

To whom It may concern,

I represent a Limited Securities Broker Dealer focused exclusively on marketing private equity and other alternative investment strategies. The nature of our business is such that we receive success payments related to capital closings executed by our clients that often result in sizeable fees and which are typically held no more than 2-3 times per year. In as much, our revenue stream is highly concentrated over a few payments per year creating the need for relatively large withdrawals of equity capital on an average every quarter.

In reference to the proposed rule change affecting Withdrawals of Equity Capital (FINRA Rule 4110(c)(2) outlined in Regulatory Notice 08-23 we would like to provide the following comments:

1. The current financial controls require each member firm to maintain a minimum of 120% of minimum net capital to avoid any special reporting
2. Net Capital calculations are the requirement of each member firm and calculated at a minimum, on a daily basis
3. The minimum net capital requirement is in place in order to provide regulators with a method in which to evaluate the financial solvency of each member firm
4. With the exception of insuring financial solvency, which is achieved through quantitative data, FINRA does not exercise direct control over the financial management of member firms
5. The current process for Withdrawals of equity requires each member firm to run a pre- and post-distribution Net Capital Calculation to insure that the withdrawal will not cause the member firm to drop below the minimum 120% net capital requirement
6. This process puts the burden of financial management in the hands of the member firms, while providing FINRA with quantitative evidence that such management is prudent
7. The rule change proposes that approval will be required for any withdrawal in excess of 10% of the excess Net Capital which suggests that FINRA would begin exercising qualitative management of the member firms financial management which exceeds the current financial controls in place by FINRA
8. The financial management of member firms should be the responsibility of the firm's Principals which are bound by the written rules and regulations of their respective regulatory agencies. These rules and regulations should provide the foundation under which each member firm may operate without the requirement of regulatory officials to opine on the financial decisions exercised by the member firm's Principals, provided that decisions would not result in a drop below 120% of the minimum net capital requirement.

Your consideration of these points is appreciated.

Sincerely,

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