be documented if it is in place.

5. Agency Action to Minimize Effect on Small Entities

As noted above, these amendments will have no impact on “small” brokerdealers. Thus, the Commission is not establishing different compliance or reporting requirements or timetables; clarifying, consolidating, or simplifying compliance and 280 reporting requirements under the rule for small entities; nor exempting small entities from coverage of the rule, or any part thereof. The amendments also use performance standards and do not dictate for entities of any size any particular design standards (e.g., technology) that must be employed to achieve the objectives of the amendments.

As rules are already in place subjecting or exempting Small Entities to or from documenting any liquidity risk management controls, the Coalition doesn't expect any new rule to additionally subject or burden small firms and would like to see such exclusionary language incorporated into any new rules pertaining to LRMP, LST, or CFP requirements.

Respectfully,

Shah Gilani

On behalf of the
Financial Professionals Coalition