Ms. Burns, Mr. Savage et al.,

Below are my comments related to Regulatory Notice 20-04. It may help your understanding of my comments to know that our primary business a non-FINRA provider of financial consulting services including business transactions structured as asset sales. Our FINRA firm was an "add-on" to our business to allow us to expand our service offerings in the area of institutional private placements.

1. Suggested Amendment to CAB rules without reducing investor protection

In addition to the changes you have outlined in Notice 20-04, is it possible to have the transactions outlined in the SEC's No Action Letter regarding M&A Brokers dated January 31, 2014 (revised February 4, 2014) excluded from the definition of Private Securities Transactions in CAB rule 328? There would be no impact to investor protection by coordinating the rules with the SEC's letter and the change would provide a more level playing field for those of us in the private company M&A business.

Without the change requested herein, there are significant operational and competitive challenges for small firms like ours where we have both (i) a non FINRA registered firm that provides valuation and other financial consulting services including activities conducted pursuant to the SEC's no action letter, and (ii) a FINRA CAB. Our primary business is, and has always been, the non FINRA financials services firm. The FINRA CAB is maintained to provide the ability for our business to provide occasional institutional private placement services to our clients. We originally initiated the FINRA registration (i) at the request of some of our referral sources and (ii) to grow our business with occasional institutional private placements.

2. Operational Issues that would be solved

A key operational issue is that, because of our small size, the Managing Directors in our business work in both the non-FINRA business (which is most of their work) and occasionally with private placements. As the FINRA rules are currently written, and in conflict with the SEC No-Action letter, any M&A transaction that is led by one of our professionals (because they are FINRA Registered) can be conducted in the non-FINRA firm if it is an asset deal, but must be transferred to the FINRA CAB at some future time if the transaction is ultimately structured as an equity transaction for tax or accounting reasons. We, as the M&A advisor are not in control of how a transaction is ultimately structured. As a current example, our firm was recently hired to assist a manufacturer in the sale of its company. It was not clear at the time of our engagement whether it would be best (from a tax perspective) to sell the assets of the business or the stock of the company. We engaged with the client in our non-FINRA entity. As we completed our marketing process and identified a buyer for the company, the initial term of our engagement ended. While no deal was completed at the time our engagement ended, our firm is still due a fee if the transaction is completed within 18 months after our engagement has ended. We are now in that 18 month "tail period" and it looks like the transaction is going to close. We are no longer active in the transaction (even thought the seller will owe us a fee because of the tail period) and are not sure if it will be structured as a stock sale or asset sale. If we were able to fully operate under the SEC's No Action letter, the fees would be paid to our non-FINRA firm that has done all the work to date regardless of the transaction structure (asset or stock). Unfortunately, because of the conflict in the rules, if the transaction closes as a stock deal, the fee must be paid to the FINRA CAB. <u>The problem is that we may not know how the transaction is structured until after the closing. How are we supposed to handle this circumstance?</u> Doesn't this highlight why the SEC position and FINRA rules should be coordinated? Please help.

3. Competitive Issues that would be addressed

We also recently engaged in a significant business opportunity with a key potential referral source. The referral source consults strategically with private company CEOs and is not in the securities business. The referral source is likely talking to a few M&A firms (most of which are not FINRA licensed and legally operating under the No Action Letter) about a strategic relationship where the referral source would receive a contingent fee for the sale of a referred company whether structured as an asset sale or stock sale. I believe the referral source would like to do business with Waterview. Unfortunately, Waterview is likely to lose this significant opportunity because of the artificial competitive disadvantage created by the conflict between the SEC's No Action Letter and FINRA rules. In order to comply with the rules as currently written, Waterview can only pay the referral source on asset deals and not stock deals. **Our competition does not suffer from this same restriction.** I do not believe that the SEC or FINRA intended to put firms like mine at an artificial competitive disadvantage and am asking that FINRA rectify the oversight by taking the action requested in point 1 above.

Thank you for your attention to this very important matter.

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