CAMBRIDGE

VIA ELECTRONIC MAIL: pubcom@finra.org

May 1, 2026

Victoria Crane
Vice President and Associate General Counsel
Office of General Counsel
Financial Industry Regulatory Authority, Inc.
1700 K Street, NW
Washington, DC 20006

Re: Comments in Response to Regulatory Notice 26-06 – Modernizing FINRA Arbitration Rules, Guidance and Processes

Dear Ms. Crane,

Cambridge Investment Research, Inc. ("Cambridge" or the "Firm") appreciates the opportunity to comment on the proposed rule changes contemplated in Regulatory Notice 26-06 (the "Proposal"), promulgated by the Financial Industry Regulatory Authority ("FINRA"). Cambridge applauds the modernization initiatives outlined in the Proposal and regarding FINRA's arbitration rules and other processes.

Cambridge strongly disagrees with the sentiment expressed by some others, who view the Proposal as an effort to "gut" investor protections. On the contrary, many of the reforms being considered would benefit all industry participants by creating a more efficient and fairer framework.

Cambridge's comments are informed by, and in significant respects consistent with, the positions advanced by the Securities Industry and Financial Markets Association ("SIFMA") in its July 2025 letter to FINRA[1] and its December 2025 public statement,[2] which together arguably represent the most detailed industry analysis of these issues. This letter highlights the particular perspective of an independent broker-dealer, which differs in important respects from the large "wire-house" firms.

BACKGROUND

Cambridge is a privately controlled financial solutions firm focused on serving independent financial services professionals ("financial professionals") and their investing clients. Cambridge

[1] *Recommendations for FINRA Arbitration*, SIFMA.
[2] *Strengthening FINRA Arbitration Would Promote Fairness, Efficiency, and Confidence*, SIFMA.

is an independent broker-dealer, member of FINRA and has an affiliate, Cambridge Investment Research Advisors, Inc. — a corporate Registered Investment Advisor ("RIA") federally registered with the Securities and Exchange Commission ("SEC"). Cambridge, together with its RIA Cambridge Investment Research Advisors, Inc., is among the largest independent broker-dealers/RIAs in the country, supporting almost 4,200 financial professionals nationwide who serve hundreds of thousands of clients as registered representatives and/or investment advisor representatives, choosing to use either Cambridge's RIA or their own RIA.

The majority of financial professionals associated with Cambridge are not employees but rather independent contractors and entrepreneurial business owners. They have the freedom to structure their business in a manner that best serves their investing clients. These financial professionals utilize Cambridge's broker-dealer to process investment business, provide marketing assistance, assist with practice management, and provide education.

PROPOSED CHANGES

I. FORUM SELECTION —ALTERNATIVE FORUMS FOR CERTAIN CLAIMS

Cambridge supports efforts to subject certain carefully defined claims to different forum requirements. The FINRA arbitration mechanism is well suited, with some modifications, to addressing typical retail client issues. However, more complex industry disputes with large dollar amounts at issue often are not good candidates for a FINRA arbitration administered under the current rule regime.

By way of example, the de minimis number of claims exceeding $5 to $10 million sought or awarded supports the proposition that the FINRA forum was designed principally around retail customer claims of modest value. That design is not well-suited to complex, high-dollar, or institutional disputes that often involve sophisticated parties, voluminous discovery, and legal questions requiring expertise beyond the background of a standard FINRA arbitration panel.

We urge FINRA to amend its rules to permit enforceable forum selection clauses for at least two defined categories of claims, consistent with the framework proposed by SIFMA in its July 2025: (1) claims seeking damages above a high dollar threshold to be specified by FINRA; and (2) disputes involving parties that qualify as "institutional investors" under FINRA Rule 2210(a)(4). In support of this aspect of Cambridge's comment, the Firm encourages consideration of the following:

- The definition of institutional customers set forth in FINRA Rule 2210(a)(4)[3] suggests that they have the sophistication and resources to negotiate a dispute resolution provision. As SIFMA noted, "small claim or general investor protection concerns do not apply" to these parties. Forcing a multi-million-dollar institutional dispute into a traditionally retail

[3] FINRA Rule 2210 generally defines an institutional investor as any person with total assets of at least $50 million, or any entity — such as a bank, insurance company, registered investment company, government entity, employee benefit plan with significant assets — that is presumed to have the sophistication and resources to evaluate investment information without the same level of regulatory protection afforded to retail investors. They typically are run by trained investment professionals, have better access to information from issuers and broker-dealers; often are subject to their own regulatory frameworks; and enjoy greater bargaining power by virtue of their size.

customer complaint resolution mechanism encumbers the proper functioning of the forum.

