



FITAPELLI & KURTA
ATTORNEYS AT LAW

February 27, 2020

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

Re: FINRA Regulatory Notice 20-02

Dear Ms. Mitchell:

Our law firm exclusively represents investors in customer arbitrations before the Financial Industry Regulatory Authority (“FINRA”). We are writing to you in connection with FINRA Regulatory Notice 20-02, which solicits public comment regarding FINRA Rule 4530.

FINRA Rule 4530 is intended to protect the investing public through public disclosure of adverse events effecting registered representatives. ***This rule is designed to protect investors – not registered representatives.*** The goal of FINRA 4530, robust disclosure, is no different than the broad public policy goals of our securities laws. Member firms should provide as much information as possible to investors to enable them to make well informed decisions regarding who they trust with their investments. To achieve these ends, we suggest two modifications to FINRA Rule 4530.

We continue to be surprised by the extreme differences between the actual complaints our law firm files with FINRA Dispute Resolution and the text description of those complaints that appear on BrokerCheck for public viewing. We question why FINRA Rule 4530(f) requires the filing of actual complaints if no effort is made by FINRA staff to confirm that the allegations in the actual complaint match the often-misleading description that is viewed publicly. Our first suggestion is that all documents filed in connection with FINRA Rule 4530(f) be redacted and made publicly available online in the same manner as AWCs or FINRA Awards. Member firms are already required to file these documents so posting them online through BrokerCheck would not impose any additional burdens on them.

It is common for us to hear complaints from clients who are shocked that member firms do not have a legal obligation to notify them when adverse events affect their registered representative. In order to address this issue, FINRA previously issued Regulatory Notice 19-10, which required firms to “communicate clearly” when asked why a registered representative was terminated. This is not enough. FINRA Rule 4530(a)(2), which mandates disclosure of disciplinary actions and

terminations, should be amended to require member firms to send written notification to customers of these events. The notification should contain the same disclosure language that is provided to FINRA. Investors have a right to know this information. Again, there is no good reason why this information should be shielded from the public.

Please do not hesitate to contact us for any additional information on this issue. More information is available on our website: www.fkesq.com.

Respectfully submitted,

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Attorneys-at-Law