

From: [Kim Schmidt](#)
To: [Comments, Public](#)
Subject: [EXTERNAL] Engagement Initiative Responses
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Attachments: [image001.png](#)
[Engagement Initiative Respose.xlsx](#)

Hello,

Kindly find attached responses from my firm, Elmcure Securities. If you prefer we prepare our responses in a different format, or would like to follow-up with me for further clarification on any of our attached responses, please feel free to contact me at any time.

Kindest Regards,
Kim

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Special Notice Engagement Initiative

1. Engagement Through Advisory, <i>Ad Hoc</i> and District Committees	Answers
How effective is FINRA's advisory and <i>ad hoc</i> committee structure (e.g., the number and type committees) in providing input to FINRA on industry developments, rule proposals, regulatory initiatives and programs?	<i>Although I do not have regular dialogue with the committees, I think they are important, as FINRA gains input from multiple sources in regards to its rule making process, and other regulatory matters.</i>
Do the existing committees enable appropriate engagement by FINRA with its members and other relevant stakeholders? Are there additional steps that FINRA can consider implementing to maximize the potential for obtaining new views and fresh perspectives on existing committees? Do the current committees enable sufficient engagement by FINRA with all of its different types of members, including members with different business models and challenges? Should FINRA re-visit to what extent there is industry versus non-industry participation on the various advisory and <i>ad hoc</i> committees?	<i>I would suggest that FINRA opens dialogue to small groups of its broker-dealers to gain insight on particular matters. Also, it would be beneficial if FINRA invited these small groups to participate in the committee meetings to provide their perspective. For example, when the Public Communications Committee meets, FINRA should invite 10-15 representatives (i.e. non committee members) from other broker-dealers to listen and provide feedback. However, the representatives invited should be from all levels of seniority (i.e. invite some of the broker-dealer employees that are back-office and actually performing the advertising review job functions, rather than inviting just high level representatives that are somewhat removed from the day-to-day process).</i> <i>Regarding the ad hoc committees, I think its most important to have individuals from the industry vs. those that are not.</i>
Are there additional areas not addressed by existing committees where FINRA should obtain periodic input? If so, would a new advisory or <i>ad hoc</i> committee be an appropriate vehicle for obtaining that advice? Are there any existing advisory or <i>ad hoc</i> committees that should be disbanded or consolidated?	<i>It might be a good idea to create a committee regarding private placements (Rule 5123), also there should be a committee established regarding the ongoing relationships between FINRA (i.e. FINRA Coordinators) and their member firms.</i>
Of the advisory and <i>ad hoc</i> committees, only the SFAB has elected members. Should FINRA consider including elected members on any other of its advisory or <i>ad hoc</i> committees? If so, which ones? What would be the advantages and disadvantages of a more formalized selection process for advisory and <i>ad hoc</i> committee membership?	<i>I believe that all committees and ad hoc committees be comprised of both elected and appointed members. By allowing elected positions in every committee, it allows the full FINRA membership to feel properly represented.</i>
Of the advisory committees, only the SFAB has term limits. Of the <i>ad hoc</i> committees, only the LRC has term limits. Should FINRA consider implementing term limits for its other advisory or ad hoc committees? If so, how long should the terms be?	<i>Yes- all committees and ad hoc committees should have term limits between 1 and 3 years.</i>
Are there other criteria that should apply for service on FINRA's advisory and ad hoc committees?	<i>No.</i>
Do the District Committees continue to serve a useful purpose in light of their evolution over time? Should the scope of their activities be modified?	<i>I don't have enough input regarding committee activities to answer this question.</i>
Is a three-year term limit for District Committee membership appropriate? Should the total number of terms that a District Committee member may serve also be limited? Are there other changes that FINRA should consider with respect to the composition of the District Committees?	<i>A 3-year term is appropriate, and committee members should not be able to serve for more than 1 term, to allow other members of the FINRA community a chance of representation.</i>
The District Committee, SFAB and NAMC rosters are available on FINRA's website. Should FINRA make publicly available all advisory and ad hoc committee rosters? Would the usefulness of this information outweigh concerns regarding inappropriate communication with or public disparagement of committee members?	<i>Absolutely. All committee members should be made available to FINRA members, and FINRA members should be able to contact the committee members directly at any time to discuss any issues/questions they may have in that particular segment. If their contact information is only provided to FINRA members (i.e. through the Firm Gateway), then inappropriate communication will be limited, because if any FINRA member inappropriately communicates with such committee member, they can suffer recourse from FINRA.</i>
Other than posting committee rosters, what other information should FINRA make available to create additional transparency around FINRA's committees?	<i>Name, background, position on topics within the committee, phone number, email address.</i>

