



## PUBLIC INVESTORS ARBITRATION BAR ASSOCIATION

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November 28, 2018

Via email to rule-comments@sec.gov

Mr. Brent J. Fields, Secretary  
Securities and Exchange Commission  
100 F. Street, N.E.  
Washington, DC 20549-1090

**Re: File No. SR-FINRA-2018-37**  
*Post-Employment Conflict of Interest Restrictions*

Dear Mr. Fields:

I write on behalf of the Public Investors Arbitration Bar Association (“PIABA”), an international, not-for profit, voluntary bar association that consists of attorneys who represent investors in securities and commodities arbitration proceedings. Since its formation in 1990, PIABA’s mission is to promote the interests of the public investor in arbitration by, amongst other things, seeking to protect such investors from abuses in the arbitration process, seeking to make the arbitration process as just and fair as possible, and advocating for public education related to investment fraud and industry misconduct. Our members and their clients have a fundamental interest in the rules promulgated by the Financial Industry Regulatory Authority (“FINRA”) that impact investor protection.

Proposed FINRA Rule 9910 (Post-Employment Conflict of Interest Restrictions; Nonpublic Information) seeks to implement post-employment restrictions on FINRA staff in an effort to avoid conflicts of interest in subsequent proceedings that arise from their previous employment with FINRA. These restrictions include *inter alia* restricting former officers from appearing before FINRA within one year of their departure from FINRA and restricting a former employee’s appearance before FINRA when the former employee supervised or was substantially involved with a FINRA member or registered person during the time that they were a FINRA employee. The proposed rule places date restrictions on a former employee’s post-employment restrictions, depending on their level of involvement with the individual or entity involved in the hearing, but also, restricts a former FINRA employee’s ability to disseminate nonpublic information obtained in the course of his or her employment with FINRA. The rule proposal purports to model itself after other, similar, regulations concerning governmental ethics.

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FINRA's rule proposal is a welcome step forward in encouraging investor confidence in the self-regulatory system. Absent the rule, and as things stand now, former employees are permitted to participate in FINRA proceedings without restriction immediately following the end of their FINRA employment. Accordingly, numerous conflicts of interest arise, eroding the public's trust and confidence in the system. Likewise, when former FINRA employees are permitted to "switch sides" and immediately take up advocacy before FINRA on behalf of broker-dealers regarding matters they previously worked on while at FINRA, it would give a strong appearance of impropriety, which calls into question the fairness of any hearing in which the former employee participates.

As a result, PIABA supports the proposed rule change because it reduces potential conflicts of interest, as well as the appearance of impropriety, and is consistent with PIABA's goal of encouraging FINRA's efforts to remove systemic conflicts of interest. PIABA believes that the elimination of unnecessary conflicts of interest within the self-regulatory framework is important to maintaining integrity within the system.

For these reasons, PIABA supports the Rule as proposed and thanks the Secretary for the opportunity to comment on this issue.

Respectfully submitted,



Christine Lazaro  
PIABA President