

RE: File No. SR-FINRA-2015-003

The current proposal from FINRA for a late fee increase that is designed to compensate arbitrators for lost opportunity time bespeaks a renewed interest by FINRA in the welfare of its arbitrators and should aid FINRA in its arbitrator recruiting efforts. Having removed from the Public Arbitrator class individuals familiar with the securities industry and the workings of our markets, FINRA has also removed many of the traditional, less tangible incentives to serve as an arbitrator. That leaves money as a primary lure. If FINRA is to have enough Public Arbitrators to handle an increased caseload, when it inevitably comes, FINRA will need to find additional financial incentives to attract arbitrators. So, I generally support the proposal.

I write to urge a different approach to Small Claims disputes, that is, controversies involving amounts of \$50,000 or less. In those cases, where the customer requests a hearing, the appointed Arbitrator will be paid only \$350, as we understand FINRA Rule 12800's provisions (see 12800(a) and (f)). At the same time, parties who are late in canceling or postponing a hearing will be called upon to pay a hearing session fee of \$450, in most cases, plus, under the new Rule, \$600 as a late fee. Thus, that Arbitrator's honorarium (\$350) will be less than FINRA's late charge (\$600). Yet, this class of case is, most notably, where FINRA should display elevated concern about the fees charged to the parties, both because the costs of arbitration are proportionally a more significant factor in small claims cases and because the investor involved is quite likely an individual of more modest means.

Now, very few investors with small claims request a hearing, as is their right and prerogative under Rule 12800(c)(1), so the "good news" is that FINRA can do the right thing at a modest cost. It's not really "good news" that small claims investors do not request hearings. A variety of reasons accounts for this phenomenon; most of them are not salutary reasons. My point here is that investors, embroiled in this class of dispute, do not need another roadblock to requesting a hearing. Charging for the late notice more than three times (\$450 & \$600) the amount the Arbitrator is to be compensated for service (\$350) will erect an unnecessary, unhealthy and substantial impediment to aggrieved customers considering the "option" of a hearing.

Among nearly 200 Small Claims Awards in 2014, only 36 investor-Claimants requested a hearing. It is therefore economically feasible for FINRA to exempt parties in this class of cases from having to pay a late fee at all, while still paying the Arbitrator the honorarium of \$350 from the forfeited hearing session fee of \$450 when a late settlement occurs. Doing this will allow customers a more realistic choice of a hearing. At the very least, the late fee should be reduced in Small Claims matters to an amount that comports with the lower compensation rate for Rule 12800 arbitrators.

Thank you for the opportunity to comment.

Respectfully submitted,

Richard P. Ryder