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UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

In the Matter of the Application of: **CHRISTOPHER A. PARRIS** **For Review of Action taken by** **FINRA**	**No: 3-17128**

CHRISTOPHER PARRIS' REPLY IN SUPPORT OF HIS PETITION FOR REVIEW

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Mr. Parris submits this Reply in further support of his Petition for Review.

I. RESPONSE TO THE CLAIMS AND ASSERTIONS CONTAINED IN FINRA'S OPPOSITION

A. FINRA'S EXHAUSTION OF REMEDIES ARGUMENT IS UNPERSUASIVE[1]

FINRA's sole argument against staying the bar imposed upon Mr. Parris is its conclusion that he failed properly to exhaust his administrative remedies prior to filing his appeal. FINRA's theory is based on its conclusion that Mr. Parris failed to request a hearing in a timely manner under Rule 9552(e) upon receipt of the Notice of Suspension[2] issued by FINRA and, as a result, he cannot contest FINRA's determination, under Rule 9552(f) to deny his request for termination.[3]

FINRA's position fails. The SEC has stated that the "only recourse against possible overreaching by [FINRA] is for the person to whom the [Rule 8210] request is directed to refuse to comply, and to appeal any consequent disciplinary action to the Commission." *In the Matter of the Application of Jay Alan Ochanpaugh for Review of Disciplinary Action Taken by NASD*, Release No. 54363 (S.E.C. Release No. Aug. 25, 2006); *See also, Howard Brett Berger*, Exchange Act Rel. No. 55706, 2007 SEC LEXIS 895 (May 4, 2007) ("[S]ubjecting oneself to [FINRA's] disciplinary process, interposing one's objection, and relying on [FINRA's] procedures is the appropriate route to challenge...jurisdiction.)[4] That is *exactly* what Mr. Parris did. From the very beginning, he maintained that he is not an associated person and, given that,

[1] All references to FINRA's Brief in Opposition are cited as "FINRA Opp. p.___".

[2] Dated October 16, 2015. (R. 003125).

[3] Request for Termination, dated January 19, 2016. (R. 003587).

[4] FINRA cites the *Berger* decision in support of its Opposition, believing it supports their theory. Yet, FINRA fails to explain how Mr. Parris failed to do exactly what *Berger* required. As stated above, he participated in the process, maintaining his objections, and then appealed. To the extent FINRA suggests Mr. Parris failed to comply with *Berger* because he proceeded under 9552(f) instead of 9552(e), that suggestion fails for the reasons set forth in the remainder of this section.

has continuously objected to FINRA's exercise of jurisdiction over him. (*E.g.*, R. 001668-1669; 002479; 003591). Nevertheless, FINRA continued to send him requests for documents and information pursuant to Rule 8210 – a rule that has power *only* over associated and registered persons – and sought to compel him to provide sworn testimony. Mr. Parris provided some information voluntarily, but continually objected to FINRA's assertion of jurisdiction over him.[5] *Id.* FINRA issued the Notice of Suspension, alleging his production, although voluntary, was incomplete. (R. 003125). Mr. Parris provided additional documents and sought to have the suspension terminated. (R. 003129; 003179; 003203; 003229-3254; 003265; 003521; 003587). His request was denied and FINRA, through Mr. Bennett, imposed the bar (or, to use the language from *Ochanpaugh*, it took "disciplinary action" against him). (R. 003603).

By proceeding through the investigation, responding (and objecting) to FINRA's requests, testifying on the record, and producing documents, Mr. Parris properly exhausted his administrative remedies prior to filing this appeal. The following arguments raised by FINRA in its opposition lack any legal support and are contrary to the express, written text of the Rule.

1. A 9552(e) hearing is not a prerequisite to appeal; Parris properly exhausted his administrative remedies by pursuing Rule 9552(f) termination.

FINRA interprets Rule 9552 to require that Mr. Parris seek a hearing, under Subpart (e), in order to preserve the jurisdictional issue for appeal. That is, FINRA has posited that a Rule 9552(e) hearing is not only mandatory (despite the Rule's express text making it *optional*), but the *exclusive* route to preserving one's right to contest the issue of jurisdiction before the Commission. FINRA's interpretation wrongfully ignores the plain text of the Rule.

