CANTELLA & CO., INC.
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Ms. Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

RE: NTM 08-23 Proposed Consolidated FINRA Rules
Governing Financial Responsibility

Dear Ms. Asquith:

Please accept this communication as a comment on the proposed rules as set forth in NTM 08-23.

1) The term "undue concentration in illiquid products" is undefined by the proposed rule that would allow the EVP (as defined) to raise the applicable "haircut." I our opinion, the definition of an "illiquid product" could encompass by interpretation small issues of municipal securities. This may give rise to an unintended consequence of an inhibition to capital formation in the municipal securities markets and a wholesale markdown of some securities to the detriment of the public owners of such securities. We believe that current rules, such as the ability of FINRA to impose financial and/or operational restrictions on member firms, are sufficient to police this situation.

2) We believe that SEC Rule 15c3-1 is adequate in its definition of assets that are non-allowable and that the ability of FINRA to define such a term over and above what is already stated in the net capital rule in both unnecessary and subject to abuse.

3) Proposed Rule 4110(e)(2) should be more clear in the mandate to file "agreements" with FINRA for its approval in that the proposed rule would apply only to Subordinated Loan agreements. We believe that any other requirement is not necessary given the fact that FINRA may impose financial and operational restrictions under present rule making authority.

4) We believe that the proposed should be clear in that a proposed Rule 9557 notice would not be made necessary solely due to any member firm inadvertently exceeding so-called "voluntary restrictions" that may have been imposed by FINRA as a condition of

membership or otherwise, except for an imposition of a financial and/or operational restriction.

5) We believe the proposed requirement that the Chief Hearing Officer must select as panelists current of former members of the FINRA Financial Responsibility Committee to be overly restrictive and not required. We believe that such a requirement may inhibit the seating of a Panel for an "expedited hearing" due to a proposed Rule 9557 notice.

6) We believe that a condition under which FINRA may exercise its discretion pursuant to paragraphs (b)(2) or (c)(2) (business curtailment) to include a so-called books and records violation needs to be clarified that such apparent violations are significant and are of such a state that the public and other FINRA firm's may be exposed to loss. Otherwise, a minor bookkeeping violation may trigger a restriction, regardless of whether or not it is a material and important issue.

I appreciate the opportunity to state my comments.

Sincerely,
Cantella & Co., Inc.

Philip C. McMorrow, CFP®
President