<p>In addition to providing a means for FINRA to obtain the views of committee members, FINRA understands that many members find the committees to be a useful way to learn about FINRA initiatives and to speak with FINRA management.</p> <p>Is this a useful purpose for the committees?</p> <p>Are there other steps that FINRA should consider, in addition to or in lieu of specific committees, to make information and FINRA personnel available to its stakeholders?</p>	<p>FINRA should implement a Case Manager program in which every broker-dealer firm is assigned a case manager and each case manager has no more than 10-15 firms. The firms should be in regular contact with the case manager and if not, the case manager should reach out by phone at least once per quarter. The firms should feel comfortable with the case manager whereby they can ask any question they want regarding regulations, proper procedures, FINRA initiatives, etc. without fear of retaliation. I understand that FINRA has assigned my firm a Coordinator, however, since my firm's inception- I have never spoken with my coordinator. I used to be a bank regulator in my past career, and my colleagues at FDIC and the Federal Reserve actually assigned case managers whereby the banks would speak with them on a weekly (and sometimes daily basis). By allowing this "friendly" open communication, many banks were able to implement appropriate and preventative compliance measures, rather than just "crossing their fingers" and hoping they were implementing the appropriate methods. When I moved over to the investment banking industry, I was quite shocked that we don't have the same open dialogue. I think that many violations would be prevented if we implemented a case manager program. Also, to note, I think it is a good idea that the case manager is not involved with the on-site examination. It is important for firms to feel that they have an unbiased avenue to go down whenever they have questions.</p>
<p>FINRA's committees typically meet between two and five times per year.</p> <p>Is the current number of meetings sufficient?</p> <p>Should some committees meet fewer or more times per year? If so, which ones and why?</p>	<p>Depending on the severity of the issue, should predicate the amount of time the committee should meet. They should not all fall on the same set schedule.</p>
<p>Is it preferable to hold committee meetings in-person or via teleconference, or a combination of both?</p> <p>Are there particular committee meetings that should be held in-person or via teleconference only?</p>	<p>Both.</p>
<p>If you have been a member of any of FINRA's committees, what has been your experience serving on that committee?</p> <p>Is appropriate information provided to the committee to facilitate meaningful discussion and input into FINRA's operations and programs?</p> <p>What changes to the operation of that committee might enable it to have more meaningful discussion and input into FINRA's operations and programs?</p>	<p>N/A.</p>
<p>Committee Election Communication Process</p>	
<p>Should FINRA provide additional ways, other than those specified in the Annual Election Cycle Notice, for persons to seek consideration for nomination to an elected seat or appointment to an appointed seat on the Board, advisory committees or District Committees?</p> <p>Should FINRA provide a means for election candidates to communicate with members, such as conference calls or webcasts?</p>	<p>Yes- I feel like most firms are completely unaware of the elections. Perhaps, FINRA should email all firms the notice.</p> <p>I have already received emails, phone calls, and physical correspondence from candidates.</p>
<p>Is there additional information that FINRA could provide in its Annual Election Cycle Notice or on its dedicated web page that would be helpful for understanding the election cycle, how to become a candidate in an election, or how to get involved?</p>	<p>Yes- I would make the entire process more user-friendly.</p>
<p>2.Engagement in Connection with FINRA Rulemaking</p>	
<p>What additional information, if any, could FINRA provide to make the FINRA rulemaking process more transparent?</p> <p>Are there additional steps FINRA could take to allow for further engagement with the public and members in the rulemaking process?</p>	<p>I believe FINRA should submit anonymous surveys to all of its members to answer questions regarding a proposed rule. I feel like some firms may be fearful of retaliation to respond to the requests for comment, also, other firms may not have the time or resources to submit a proper letter with their comments. A quick, 5-15 minute survey may be a good supplement to request for comment letters.</p>

