My name is Royal Lea. I am a lawyer in private practice in San Antonio, Texas. I am on the panel of FINRA public arbitrators, and I sometimes represent public customers in disputes with member firms.

I support the proposed new suitability rule. I think it is a significant improvement over Rule 2310, and I think it is very helpful to have a "know your customer" rule within the FINRA rules.

I do think it is a significant mistake though for the proposed new rule to limit the quantitative suitability obligation only to those situations in which a member or associated person has actual or *de facto* control over a customer's account. This is not logical or fair. Logically, control aside, if a member or associated person makes a series of recommendations that are not suitable because they are quantitatively excessive, they are *recommendations*, so they should be subject to the rule. And if the series of recommended transactions otherwise met objective criteria for unsuitability, why would FINRA or SEC not use quantitative tools to analyze the unsuitability.

From the perspective of fairness, the very same factors that the proposed rule identifies for finding quantitative unsuitability when there is actual or *de facto* control are important factors for deciding whether control exists in the first place. And in practice, when considering *recommended* transactions arbitrators and regulators cannot isolate the significance of turnover or cost-equity ratios for excessiveness from their significance for control.

It is clear that the proposed rule would apply only to recommended transactions. With that foundation, it is a bad idea to limit the application of the proposed rule on quantitative suitability to situations when there is control.