- Cambridge's suggestion in this regard does not impair retail investor access to arbitration. Instead, it creates optionality for parties with comparable sophistication to agree on a different forum, which is consistent with the freedom to contract that courts respect in other commercial contexts and that FINRA itself has acknowledged may be appropriate in certain circumstances.[4]
- In contravention of freedom to contract principles, member firms cannot enforce mutually agreed upon forum selection clauses even where sophisticated parties would prefer it. This unilateral compulsion — imposed by FINRA Rules 12200 and 13200 — is not required by investor protection principles in the institutional context and should be corrected for clearly defined categories of claims.
- Finally, while Public Investors Advocate Bar Association ("PIABA") argues in an earlier comment letter (the "2025 Comment")[5] that allowing member firms to divert customer claims to alternative arbitration forums would result in fragmentation, inconsistency, and a weakening of FINRA's oversight capacity, Cambridge respectfully disagrees. FINRA's regulatory and enforcement functions are entirely distinct from its dispute resolution forum. The size or venue of a civil arbitration has no bearing on FINRA's ability to investigate misconduct, bring disciplinary actions, or protect investors through regulatory oversight.

II. CONTRACTUAL LIMITATION ON PUNITIVE DAMAGES

FINRA Rule 2268(d)(4) prohibits pre-dispute arbitration agreements for customer accounts from limiting the ability of arbitrators to make any award. This precludes, in relevant part, industry participants from limiting arbitrators' ability to impose punitive damages.

We urge FINRA to amend Rule 2268 to permit parties to contractually exclude or limit punitive damages to the extent permitted under applicable state law. Additionally, to the extent that punitive damages remain among available remedies, there must be minimum procedural safeguards for such awards even in the absence of contractual limitations agreements.

The urgency of this issue has been dramatically illustrated by a March 2025 FINRA arbitration award against Stifel, Nicolaus & Co., Inc.[6] A three-arbitrator FINRA panel awarded $26.5 million in compensatory damages, approximately $80 million in punitive damages, and $26.5 million in attorney's fees — totaling over $132 million against a single firm in a single case, more than 26 times the $5 million in damages the claimants requested.

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[4] For example, under FINRA Rule 2111, FINRA has recognized that institutional customers can contractually limit or modify a firm's suitability obligations. Also, Prime Brokerage relationships generally are governed by terms negotiated among sophisticated parties. Finally, under FINRA Rule 4311, FINRA explicitly contemplates that carrying and introducing firms may contractually allocate compliance and supervisory responsibilities between themselves, reflecting an acknowledgment that sophisticated market participants should be free to structure their relationships by agreement.

[5] https://piaba.org/comment-letter-response-to-sifma-recommendations-for-finra-arbitration.

[6] https://www.finra.org/sites/default/files/aao_documents/23-01342.pdf; https://www.reuters.com/business/finance/stifel-ordered-by-finra-pay-1325-million-damages-us-family-2025-03-13.

Stifel has sought judicial review, but courts reviewing arbitration awards under the Federal Arbitration Act operate under an extremely narrow standard of review,[7] making it nearly impossible to correct even a grossly disproportionate award. Since then, a federal magistrate judge recommended upholding the award, then a federal district court judge affirmed the decision, ending a year-long battle by the firm to overturn the penalty.[8] The Stifel case is not a hypothetical risk — it is a concrete demonstration of the structural deficiencies the Notice addresses.

Cambridge offers the following arguments in support of reform:

