

June 7, 2019

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

Re: Regulatory Notice 19-17  
Proposed FINRA Rule 4111

Dear Jennifer Piorko Mitchell:

We submit this comment on behalf of Colorado Financial Service Corporation as it relates to the Proposed Rule 4111 by FINRA (the "Proposed Rule"). We believe the underlying basis for the Proposed Rule does not apply to the majority of member firms and it would place an undue financial and economic burden on smaller member firms that are operating in an honorable and respectable manner, who have chosen to onboard enough representatives with disclosures, enough to pass the obligation thresholds. Though FINRA states that they are aware that various members and representatives would "eventually be forced out of the industry", this is counter intuitive to the mission of FINRA 360 that has been at the forefront of the image campaign for several years now.

The Regulatory Notice 19-17 would give FINRA additional authority to impose tailored obligations, including possible financial requirements on designated member firms that cross specified numeric disclosure-event thresholds without having committed any misconducts or wrongdoings. The imposed "obligations" are merely based on analysis derived from a number factor that places firms on the list because they have registered representatives that have prior disclosures. The new Rule would only force the smaller sized firms to exit the industry because they have representatives who have disclosures that might not always be at fault but settled to avoid incurring more expenses with litigations or other legal costs. The reasons stated by FINRA do not mention how the changes would enhance investor confidence or promote investor protection and market integrity. Again, the New Rule only adds a financial constraint onto small and mid-sized firms that are being transparent and following the FINRA disclosure and filing requirements.

It is of our opinion that having a lesser variety of small firms for individuals and investors to choose from negatively impacts the industry as a whole, and that a better course of action

would be the provision and assignment of “Disciplinary training and behavior restructuring” in order to attempt to correct disclosure related issues and acknowledge issues presented with representatives before taking action to force them out of the industry.

Sincerely,

Colorado Financial Service Corporation