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[5] While Mr. Parris agreed voluntarily to provide certain information, he has consistently objected to FINRA's unilateral "declaration" that it somehow possessed jurisdiction over him.

Rule 9552 provides, in relevant part[6]:

> 9552. Failure to Provide Information or Keep Information Current
>
> **(a) Notice of Suspension of Member, Person Associated with a Member or Person Subject to FINRA's Jurisdiction if Corrective Action is Not Taken**
>
> If a member, person associated with a member or person subject to FINRA's jurisdiction fails to provide any information, report, material, data, or testimony requested or required to be filed pursuant to the FINRA By-Laws or FINRA rules, or fails to keep its membership application or supporting documents current, FINRA staff may provide written notice to such member or person specifying the nature of the failure and stating that the failure to take corrective action within 21 days after service of the notice will result in suspension of membership or of association of the person with any member.
>
> **(c) Contents of Notice**
>
> A notice issued under this Rule shall state the specific grounds and include the factual basis for the FINRA action. The notice shall state when the FINRA action will take effect and explain what the respondent must do to avoid such action. The notice shall state that the respondent ***may*** file a written request for a hearing with the Office of Hearing Officers pursuant to Rule 9559. The notice also shall inform the respondent of the applicable deadline for filing a request for a hearing and shall state that a request for a hearing must set forth with specificity any and all defenses to the FINRA action. In addition, the notice shall explain that, pursuant to Rules 8310(a) and 9559(n), a Hearing Officer or, if applicable, Hearing Panel, may approve, modify or withdraw any and all sanctions or limitations imposed by the notice, and may impose any other fitting sanction.
>
> **(e) Request for Hearing**
>
> A member or person served with a notice under this Rule ***may*** file with the Office of Hearing Officers a written request for a hearing pursuant to Rule 9559. A request for a hearing shall be made before the effective date of the notice, as indicated in paragraph (d) of this Rule. A request for a hearing must set forth with specificity any and all defenses to the FINRA action.

[6] Italics added for clarity. Throughout this brief, the relevant provisions of this rule are referred to as "Subpart (e)", "Subpart (f)" and "Subpart (h)."

(f) Request for Termination of the Suspension

> A member or person subject to a suspension pursuant to this Rule may file a written request for termination of the suspension on the ground of full compliance with the notice or decision. Such request shall be filed with the head of the FINRA department or office that issued the notice or, if another FINRA department or office is named as the party handling the matter on behalf of the issuing department or office, with the head of the FINRA department or office that is so designated. The head of the appropriate department or office may grant relief for good cause shown.

(Emphasis supplied.) The Rule provides several different routes to obtaining a final determination by FINRA, all of which are non-exclusive. Any of those routes has its own internal remedies that, if "exhausted" (i.e. completed), would satisfy the prerequisites for this appeal.[7] One route is, admittedly, requesting a 9552(e) hearing, as FINRA suggests. If such a hearing is requested, and the applicant prevails, the suspension would end with the hearing panel's decision; if, on the other hand, the applicant loses, then the suspension continues.

In the alternative, an applicant may file a written request for termination of the suspension, pursuant to the immediately-following subsection: 9552(f). That subsection expressly provides an alternate route that one may take to obtain an appealable final determination by FINRA. Under Subpart (f), a party who has been suspended (*either* by not requesting a 9552(e) hearing *or* by requesting a hearing and losing) "*may* file a written request for termination of the suspension" by demonstrating "full compliance with the *notice or the decision*." (Emphasis supplied.)[8]

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[7] An aggrieved party may appeal to the SEC from a FINRA "final action" or "final determination." The SEC has rejected countless appeals from FINRA determinations as being premature, i.e., for failing first to obtain a "final action" from FINRA. This is characterized as a failure to exhaust administrative remedies.