- FINRA arbitration lacks the procedural safeguards that accompany punitive damages awards in court. These might include heightened pleading standards, bifurcated proceedings separating liability from punitive damages, detailed written opinions explaining the basis and proportionality of any award, and meaningful appellate review. Punitive awards in FINRA are final and binding with virtually no corrective mechanism, even when the circumstances require that such an award be vacated or modified. This effectively affords customers a potential windfall, while harming firms.
- FINRA arbitrators already have available targeted deterrence mechanisms. These include the ability to refer a member or associated person to FINRA Enforcement for disciplinary proceedings. A referral to FINRA enforcement is in addition to remedies available to the SEC and multiple state regulators. All of these regulatory bodies are keenly positioned, and have as their mandate, to protect investors. The additional deterrence allegedly associated with punitive damages is redundant and not justified without any procedural guardrails or appellate review.
- PIABA has argued that punitive damages are rare, awarded in fewer than three percent of cases, and that there is "no evidence" of excessive awards. (*See* 2025 Comment.) The Stifel case directly contradicts PIABA's position. Moreover, the argument misses the point. The problem is not the frequency of punitive damage awards, it is the complete absence of any procedural safeguards or guardrails, as well as the absence of any review or corrective mechanism. Even one uncorrectable $100 million punitive damage award can have severe and potentially existential consequences for a smaller independent broker-dealer.
- SIFMA's CEO, Ken Bentsen Jr., has recommended that FINRA modify rules that "prevent firms and customers from agreeing to limit punitive damages in arbitration, even when such limits are permitted under applicable state law," and that allowing "parties to follow applicable law would help promote consistency and predictability, particularly given the limited ability to appeal arbitration awards."[9] We fully endorse this recommendation.
- At minimum, FINRA should require: (i) bifurcated proceedings separating liability from punitive damages; (ii) a written statement of reasons by the panel explaining the basis and proportionality of any punitive award; (iii) a heightened panel composition requirement (e.g., all-public panel with prior experience in cases involving punitive damages) for any

[7] Federal Arbitration Act (FAA), 9 U.S.C. § 10(a).
[8] https://www.wealthmanagement.com/ibd-news/court-upholds-133m-finra-award-against-stifel.
[9] https://www.advisorhub.com/stifel-objects-to-judges-recommendation-to-uphold-133-million-award.

case in which punitive damages are sought; and (iv) a framework for meaningful review of any such award.

III. MOTIONS TO DISMISS — RESTORE MEANINGFUL DISPOSITIVE MOTION PRACTICE

Current FINRA rules restrict motions to dismiss to a narrow set of circumstances and disincentivize parties from using the procedural mechanism to quickly dispose of claims lacking legal merit. This means that facially meritless, stale, or legally deficient claims proceed to full evidentiary hearings, generating enormous litigation costs and settlement pressure unrelated to the merits.

Cambridge urges FINRA to reform its dispositive motion practice, including by permitting pre-answer motions to dismiss on narrowly defined legal grounds similar to those contemplated by the Federal Rules of Civil Procedure.

- There is no principled reason to deny respondents access to a standard procedural tool available in every federal and state court merely because the parties agreed to an allegedly most cost effective, expeditious dispute resolution mechanism. Rather, permitting a motion to dismiss on clearly defined grounds — failure to state a cognizable legal claim, expiration of the eligibility period, res judicata, or absence of FINRA jurisdiction — is entirely consistent with the objective of achieving an efficient, cost effective and quicker dispute resolution mechanism.
- PIABA argues in its 2025 Comment that expanding motions to dismiss will not create efficiency but lengthen the arbitration process and add costs and time for claimants. This argument misrepresents the economics of the litigation process. The entire point of a dispositive motion is to avoid the cost of a full evidentiary hearing for claims that are legally deficient on their face. The current system forces parties to bear those costs even for claims that any court would dismiss on a Rule 12(b)(6) motion. That creates enormous and unwarranted settlement pressure, particularly on smaller firms. Firms should not be put to the dilemma of deciding whether to settle merely because it is cheaper than litigating the principal – the traditional "cost of defense" demand which is way too often used as a lever by some claimants to drive settlement of claims lacking merit.
- The concern that permitting early dispositive motions may disadvantage retail investors is misplaced. Narrow, well-defined grounds for dismissal — similar to FINRA's existing Rule 12504 standards but appropriately expanded — protect against meritless claims without affecting meritorious ones. Customers with legitimate grievances have nothing to fear from a process that simply filters out legally deficient claims. Again, how can federal and state court procedural rules work in court but not in arbitration?

IV. ESTABLISH FRAMEWORK TO ADJUDICATE FORM U5 DEFAMATION CLAIMS

Form U5 defamation claims have become the fourth most common intra-industry claim in FINRA arbitration, and multi-million-dollar awards in these cases have become increasingly

common.[10] The Firm has significant concerns about how these claims are currently adjudicated and urges FINRA to take the following steps:

