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Via Electronic Filing

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

**RE: Release No. 34-66442; File No. SR-FINRA-2012-012 (Proposed Rule Change
Relating To Raising the Limit for Simplified Arbitration)**

Dear Secretary Murphy:

The Cornell Securities Law Clinic (the “Clinic”) submits this comment to support the proposal (the “Rule Proposal”) of the Financial Industry Regulatory Authority (“FINRA”) to amend Rules 12401 (Number of Arbitrators) and 12800 (Simplified Arbitration) of the Code of Arbitration Procedure for Customer Disputes (“Customer Code”) to raise the limit for simplified arbitration from \$25,000 to \$50,000.¹ The Clinic is a Cornell Law School curricular offering in which law students provide representation to public investors and public education as to investment fraud in the largely rural “Southern Tier” region of upstate New York. For more information, please see <http://securities.lawschool.cornell.edu>.

The current Customer Code offers streamlined arbitration procedures for claimants seeking damages of \$25,000 or less. Under the simplified arbitration rules, one arbitrator decides a claim and issues an award based on the written submissions of the parties unless the claimant requests a hearing. FINRA also streamlines discovery for these cases because the Discovery Guide does not automatically apply.

¹ The Rule Proposal also proposed analogous changes to FINRA Rules 13401 (Number of Arbitrators) and 13800 (Simplified Arbitration) of the Code of Arbitration Procedure for Industry Disputes. The Clinic takes no position on the Industry Code as we are only concerned with the rule proposals that affect customer disputes.



FINRA is proposing to amend FINRA's Customer Code to raise the limit for Simplified Arbitration from \$25,000 to \$50,000. FINRA would amend Rules 12800(e) to state that if any pleading increased the amount in dispute to more than \$50,000, FINRA would no longer administer the claim under the simplified arbitration rules. FINRA argues more cases will have the option to resolve their disputes with a single arbitrator on paper saving the parties the time and expense of preparing for and traveling to a hearing. FINRA argues that the rule change would better capture the percentage of claimants intended for Simplified Arbitration when the \$25,000 threshold was instituted in 1998.²

The Clinic supports the Rule Proposal because the Clinic agrees that raising the limit will better capture what are considered small claims in the current legal marketplace. The Clinic believes customers with small claims benefit from the simplified arbitration rules, and that it may make it more likely that clients will be able to obtain legal representation if the limit for simplified arbitration were raised. While the Clinic does not usually utilize the procedure for resolving cases on the papers, increasing the availability of such procedure for those cases in which it may be appropriate also will benefit smaller investors.

For the foregoing reasons, the Clinic supports FINRA's Rule Proposal to raise the limit for Simplified Arbitration from \$25,000 to \$50,000.

Respectfully submitted,

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² Notice of Filing of Proposed Rule Change Relating To Raising the Limit for Simplified Arbitration, 77 Fed. Reg. 12,092, 12,093 (Feb. 28, 2012).