[8] Under subsection (h), the individual can also take no action in response to the notice, and a default judgment will be entered. That, third manner of resolution would likewise be a final, appealable determination by FINRA.

Each of these options is clearly laid out in the Rule.[9] Under its express text, Mr. Parris was permitted the *option* under Rule 9552 *either* to select a hearing to contest the suspension pursuant to Subpart (e) *or* to submit a request that the suspension be terminated under Subpart (f). He chose the latter and, on January 19, 2016, submitted a written request, under Rule 9552(f), requesting that the suspension be terminated. When his request was denied and the bar entered, he properly and timely sought an appeal of FINRA's determination to deny the termination request.[10]

Absolutely nothing in Rule 9552 requires – or even suggests – that an associated person request a Subpart (e) hearing.[11] Instead, the Rule states that an applicant *may* request a hearing (9552(e)) or *may* file a written request for termination (Rule 9552(f)). Nothing in the Rule's text – or in any published interpretation or adjudicated decision – requires that both provisions be complied with in order to properly "exhaust" the rule and receive a final determination.

Nor does any of the authority cited by FINRA support its interpretation. *See, e.g.*, FINRA Opp. p. 21. Instead, FINRA cites a number of decisions standing for the general and unremarkable proposition that a party must exhaust his administrative remedies before seeking SEC review. Mr. Parris does not contest that exhaustion is necessary; nor has he asked the Commission to opine on that issue. Instead, Mr. Parris maintains that pursuant to the express text of Rule 9552, an aggrieved individual "exhausts" his administrative remedies by pursuing termination of his suspension under 9552(f). For this reason, FINRA's "authority," offered in

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[9] And, to the extent there is any doubt, it was also laid out for Mr. Parris specifically in FINRA's October 16, 2015 letter.

[10] Relatedly, FINRA improperly concludes that Mr. Parris' election to proceed under Subpart (f) and request termination is tantamount to "ignoring" the suspension notice. The fact that Mr. Parris complied with the suspension notice, by providing FINRA with additional documents and written responses, contradicts this conclusion.

[11] Yet, FINRA's Opposition is based almost entirely on this unsupported interpretation.

support of its erroneous interpretation of the Rule, is interesting by way of overview, but irrelevant to the specific issue at hand.

Nor is Mr. Parris' situation in any way factually analogous to those prior decisions, as FINRA suggests. For example, FINRA attempts to analogize Mr. Parris' situation to that of the applicant in *Carly Trewyn Lenaham,* Exchange Act Rel. No. 73146, 2014 LEXIS 3503, at *6-7 (Sept 19, 2014).[12] In that case, Ms. Lenaham failed entirely to respond to: (1) any of FINRA's 8210 requests, (2) the notice of suspension, *and* (3) FINRA's order suspending her. Then, even after receiving the suspension order, she waited 19 months to seek the Commission's review – making her request incredibly untimely. In short, she failed to exhaust *any* remedy available to her and, rightly, was precluded from appealing the issues. That decision is very easily distinguished from the instant dispute, where Mr. Parris continued to participate in the investigation, responded to FINRA's requests, attended his OTR, produced documents, and then submitted a written request for termination. Indeed, to compare Mr. Parris' conduct with Mr. Lenaham's borders on disingenuous.

In fact, FINRA has failed to cite any authority that supports its position that Rule 9552 requires that a respondent request a hearing under Subpart (e) in order to properly exhaust his remedies under Rule 9552. In the absence of such authority, the Rule should be applied as its plain language dictates. Because Mr. Parris properly exhausted his remedies under that Rule by

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[12] FINRA has selected an interesting case upon which to rely. Mr. Parris also cited *Lenaham,* in light of the Commission's holding:

> [Respondent] was given the opportunity to avail herself of FINRA's administrative process through taking corrective action, requesting a hearing in response to the notice of suspension, ***or*** filing for termination of the suspension. [Respondent] failed to exercise her rights ***at any stage of the process*** before FINRA and, thus, failed to exhaust her administrative remedies. (Emphasis supplied.)

