



► December 22, 2014

Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

Lisa Roth
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Dear Ms. Asquith,

Thank you for the opportunity to comment on Regulatory Notice 14-50, FINRA's request for comments on a proposal to establish a "Pay-to-Play" rule. I am a registered associated principal of a FINRA member firm, a past member of the FINRA Small Firm Advisory Board, the PCAOB Standing Advisory Group, and I have served on the board of the Third Party Marketers Association, among other industry roles and affiliations. I have been involved in industry initiatives related to Pay-to-Play including the design and implementation of policies and procedures as a registered person, formerly acting as a placement agent, and as a compliance consultant to BDs, investment advisers and other market participants.

I recognize that FINRA must take some action by April 2015 to avoid prohibitions on broker-dealers engaging in placement agent activities. As such, I generally support the implementation of rules to satisfy the outstanding regulatory deficiency, and to prevent further uncertainty on the part of the covered BDs.

Nonetheless, it is important to note that FINRA's Pay-to-Play rulemaking comes after the SEC has issued its rules for investment advisers, behind the MSRB's establishment of a new registration category for Municipal Advisers, trailing certain states that have passed laws requiring BDs engaging in placement agent activity to register as lobbyists among other related law-making, and following steps taken by government entities themselves to implement policies, forms and other procedures for placement agents. In fact, for more than 5 years, broker-dealers engaging in placement agent activity have been forced to closely monitor pending rulemaking over multiple jurisdictions, adopting, accommodating and coordinating their internal operations as best as possible to stay within the changing laws. Compliance with the myriad of regulations has required firms to undertake new registrations, draft and implement new policies and procedures, and engage in some tough decision-making. For instance, some broker-dealers (including my firm at the time) found the CA law requiring registration as a lobbyist so objectionable that they opted out of the business line altogether. So to the extent that FINRA's new rulemaking does anything more than accommodate existing rules and meet the pending deadline, I believe it to be unnecessarily burdensome and disadvantageous to broker-dealers without any measurable benefit to investors.

Instead of imposing more stringent new rules, I urge FINRA to leverage its position of hindsight to its

and its constituents' best advantage, and to promote and ensure meaningful investor protections in the process. I believe FINRA can do this by writing its rules in substantial likeness to the existing SEC Pay-to-Play rules. To do this, FINRA should eliminate the components of its proposal that are more stringent than existing rules, including those that would require additional disclosures, shorter time frames for updates, and/or additional record keeping. Judging by the comments that have already been received, save those submitted by NASAA and perhaps with some clarification on scope, the proposition of Pay-to-Play rules that conform to existing rules in other jurisdictions does not seem to be disagreeable to the BD community.

Then, with the regulatory gap thus closed, FINRA can lead a dialogue among the stakeholders, including the SEC, the MSRB, NASAA and representative government entities with the goal of issuing joint regulatory guidance that will address any related concerns and satisfy any outstanding needs for disclosures, forms, records or the like. Considering that the majority of headline events related to Pay-to-Play involved the dodgy practices of unscrupulous and, to a meaningful extent, unregistered persons a coordinated regulatory initiative seems to be an approach that will benefit all. In particular, with all the stakeholders at the table, this approach could best ensure the orderly adoption of rules and guidance that would leave less opportunity for regulatory arbitrage.

In addition to my comments above, I support the comments submitted by the Third Party Marketer's Association (3PM).

Thank you again for the opportunity to submit my comments.

Best regards,

//Lisa Roth//

Lisa Roth

President