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▶ April 28, 2014

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

Re: Regulatory Notice 14-09

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**Dear Ms. Asquith,**

I have collaborated with the Third Party Marketer's Association (3PM) to develop comprehensive comments regarding the rule set proposed by Regulatory Notice 14-09 for Limited Corporate Finance Brokers (LCBD). I urge FINRA's Board to carefully consider the thoughtful and informed commentary submitted by 3PM, which I support in its entirety.

For many years, decades even, industry professionals including myself have advocated for smarter rulemaking regarding certain sub-sectors of the FINRA membership; mostly small firms. This particular sector (corporate finance BDs) has been a central target due to the unique challenges of conforming to FINRA rules. I, along with others, have made presentations to FINRA staff, the Small Firm Advisory Board, the PCAOB and SIPC in hopes of fostering a clear understanding of the manner in which LCFB firms operate, the risks associated with our businesses, relative cost and impact of rulemaking, and concepts for rule changes that would better serve the mission of our regulators.

With respect to the particular LCFB initiative, it was communicated that steps to clarify this segment of the industry and develop a unique rule set had the interest and support of FINRA's CEO, Rick Ketchum. So, BD executives spent considerable time meeting amongst ourselves to vet ideas, draft concept releases, discuss our FINRA examination experiences and develop best practices. We also met with FINRA senior staff to discuss and describe the scope and associated risks of relevant business models. This substantial effort was undertaken with the goal of assisting FINRA in developing a better understanding of LCFB firms. It is somewhat disappointing then, that fundamental concepts of the LCFB business model are not reflected in the proposed rule set. Notwithstanding my appreciation for FINRA's contribution in getting to the stage of a rule proposal, I believe it is important to overcome this communication breakdown. After all, LCFBs represent approximately 10% of the FINRA membership.

Following the release of 14-09, members of 3PM reconvened a working group intent on more clearly articulating the business we conduct. This time, we considered fundamental governing principles like 'know your customer',

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CIP and suitability. We addressed the potential for loopholes, misunderstandings and unintended consequences in the context of a rulemaking regime. We challenged ourselves to find a way to present our ideas in a manner that would overcome whatever communication failures had previously transpired.

It is my sincere belief that we have furthered our goal, crystalizing foundational concepts in the 3PM letter. In it, we propose the elimination of troublesome stumbling blocks (like “customer”), tightening up suitability requirements relevant to the timing of placements (such as a requirement for an ongoing due diligence process) and addressing the functional roles and required qualifications of counterparties (such as federally regulated Intermediaries). We directly addressed each of questions posed in the Notice.

I know that you will read the 3PM letter, and likely, judging by its length and scope, you will appreciate the effort that went into the presentation of comments, ideas and recommendations. What I wanted to convey in this letter of mine, is a bit of the back-story, in hopes that you will leverage the contribution of the industry in furthering this concept through to implementation.

Best regards,

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**Lisa Roth**  
President, Monahan & Roth, LLC