The non-mandatory phrasing of the SEC's rationale – "***or*** filing for termination of the suspension" – makes it clear that a 9552(f) determination by FINRA is just as much a final, appealable action by FINRA as is the decision of a hearing panel under 9552(e). If anything, *Lenaham,* supports, not undermines, Mr. Parris' position.

requesting termination of his suspension under Subpart (f), the Commission can properly review that determination.

2. Mr. Bennett's denial of Mr. Parris's request for termination and imposition of a bar was the final step in Mr. Parris's exhaustion of his administrative remedies.

The only preliminary jurisdictional analysis the Commission need consider is whether Mr. Parris properly "exhausted" Rule 9552(f) prior to instituting this appeal. Rule 9552(f) provides:

> **(f) Request for Termination of the Suspension**
>
> A member or person subject to a suspension pursuant to this Rule may file a written request for termination of the suspension on the ground of full compliance with the notice or decision. Such request shall be filed with the head of the FINRA department or office that issued the notice ... The head of the appropriate department or office may grant relief for good cause shown.

Mr. Parris properly invoked, and completed the above mechanism. On January 19, 2016, he requested that the suspension entered by FINRA be terminated by writing to the appropriate FINRA department head (Mr. Bennett). (R 003587-003596). As part of his request for termination of the suspension, Mr. Parris provided Mr. Bennet with a copy of his correspondence to FINRA Staff, enclosing his final 8210 Response and accompanying production. *Id.* In support of his request, Mr. Parris stated (R 003589):

> Throughout the examination, I have made clear to FINRA that, because I am neither an associated person, nor registered with FINRA, I am not subject to Rule 8210 (and, in turn, cannot be penalized for failing to comply with that rule). Nevertheless, I agreed to produce documents relevant to the examination on a voluntary basis. I also agreed to voluntarily appear and testify on the record.

Mr. Parris also provided Mr. Bennet with a copy of his final 8210 response to Enforcement, which stated, in response to Request 5[13]:

> Mr. Parris has voluntarily provided FINRA with the documents relevant to the issuances under examination. URL did not come into existence until March of 2015. Therefore, bank statements created before March 2015 have zero relevance or relation to the facts and circumstances subject to this examination. As Mr. Paris has made clear, he objects to the scope of the request.
>
> Further, it is clear that your basis for demanding the production of the redacted information is based entirely on your conclusion that Mr. Parris has withheld or otherwise failed to produce information to you. As stated herein, however, Mr. Parris has fully complied with each of your request [sic] and has produced all information in his possession or control...Mr. Parris has provided the information sought on a purely voluntary basis, in order to assist you in concluding this examination.

On January 21, 2016, having reviewed Mr. Parris's request for termination of the suspension, and after conferring with Enforcement regarding the same, Mr. Bennett issued a letter barring Mr. Parris pursuant to Rule 9552(h). (R. 003598). That letter informed Mr. Parris that his request for termination of the suspension was denied, and that he was barred effective January 19, 2016. *Id.*

FINRA blames Mr. Parris for the fact that the record in this matter is "undeveloped" and is not "based on trial-level evidence and argument" for the Commission to review. FINRA is correct as to the scanty nature of the record, but errs in blaming Mr. Parris for this.

The fact is, the content of the record is dictated by the scope and nature of the proceeding. This is a 9255(f) proceeding. The record consists of the various 8210 letters and responses, the examination documents, the suspension correspondence, the termination correspondence, and Mr. Bennett's final determination on the issue. Because there is no hearing

[13] R. 003593. Request 15, also relevant to this appeal, incorporates, by reference, the above-quoted text of Request 5.

under 9552(f), there is no hearing record. That does not, as FINRA suggests, mean there is no record at all. The record merely differs from a record under the Rules other subparts.[14] More importantly, the volume of the record was not the "fault" of Mr. Parris, who carefully complied with 9552(f).

