



NASAA

NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC.

750 First Street, NE, Suite 1140  
Washington, DC 20002  
202-737-0900  
www.nasaa.org

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Submitted electronically through the SEC's [Webform](#)

Vanessa Countryman  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-0609

RE: **Additional Comment on File Number SR-FINRA-2020-030: Notice of Filing of Amendment No. 1 and Order Instituting Proceedings to Determine Whether to Approve or Disapprove the Proposed Rule Change, as modified by Amendment No. 1, to Amend the Codes of Arbitration Procedure Relating to Requests to Expunge Customer Dispute Information, Including Creating a Special Arbitrator Roster to Decide Certain Expungement Requests**

Dear Ms. Countryman:

On behalf of the North American Securities Administrators Association (“NASAA”), I hereby submit the following additional comment regarding the above-referenced proposal, as amended (the “Amended Proposal”),<sup>1</sup> made by the Financial Industry Regulatory Authority, Inc. (“FINRA”).<sup>2</sup> On January 19, 2021, the PIABA Foundation (“PIABA”) commented in response to FINRA’s proposed revisions to the expungement process.<sup>3</sup> As explained in the Amended

<sup>1</sup> The Proposed Amendment is available at <https://www.finra.org/sites/default/files/2020-12/sr-finra-2020-030-amendment1.pdf>. Notification of the Proposed Amendment is found in SEC Rel. No. 34-90734 (Dec. 18, 2020), which is available at <https://www.sec.gov/rules/sro/finra/2020/34-90734.pdf>.

<sup>2</sup> NASAA has filed two comment letters regarding SR-FINRA-2020-030. *See* Letter from Lisa Hopkins, NASAA President, to Vanessa Countryman, Secretary, U.S. Securities and Exchange Commission, *Re: File Number SR-FINRA-2020-030: Proposed Rule Change to Amend the Codes of Arbitration Procedure Relating to Requests to Expunge Customer Dispute Information, Including Creating a Special Arbitrator Roster To Decide Certain Expungement Requests* (Oct. 22, 2020), available at <https://www.nasaa.org/wp-content/uploads/2020/10/NASAA-Comment-Letter-SR-FINRA-2020-030.pdf>, and Letter from Lisa Hopkins, NASAA President, to Vanessa Countryman, Secretary, U.S. Securities and Exchange Commission, *Re: File Number SR-FINRA-2020-030: Notice of Filing of Amendment No. 1 and Order Instituting Proceedings to Determine Whether to Approve or Disapprove the Proposed Rule Change, as modified by Amendment No. 1, to Amend the Codes of Arbitration Procedure Relating to Requests to Expunge Customer Dispute Information, Including Creating a Special Arbitrator Roster to Decide Certain Expungement Requests* (Jan. 18, 2021), available at <https://www.nasaa.org/wp-content/uploads/2021/01/2021-01-18-Comment-Letter-SR-FINRA-2020-030-Amendment-No.-1.pdf>.

<sup>3</sup> Letter from Jason R. Doss and Celiza Bragança, President and Vice-President of the PIABA Foundation, to J. Matthew DeLesDernier, Assistant Secretary, U.S. Securities and Exchange Commission, *Re: File Number SR-*

Proposal, FINRA would amend its Code of Arbitration Procedure for Customer Disputes (“Customer Code”) and its Code of Arbitration Procedure for Industry Disputes (“Industry Code”) (together, the “Codes”) to:

- impose requirements on expungement requests (a) filed during an investment-related, customer-initiated arbitration (“customer arbitration”) by an associated person, or by a party to the customer arbitration on-behalf-of an associated person, or (b) filed by an associated person separate from a customer arbitration (“straight-in request”);
- establish a roster of arbitrators with enhanced training and experience from which a three-person panel would be randomly selected to decide straight-in requests;
- establish procedural requirements for expungement hearings; and
- codify and update the best practices of the Notice to Arbitrators and Parties on Expanded Expungement Guidance that arbitrators and parties must follow;
- specify procedures for requesting expungement of customer dispute information arising from simplified arbitrations; and
- establish requirements for notifying state securities regulators and customers of expungement requests.

In its comment letter, PIABA raised concerns with the Amended Proposal and asked the Commission to conduct a hearing as part of its consideration of the changes summarized above. Given the importance of this issue for regulators, investors, and the securities industry, NASAA would urge the Commission to grant PIABA’s request to hold a hearing or convene such other process by which PIABA and other parties could discuss important concerns about the Amended Proposal with Commission staff.

Thank you for considering this request and should you have any questions please contact the undersigned at [lisa.hopkins@wvsao.gov](mailto:lisa.hopkins@wvsao.gov), or Vince Martinez, NASAA’s General Counsel, at [vlm@nasaa.org](mailto:vlm@nasaa.org).

Sincerely,



Lisa Hopkins  
NASAA President  
General Counsel and Senior Deputy  
Commissioner of Securities, West Virginia