<p>Although FINRA responses to comments on a Regulatory Notice are included in its subsequent SEC rule filing and thus are publicly available, some commenters may be unaware of the process by which FINRA responds to comments and where to locate the responses.</p> <p>Would it be helpful for FINRA to subsequently post a link on the Regulatory Notice's request for comment web page to the FINRA rule filing(s) containing the responses to those comments? How else might FINRA consider enhancing the transparency of how it has responded to comments on a Regulatory Notice?</p>	<p>Yes- a link would be very helpful.</p> <p>FINRA can post a brief summary of the comments, highlighting the main feedback ideas they received.</p>
<p>FINRA is also considering including in the Regulatory Notice announcing SEC approval of a rule change a link to FINRA's response to comments received by the SEC after publication of the proposed rule change in the Federal Register so individuals can understand why comments were or were not incorporated into the final rule.</p> <p>Would this be useful? How else might FINRA consider enhancing the transparency of how it has responded to comments in a final rule change?</p>	<p>Yes- a link would be very helpful.</p> <p>FINRA can post a brief summary of its response to the comments. Likewise, FINRA can email such responses to its member firms, or provide a section within the Firm Gateway.</p>
<p>What other steps should FINRA consider taking to encourage comment on its proposed rules when they are published by FINRA in a <i>Regulatory Notice</i> or when they are published by the SEC upon filing?</p>	<p>Allow comments through a survey platform.</p>
<p>Although the period for commenting on proposed rules published by the SEC is controlled by the SEC, FINRA can change the comment period applicable to its Regulatory Notices, which is typically 45 days.</p> <p>Is this a sufficient period of time to allow for comment? Should FINRA provide for a shorter or longer time period for comment on its Regulatory Notices?</p>	<p>I would extend the comment period to 60-90 days.</p>
<p>What additional steps could FINRA take to encourage meaningful input on proposed rules by advisory committee members? If you have served on one of the advisory committees that reviews proposed rules, what has been your experience on the committee? Were there measures that would have enhanced your ability to provide input to FINRA on proposed rules?</p>	<p>Allow anonymous comments through a survey platform.</p>
<p>Retrospective Rule Reviews</p>	
<p>Is the process by which FINRA engages in the retrospective review of its rules effective and transparent? Should FINRA make any changes to this process to facilitate greater public input and feedback? Should FINRA consider streamlining or expanding this process in any way?</p>	<p>Yes- I think this should be transparent. FINRA should allow public comment in this process.</p>
<p>FINRA issued a formal survey to the membership and other representative stakeholders to corroborate, negate or refine the issues defined during the retrospective review process, including whether the costs and benefits of a rule set have been in line with the expectations described in the rulemaking. FINRA staff understands that some members were not aware of the issuance of the survey.</p> <p>How can FINRA help ensure that members and other stakeholders are alerted when FINRA is requesting participation in a survey regarding a retrospective review process?</p>	<p>The survey should be emailed to all members and also included within the Gateway under the <i>Announcements or Reminders</i> sections.</p>
<p>If you have participated in responding to a survey as part of the retrospective review process, what was your experience with the survey, including the content of the survey and time allowed to respond? Are there ways in which FINRA could improve how it surveys the public and members as part of its retrospective rule review process?</p>	<p>N/A.</p>
<p>If you were consulted by FINRA staff in connection with the retrospective review on one of FINRA's rule sets, what was your experience with the process?</p>	<p>N/A.</p>
<p>Regulatory Guidance</p>	