- FINRA has never issued guidance to arbitrators on the legal standards applicable to actual defamation claims. As SIFMA states in its February 2024 letter,[11] arbitrators may be applying a "defamatory nature of the information" standard used in expungement cases, or an informal wrongful termination standard, rather than the established elements of a defamation claim under applicable state law. The central element of any defamation claim under the law of virtually every state is a false statement of fact — no award for money damages should be possible without an affirmative finding of falsity. Specifically, what is sorely needed is FINRA guidance to arbitrators on the standards for adjudicating defamation claims – what are the elements of the claim, who has the burden, and how are damages to be computed.
- Before issuing any award for monetary damages on a Form U5 defamation claim, arbitrators should be required to make explicit written findings that: (1) explicitly identify the allegedly false statement, as well as why it is found to be false; and (2) it was made in bad faith and with actual malice. This is not a new or unusual requirement — it simply codifies what defamation law already requires.
- FINRA should establish a qualified immunity framework for good-faith mandatory U5 disclosures. Most states already provide qualified immunity for regulatory filings made without malice.[12] There is no legitimate reason not to amend the FINRA rules to align them with the law in the vast majority of states. Further, such an immunity mechanism likely would encourage more fulsome U5 reporting, which directly serves investors. As SIFMA has noted, the proliferation of unfounded defamation claims incentivizes firms to file the most bare-bones U5 disclosures possible — directly undermining the investor protection purpose of the disclosure system.
- To the extent FINRA retains narrative fields in Form U5, it should consider supplementing them with regulator-generated, drop-down menu disclosures for standardized termination categories. Firms that use the standardized disclosure without additional narrative should receive safe harbor protection from U5 defamation claims for those disclosures.

V. ARBITRATOR QUALIFICATION REFORM

We applaud FINRA's recent steps to raise arbitrator qualification standards. We urge FINRA to go further, particularly in three areas: substantive legal training, meaningful conflict of interest disclosure, and accountability for underperformance. Moreover, rather than assigning arbitrators based initially on narrow geographic criteria, FINRA should compile potential arbitrator lists based on skills and experience before considering geography.

Specific to conflict disclosure reform, the Stifel case referenced above makes clear why reform in this area is urgent. In the Stifel case, an arbitrator who previously presided over a related case

[10] *See, e.g.*, *Financial Advisors Have Rights When Terminated by FINRA Employer*; *Finra Arbitrators May Be Mishandling Broker Defamation Claims, SIFMA Says*.
[11] https://www.sifma.org/wp-content/uploads/2024/02/SIFMA-Letter-to-FINRA-re-U5-defamation-claims-220.2024.pdf.
[12] https://securitiespracticegroup.com/securities-industry-law-firm/defamation-claims-privilege-and-finra-arbitration.

involving the same broker — and who had already ruled against the same firm in that related case — served on the panel which awarded the exorbitant punitive damages.[13]

FINRA ultimately agreed that this raised legitimate concerns and agreed with Stifel's request to remove the arbitrator from future proceedings, but the damage from the original award had already been done. This is not an isolated incident; it reflects a broader gap in FINRA's conflict disclosure and screening processes for arbitrators with overlapping case exposure.

Similarly, it is not uncommon for a firm to be involved in several individual arbitrations involving the same financial professional and/or the same product but brought by different customers. Under those circumstances, the parties may have the same arbitrator empaneled on several of the cases. This creates an inherent conflict (if not an *appearance* of impropriety) in that the arbitrator cannot meaningfully distinguish the evidence in one case from the facts presented in the other cases. This arbitrator overlap creates an inherent unfairness and should be avoided through the arbitrator list-selection process.

To address these concerns:

- FINRA should require affirmative disclosure by arbitrators of any prior or current cases involving the same parties, the same registered persons, same product, and/or substantially similar fact patterns, and should implement systematic screening for such overlap before panel appointments are finalized. Further, the arbitrator overlap in cases involving the same firm and the same financial professional and/or product and that are either concurrently pending or concluded within the 36 months preceding filing of the new case should give rise to a presumption of a conflict compelling appointment of a different arbitrator.
- FINRA should either substantially enhance the arbitrator manual to detail legal standards and the framework within which arbitrators should execute their duties or include at least one individual on each panel that has formal legal training. Some typical legal concepts on which more enhanced training should be provided include burden of proof, defamation, punitive damages, employment law fundamentals, claim eligibility, and statutes of limitations. The absence of such training is a problem that directly affects the quality and legal consistency of outcomes.
- FINRA should create a meaningful feedback and accountability mechanism for arbitrators, including systematic review of awards that are challenged or vacated on legal grounds, and a process for removing arbitrators whose decisions reflect persistent misapplication of law. PIABA has argued against "micromanaging" arbitrators, but this conflates independence with accountability. (*See* 2025 Comment). Arbitrators should be independent in their factual and discretionary judgments; they should not be immune from some form of review when they apply the wrong legal standard.
- For panels hearing complex or high-value cases, FINRA should permit parties greater flexibility in selecting arbitrators with demonstrated subject-matter expertise. Industry expertise is not partiality; rather, requiring sophisticated disputes involving complex legal or regulatory issues, for example, to be decided by generalist panels reduces the quality of outcomes for all parties.

