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### FINRA Arbitration Changes Seen Aiding Investors

By Joseph A. Giannone

Wall Street regulator FINRA proposed changes to the industry's dispute arbitration system that lawyers say could help more investors win cases against their brokers.

The Financial Industry Regulatory Authority said on Tuesday that it would file a rule proposal next month that would allow all investors filing arbitration claims the option of having an all-public panel. Currently, one panelist comes from the securities industry, while two are drawn from a list of "public" arbiters.

The changes follow a 2-year-old FINRA pilot designed to test an all-public panel.

"Giving each individual investor the option of an all-public panel will enhance confidence in and increase the perception of fairness in the FINRA arbitration process," said Richard Ketchum, the regulator's chief executive officer.

The proposal requires Securities and Exchange Commission approval. FINRA

said investors would still have the option of a traditional panel.

"The approval of this initiative would represent a historical advancement of fairness for all investors who are required to arbitrate their disputes with Wall Street," said Steven Caruso of law firm Maddox Hargett & Caruso.

Investor lawyers say that the decks have long been stacked against small investors, who cannot take their brokers to court. Under their account terms, U.S. brokerage customers must file complaints to a FINRA arbitration panel.

Many critics have complained that industry panel members tend to vote in favor of brokerage firms, reducing the number of cases where investors received damages to offset losses.

**"This is a tremendous idea," said New York investor lawyer Jacob Zamansky. "It will start to level the playing field for investors."**