<p>Should FINRA seek to provide more interpretive guidance regarding its rules, and, if so, what form should that take? Under what circumstances should FINRA consider obtaining comment or feedback on proposed guidance?</p>	<p><i>No. I believe FINRA Notice to Members is great.</i></p>
<p>Should FINRA consider any changes to the process or mechanisms through which it provides guidance? Should FINRA make greater use of FAQs?</p>	<p><i>FINRA should have a Q&A section on all guidance. Also, within complinet, for all rules, FINRA has a tab on the top right that includes links to prior versions of regulations and notices. FINRA can add a link for Q&A in this area to allow greater transparency.</i></p>
<p>What has been your experience in obtaining interpretive guidance from FINRA? Do you believe you are able to obtain guidance from FINRA when you need it? Do you believe you have the same access to guidance from FINRA as other firms?</p>	<p><i>N/A. I have never received guidance, as I was not sure of the appropriate steps to take to contact FINRA for such guidance.</i></p>
<p>3. Engagement Through Member Relations, Education and Compliance Resources</p>	
<p>How useful are FINRA's current methods of communication with and education of firms? Are there ways in which FINRA could improve upon these current methods to better engage with its member firms? Are there additional ways FINRA can facilitate dialogue with member firms or otherwise provide opportunities for interaction with FINRA, such as providing phone-in workshops?</p>	<p><i>I think FINRA does an excellent job with its education efforts. Phone-in workshops may be useful or interactive webinars as well.</i></p>
<p>The Annual Conference provides the opportunity for attendees to visit with individual FINRA district and operating department staff during scheduled "Office Hours." Should this practice be expanded to include other conferences or events? If so, which ones?</p>	<p><i>Yes. This should be expanded to the Small Firm Conference in particular, but really should be offered at all conferences and compliance boot camp events.</i></p>
<p>Are there enhancements FINRA can make to Firm Gateway that would make it more useful?</p>	<p><i>I would add a messaging feature whereby firms can communicate directly with case managers. Further, I would provide election notices, access to committee members, Q&A for proposed and active regulations, etc.</i></p>
<p>Are the existing tools and tutorials listed on FINRA's compliance tools web page useful? Are there additional tools and tutorials that would be useful?</p>	<p><i>Yes, the tools are useful, but I feel like some of them may be outdated. I would add additional tools for small firms including templates for 3130/3110 annual reviews, cybersecurity policy, and overall more tools related to M&A firms, as most tools are related to retail broker-dealers.</i></p>
<p>Are there other types of tools or resources FINRA could provide that would help reduce any burdens from and facilitate compliance with new or existing rules (e.g., the BrokerCheck® logo and link tools)?²⁹ Are there additional tools or resources that would be helpful to small firms in particular?</p>	<p><i>See comment above. Also, FINRA should offer more scholarships for the Wharton program- I feel like most of the scholarships are awarded to CEOs of one-man shops. It would be nice to see the scholarships offered to a more diverse crowd. Also, FINRA should consider offering scholarships for the attendance of the Annual Conference to firms where the cost is a significant burden.</i></p>
<p>How useful is the data provided by the FINRA Report Center as a means of detecting potential compliance problems? What, if any, additional data could the FINRA Report Center provide that would help firms' compliance efforts?</p>	<p><i>It should include more of a summary of what FINRA sees and some methods to improve suspected violations. When I look at the Report Center reports, I tend to "glaze" over them, as they are just a bunch of tables with numbers. I think something a little more colorful in regards to input, would be more engaging.</i></p>
<p>4. Engagement Through Investor Education</p>	

