September 5, 2018

Ms. Jennifer Piorko Mitchell

Office of the Corporate Secretary FINRA

1735 K Street, NW Washington, DC 20006-1506

Re: Regulatory Notice 18-22

Dear Ms. Mitchell:

Via Email to *pubcom@finra.org* <pubcom@finra.org>

I write in support of the proposed amendment to the Discovery Guide to require routine disclosure of liability insurance coverage by broker/dealers who are thinly capitalized or not self-insured. I have represented investors in FINRA arbitration for nearly 10 years and have long worked in this haze of secrecy about insurance coverage.

The existence and scope of liability insurance policies is essential information for attorneys to consider if they are to properly advise their investor clients in cases where the respondent is thinly capitalized. The unfortunate reality is that many member firms and associated persons are financially unable to satisfy arbitration awards. In too many cases, the ability to pay is an essential consideration when advising clients on whether to go to hearing or settle, and whether a settlement proposal from either side is fair and reasonable under the circumstances. Without that critical insurance information, we are operating in the dark. We are put in a position where we have to advise clients on what may be the most important financial decision in their lives without knowing one of the most critical facts. That untenable position is inconsistent with Finra's "Investor Protection" mandate.

This notice will also help prevent B/Ds from threatening bankruptcy or from filing Form BDW in the face of customer complaints, in the event there is coverage. If insurance information is disclosed to the claimant's attorney in discovery, then appropriate actions can be taken to protect the rights of the claimant with coverage counsel. The least FINRA can do is to require its members to disclose the information about liability coverage, if it exists. Disclosure of liability insurance coverage has been part of the Federal Rules of Civil Procedure for decades, mandating that coverage be produced.

*See Federal Rule *of Civil Procedure 26(a)(1)(A)(iv).

This debate has nothing to do with encouraging claims or using the existence of insurance coverage as evidence of some sort of wrongdoing.

Those arguments against this proposal are red-herrings. The policy would have no relevance to the legitimacy of the underlying claims. The new rule recognizes that presenting insurance information to the arbitration panel could be prejudicial and therefore sets very strict guidelines on the limited ability to make the arbitrators aware of an existing insurance policy.

If you have any questions about any of the matters contained herein, please do not hesitate contact me.

Sincerely,

Kristian Kraszewski

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