[13] *FINRA Grants Removal of Arbitrators Based on Adverse Awards in Related Matters*, Nelson Mullins.

- SIFMA has also recommended in its February 2024 letter a more transparent process for identifying and removing underperforming arbitrators. We support this recommendation, while noting that any such process must itself be fair and transparent to avoid creating new leverage for parties to game arbitrator selection.

VI. THE SIX-YEAR ELIGIBILITY RULE SHOULD REMAIN

Cambridge strongly opposes any effort to eliminate or weaken the six-year eligibility rule provided for under FINRA Rules 12206 and 13206 (the "Eligibility Rule"). This rule bars claims arising from events more than six years old from being filed in FINRA's forum. Claimant lawyers often seem undeterred by the Rule, bringing claims that are many years outside the eligibility period provided for under the FINRA Rules.

What could be characterized as an abuse of the rules is simply an exploitation of the reality that it is extremely rare for FINRA arbitration panels to grant a dispositive motion based on the Eligibility Rule. Perhaps the most common vehicle for bypassing the rule is the "continuing fraud" theory.[14] FINRA's Arbitrator manual contemplates that arbitrators may find a continuing "occurrence or event," for example, allowing a claim where a customer purchased stock ten years earlier but where there are allegations of ongoing fraud starting with the purchase and continuing to within six years of the filing date. This language presumably intended to provide extremely limited relief from the Eligibility Rule but has come to consume the rule.

For example, in *Stewart v. Citigroup* (FINRA 16-01301) Claimants whose accounts were closed in November 2008 filed their statement of claim in May 2016 — roughly six and a half years later.[15] Claimants argued equitable tolling based on the firm's alleged "failure to warn" them that their financial professional had been terminated, which they characterized as continuing fraud. In this case, the Panel got it right and dismissed the claims as ineligible. However, Claimant was more than willing to "role the dice" with this claim that was clearly barred by the Rule, putting the firm at the expense of making the motion.

Contributing to the uncertainty in this area, in *Mid-Ohio Securities Corp. v. Estate of Burns*, 790 F. Supp. 2d 1263, 1271 (D. Nev. 2011), a federal district court held that FINRA Rule 12206 is not a strict eligibility rule but a question for arbitrators to interpret as they see fit, including applying tolling provisions or a discovery rule — even where the underlying conduct clearly predated the six-year window. The claimant's counsel in that case, as well as many cases that followed, have exploited this opening, giving rise to a very healthy debate about the role of the eligibility rule in a forum intended to create a faster, more efficient and economical dispute resolution mechanism.[16]

Because the Eligibility Rule serves a critical function, it should be retained and enhanced:

- Stale claims are structurally unfair to respondents. Witnesses relocate, records are destroyed in the ordinary course of business, and memories fade. Forcing firms to defend decade-old claims on the merits imposes burdens that have nothing to do with the validity of the underlying allegation.

[14] https://www.mikameyers.com/security/finraclaimseligibility.
[15] *Citigroup Wins Stale FINRA Customer Suitability Arbitration*, Broke and Broker.
[16] *Cf.* https://bhseclaw.com/wp-content/uploads/piaba-bar-journal-vol-20-no-1-2013.pdf.

- The six-year rule does *not* extinguish a customer's substantive rights. Customers retain the ability to pursue claims in court subject to applicable statutes of limitations. The rule only limits the forum in which aged claims can be brought.
- Eliminating the rule in favor of reliance solely on statutes of limitations would open FINRA's docket to a significant volume of aged claims, increasing costs and delays for all participants and potentially overwhelming a forum that is already managing a substantial caseload.
- Finally, eliminating the rule in favor of sole reliance on statutes of limitations would further entrench arbitrators that may lack meaningful legal training into an analytical framework which is inherently legal and procedural and in which most non-lawyers are ill-equipped to participate.

