

After reviewing the above notice, I have two comments that I feel the need to express. One is in regards to a personal experience with a recent exam and the other is in regards to the structure of FINRA programs as a whole.

- 1) Education of FINRA Personnel: During a recent exam of my firm, my examiner “interpreted” a regulation and included it in my final report despite that fact that there was zero evidence of his interpretation of the rule anywhere. In fact, on a presentation at the most recent annual conference, it stated that his interpretation was completely incorrect. While the end result was that I received a no action letter, the initial finding was not changed/removed. This goes to a core of issues that firms and representatives have with FINRA. Examiners and FINRA personal are often in the dark about the rules and regulations that they are tasked with enforcing. They are left to “interpret” as they see fit and, even with evidence pointing to an error, are unwilling to accept mistakes on their part. I view exams as an opportunity learn more about areas in which I might improve. This is counterproductive if I spend that time educating the examiner. In addition, I can’t count the number of times I have called to ask for clarification on a rule and found that FINRA employees knew less than I did about the topic.
- 2) Micro Firms: I attended the cyber security conference in Dallas a year or so ago. I found the information to be of little use as the common thread was that we should hire someone to address our cyber needs. The small firm representative there had many branches, representatives, and had hired out so many of his processes. At one point, someone asked the audience how many people there were with firms of 10 or less employees; 80% of the room raised their hands. We are not small firms, we are micro-firms and we make up a large portion of FINRA. Unfortunately, most of the committees, regulations, conferences, etc., don’t apply to us. Not only that, but we are being priced out of business by regulations and fees. I encourage FINRA to look past the “small firms” in its training, committees, and regulations and start to consider the concerns of its micro firms.

Thank you for your time and consideration.

Sincerely,
Tiffany Fisher
CNS Securities, LLC