Which of FINRA's existing investor tools and resources do investors find most engaging and helpful? Are there additional tools and resources FINRA should consider providing to better engage investors in understanding the financial services industry and products and how to protect themselves against financial misconduct?	<i>N/A. I think it is important that FINRA send all of these questions to retail investors to gain their input.</i>
Do members direct customers to FINRA's existing investor tools or resources? If so, how and to which ones? Do members direct their registered representatives to FINRA's investor tools and resources for training or other purposes? If so, to which ones? Have registered representatives found the tools and resources helpful?	<i>N/A.</i>
FINRA uses various formats for investor education purposes, such as articles, alerts, podcasts and infographics. Which of these formats are the most engaging and helpful?	<i>N/A.</i>
If you have attended a FINRA investor education forum or other investor outreach program by FINRA, what was your experience? Are there ways in which FINRA could improve upon these forums or outreach programs?	<i>N/A.</i>
What has been your experience with the Securities Helpline for Seniors? Are there ways in which FINRA could improve the services it offers through the helpline? If you have used other FINRA communication channels to submit investor inquiries or complaints, what has been your experience with those communication channels? As an investor, what form of communication with FINRA do you find most helpful?	<i>N/A.</i>
How can FINRA's methods of gathering insights from investors and understanding investor needs be strengthened?	<i>N/A.</i>
5. Reporting on FINRA Operations	
Transparency Regarding Board Activities	
Should FINRA provide additional information on its website about its Board membership, such as Board member biographical information and term limits?	<i>Yes.</i>
Should FINRA post the Board's committee charters on its website? How would this information be useful?	<i>Not necessary.</i>
Should FINRA make other governing documents, such as FINRA's corporate governance guidelines and Board member code of conduct, publicly available? How would this information be useful?	<i>Not necessary.</i>
Are the pre and post-Board meeting notifications and Board video updates informative and useful? What additional or different information would be helpful?	<i>Yes- very helpful. No additional information comes to mind.</i>
The pre-Board meeting notification is posted on FINRA's website, and the post-Board meeting notification is posted on the website and emailed to each firm's executive representative. Should FINRA email the pre-Board meeting notification to firms? How else might FINRA broaden dissemination of its pre- and post-Board meeting notifications? Should FINRA allow any interested individual to sign up for the pre and post-Board meeting notifications?	<i>Pre-Board meeting notification is not necessary. FINRA should email to all people listed within the FINRA Contact System (i.e. Chief Compliance Officer, AML Officer, BCP Officer, etc.) to ensure broader dissemination. Also, FINRA should encourage the recipients to share with the rest of their staff, where applicable.</i> <i>Yes- anyone interested in the Board meeting, should be able to sign up for notifications.</i>

Information on Examination and Enforcement Programs	
Are there changes to the Annual Priorities Letter in terms of substance or the timing of its issuance that would be useful? In addition to the letter and podcast, are there other ways in which FINRA should consider communicating the substance of the Annual Priorities Letter to members?	No, I think the letter is sent out timely. Post the letter on the Gateway, email to all people signed up for the notifications, send to all people listed in the FCS, encourage Executive Representatives to disseminate to their entire staff.
To what extent do you find the Annual Priorities Letter helpful in reviewing your compliance and supervisory programs and framing issues to address in your internal training and communications?	Extremely helpful.
Is there additional data FINRA should consider providing in connection with its examination and enforcement programs to provide additional transparency into these programs?	Proposed guidance on implementing corrective action to mitigate violative behavior identified.
Do you find the disciplinary and decision information, and the frequency of that information, posted on FINRA.org helpful? Is there additional or other information that you would find helpful?	Very helpful. No additional information comes to mind.
Transparency Regarding Dispute Resolution Programs	
How helpful are the tools and resources currently available on FINRA's dispute resolution web page? What additional tools and resources regarding FINRA's arbitration and mediation processes would be helpful?	N/A, I have not visited this page.
If you have accessed the Awards Online database, how user-friendly did you find the database? Should FINRA consider making any changes to the accessibility of the database, or the information available through the database?	N/A.
How else might FINRA enhance its dispute resolution forum's operational transparency?	N/A.
Transparency of Financial Reporting	
How might FINRA consider further enhancing its transparency concerning its financial reporting?	FINRA should disseminate its AFR electronically to broker-dealer Executive Representatives, or make it available to view on the Firm Gateway.
6. Other Communications, News and Reporting Information Resources	
How easy is it to find information on FINRA's call centers and communication channels? Are there additional ways that FINRA should consider providing information regarding how to access FINRA's call centers and communication channels?	Very easy. No other recommendations.
If you have used any of FINRA's call centers and communication channels, what has been your experience? Are there ways in which FINRA can improve upon its existing call centers and communication channels? If so, please explain. Are there additional call centers or communication channels that FINRA should consider?	FINRA's call centers are incredibly efficient. I like that someone answers immediately and is very knowledgeable and helpful; The staff are always very friendly and understanding.
FINRA is considering adding an organizational chart including the contact information for all FINRA Officers. Would you find this information useful? If so, in what ways? Does the usefulness of this information outweigh concerns regarding inappropriate communication with or public disparagement of staff members?	Not sure this is necessary.
Do firms find the Weekly Update email helpful? How could FINRA make the Weekly Update more helpful to subscribers? Should FINRA broaden its email subscription lists to encompass additional topics, and if so, what topics should be added?	I find the weekly update email very useful.

How should FINRA modify the information presented on its Newsroom web page?
Is there additional or different information that would facilitate engagement?

N/A.