VII. CONSISTENT, ENFORCEABLE DISCOVERY STANDARDS AND CASE MANAGEMENT TOOLS

Current discovery rules give arbitrators extremely broad and largely unreviewable discretion. The result is often inconsistent and sometimes arbitrary outcomes. Cambridge urges FINRA to adopt clearer and more enforceable discovery standards, including:

- Clear, better-defined standards outlining what must be produced, with defined timelines and objection procedures that apply equally and predictably to both parties in every case. This is essentially enhancement of the Discovery Guide.
- Arbitrators should have express authority to appoint a discovery master or special case manager in complex or high-value cases to resolve discovery disputes efficiently and consistently. SIFMA recommended "a central contact" for case management in complex arbitrations; we support this proposal as a practical tool for reducing the unpredictability that currently characterizes complex FINRA proceedings. This might be comparable to the "Business Court" concept that exists, for example, in North Carolina state courts to hear cases involving complex and significant issues of corporate and commercial law.[17]
- PIABA argued in its 2025 Comment that improving discovery management would "limit" claimants' access to evidence. This argument mischaracterizes the proposals. Clearer and more consistent rules do not limit discovery — they make it more predictable and less expensive for all parties, including customers with meritorious claims who benefit from a more efficient process.

VIII. UNPAID AWARDS — TARGET ENFORCEMENT AT BAD ACTORS

Cambridge agrees that unpaid arbitration awards could undermine confidence in the FINRA dispute resolution forum. Therefore, Cambridge supports the effort to address this issue. However, the solution must be carefully targeted.

- Cambridge opposes any proposals that would impose additional financial responsibility burdens — mandatory insurance schemes, enhanced capital requirements — on solvent firms as a cross-subsidy for insolvent ones. Costs resulting from irresponsible actors' conduct should not be borne by responsible actors.

[17] https://www.nccourts.gov/courts/business-court.

- In this regard, FINRA should strengthen its authority to bar firms and individuals who fail to pay awards. Moreover, FINRA should strengthen its ability to pursue civilly individuals and entities that fail to meet their industry obligations even after the two-year jurisdictional tail. This might be achieved by stronger contractual obligations triggered upon termination of registration, as an example.
- Enforcement against bad actors is the appropriate tool. Industry-wide cost increases are not.

IX. AWARD PUBLICATION

The Notice raises the possibility of removing or redacting published arbitration awards. The Firm has a nuanced position on this issue:

- Award publication serves important transparency and investor protection functions. Investors and regulators benefit from access to information about patterns of misconduct, large awards, and the reasoning of arbitration panels. We do not support wholesale redaction or removal of published awards.
- However, FINRA should consider whether certain categories of information in awards — in particular, identifying information about witnesses or third parties who are not parties to the dispute, and preliminary or procedural rulings that do not reflect final dispositions — could be redacted without reducing the transparency value of final award publication.
- Any changes to award publication rules should be made through a transparent public rulemaking process, not through administrative revision, given the importance of this transparency function to public confidence in the forum.

X. THESE REFORMS DO NOT "GUT" INVESTOR PROTECTIONS

Michael Bixby, PIABA's president, asserts that the Proposal is a "transparent attempt to gut a host of key investor protection safeguards…."[18] This is simply inaccurate.

A forum that is credible, fair, predictable, and efficient is one that all participants — customers, firms, and associated persons — can rely upon. The reforms outlined above are directed at systemic deficiencies that affect the quality and integrity of the forum, as well as its efficiency and cost-effectiveness. Clear legal standards, better-trained arbitrators, meaningful dispositive motion practice, robust conflict disclosure requirements, and appropriate procedural safeguards for punitive damages are hallmarks of a fair adjudicative system, not threats to an establishment.

Investor advocates often claim that investors statistically fair much worse than firms in the FINRA process, allegedly "winning" less than 30% of the time. Such proffered data is not evidence that the forum is structurally biased. In reality, almost 70% of cases are settled.[19] Less than one third of cases are tried to award. The data cited by investor advocates makes no effort to account for the merit or lack of merit in the cases that get tried. As a result, neither side in this debate can glean anything meaningful from such data regarding the underlying dispute resolution mechanism.

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[18] *FINRA Seeks to Revamp Controversial Arbitration Rules*, Think Advisor.
[19] https://www.iorio.law/practice-areas/securities-arbitration/investor-education/finra-arbitration-statistics.

Modernizing the forum and its rules to address the deficiencies outlined above is not an attack on investor protection. It is the kind of reform that makes the forum work better for everyone.

XI. CONCLUSION

The Firm strongly supports FINRA's commitment to modernizing its arbitration rules, guidance, and processes. The reforms that Cambridge outlines above would lead to a better, more efficient forum reflecting fairness, efficiency, and credibility.

We welcome the opportunity to discuss these comments further and are available at FINRA's convenience.

Respectfully submitted,

/s/ Seth A. Miller

Seth A. Miller
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