September 12, 2018

Jennifer Piorko Mitchell

FINRA

Office of the Corporate Secretary

1735 K Street, NW Washington, DC 20006-1506

Re: FINRA Regulatory Notice 18-22

Dear Ms. Mitchell:

I am writing to support the proposed amendment to the Discovery Guide to require disclosure of liability insurance coverage by thinly capitalized broker/dealers. I have represented investors in FINRA arbitration for more than 20 years and have routinely been frustrated by brokerage firms not disclosing their insurance coverage.

The existence and scope of liability insurance policies is important information for attorneys to know if they are to provide good advise to their investor clients in cases where the brokerage firm is thinly capitalized. As you undoubtedly are aware, many member firms and associated persons are financially unable to satisfy arbitration awards. In too many cases, the ability to pay is an essential consideration when advising clients on whether to go to hearing or settle, and whether a settlement proposal from either side is fair and reasonable under the circumstances. Without that critical insurance information, we are operating in the dark. We are put in a position where we have to advise clients on what may be the most important financial decision in their lives without knowing one of the most critical facts. That untenable position is inconsistent with Finra's "Investor Protection" mandate.

Disclosure of this information will also help prevent brokerage firms from threatening bankruptcy or from filing Form BDW in the face of customer complaints, in the event there is coverage. If insurance information is disclosed to the claimant's attorney in discovery, then appropriate actions can be taken to protect the rights of the claimant with coverage counsel. The least FINRA can do is to require its members to disclose the information about liability coverage, if it exists.

The on-going debate surrounding this issue has nothing to do with encouraging claims or using the existence of insurance coverage as evidence of some sort of wrongdoing. Those arguments against this proposal are red-herrings. The policy would have no relevance to the legitimacy of the underlying claims. The new rule recognizes that presenting insurance information to the arbitration panel could be prejudicial and therefore sets very strict guidelines on the limited ability to make the arbitrators aware of an existing insurance policy.

This is a critical issue with respect to investor protection. Please feel free to contact me if you have any questions about the forgoing.

Thank you for your consideration.

Jim Sigler

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