



September 21, 2018

BY ELECTRONIC MAIL: pubcom@finra.org

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

Re: Regulatory Notice 18-22 Proposed Amendment to Discovery Guide

Dear Ms. Piorko Mitchell,

I am responding as a small firm member of FINRA and I oppose the proposed amendment. After reading through the posted responses to the Request for Comment, it is unsurprisingly clear that plaintiff's attorneys support this proposal.

It may be true that a claimant's attorney would find it helpful to know the existence and amount of any insurance coverage, as they seek to maximize awards or settlements. I would assert, however, that the existence and amount of such coverage is irrelevant to an arbitration case which should focus on the existence and amount of harm done to a customer, irrespective of any insurance and/or funding arrangements. It is important to note that FINRA member firms and their associated persons are not granted the same protections in the arbitration process as found by most Americans in the federal court system. This fact should weigh heavily on this proposed amendment and counters many of the arguments found in the comment letters submitted by the legal community.

Also, I believe that this amendment will inadvertently negatively affect the small investors that potentially need the most help from all of the industry (dealers, regulators and attorneys). If a broker dealer has acted in an unscrupulous manner and has harmed their customers, the regulators and attorneys should decide whether to take action based upon customer harm and not based on the firm's potential ability to pay an award. I believe that this amendment will create an undeniable conflict of interest where cases are primarily brought against small firms with insurance. Undoubtedly, firms will be forced to pay higher insurance premiums passed along from the carriers causing many firms to drop insurance coverage altogether. If a firm has a limited amount of capital and no E&O insurance are those customers going to be helped by this amendment? Statistically, are the firms that don't pay arbitration awards and/or stick around for disciplinary action well capitalized and/or insured? I don't know, but I can't imagine that this will cause those firms to act any differently and I'm not sure why the rest of the broker dealer community should be punished for their actions.

In my opinion, the proposal would add another unnecessary layer of time, cost, and complexity to the arbitration process, and would disproportionately disadvantage smaller FINRA member firms who will undoubtedly see a spike in the overall cost of insurance. With all the small firms disappearing from the space, it baffles me how 18-22 could possibly help the investors that rely upon the remaining small FINRA member firms to provide them with investment advice.

Sincerely yours,

A handwritten signature in black ink, appearing to read "M. Petagna", with a long horizontal flourish extending to the right.

Mike Petagna
President
Amuni Financial, Inc.