3. Mr. Parris complied with Rule 9552(f) despite his jurisdictional objections.

FINRA also asserts that Mr. Parris failed to comply with Rule 9552(f) because he continued to object to certain requests. FINRA maintains that Mr. Parris requested termination based only on "partial compliance" and, therefore, his termination request was deficient. FINRA Opp. pp. 11-12.

FINRA errs – twice – in its position. First, FINRA fails to understand that Mr. Parris *did,* in fact, request termination on the grounds of full compliance. (R. 003598). In support of that request, Mr. Parris affirmed that (1) he had produced all documents relating to the examination in his possession or control, and (2) the documents that remained outstanding had no relation to the offerings at issue, and that FINRA was abusing his connection to the offering entity, in its attempt to acquire documents it lacked the authority to compel him to produce. That is, Mr. Parris proffered that his production *was* complete, given the overreach by FINRA staff.

That request, along with the letter to Enforcement – both of which contained Mr. Parris' jurisdictional objections – were reviewed and considered by Mr. Bennett. Mr. Bennett, upon review, declined the request on the grounds that Mr. Parris failed to respond to Requests 5 and 15 – the two requests where he had asserted his jurisdictional objections. (R. 003603).

The letter from Mr. Bennet states:

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[14] It is worth noting that in the case of an appeal under Subpart (h), the record would be even sparser, but the Commission would not lose jurisdiction as a result.

> The Executive Vice President of Enforcement has the authority to grant relief from the suspension that was effective against [Mr. Parris] for good cause shown. I am not aware of any facts that would constitute good cause to terminate the suspension and therefore I am unable to grant your request for relief.

Mr. Bennett's response clearly establishes that he had the discretion to lift the suspension "for good cause shown." He did not – as FINRA asserts in its brief – state that compliance under Rule 9552(f) was "a yes or no question." FINRA Opp. p. 12. To the contrary, Mr. Bennett's opinion suggests the opposite, that his determination was a facts-and-circumstances review of the information provided and, based on his review of that information, he made the decision not to lift the suspension. But, he could have.

Mr. Bennett's response also undermines FINRA's position that "the request does not go before an adjudicator for an evaluation of the sufficiency or caliber of the responses." Mr. Bennett clearly reviewed the responses, paying special attention to Requests 5 and 15, considered Mr. Parris' position on the Requests, and found that they did not "constitute good cause." In other words, Mr. Bennet was the adjudicator. He sided with Enforcement. Mr. Parris properly appealed his determination.

4. Mr. Parris should not be deprived Commission Review of FINRA's self-serving assertion of jurisdiction.

FINRA's only response in support of its jurisdictional overreach is to accuse Mr. Parris of "misreading" the FINRA By-Laws (with regarding to Schedule A versus Schedule B owners). FINRA then summarily concludes that Parris "satisfies the definition of a controlling person because he indirectly controls FAS and is engaged in the securities and investment banking business." This single sentence, which is formed almost entirely of legal conclusions, constitutes the entirety of evidence put forth in support of FINRA's position. FINRA offers no facts, and

presents no evidence. FINRA has offered nothing more than its own legal conclusion to show that Mr. Parris acted as an associated person.

FINRA's determination, upheld by Mr. Bennett, and whatever facts it may have been based upon, is properly before this Commission on appeal.[15]

II. QUESTIONS POSED BY THE COMMISSION

Mr. Parris responded to the Commission's questions in his opening brief. The following does not repeat his initial response, but, instead, responds to the assertions made by FINRA in its opposition.

A. FINRA maintains that Parris was required to request a hearing to object to its jurisdiction. Is this consistent with FINRA's rules and the process requirements of Exchange Act Section 15A(b)(8) and (h)(1), 15 U.S.C. § 78-o3(b)(8) and (h)(1)?

FINRA's response to the Commission's question fails to address – much less articulate – how its position complies with the Exchange Act's requirement that person's facing a bar from association be provided with notification of the "specific charges" levied against him or to defend himself against the same.[16] For the reasons Mr. Parris has already set forth in his Brief, FINRA's position is incompatible with the language of the Exchange Act.

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[15] And, as Mr. Parris advocated in his Brief, the bar should be vacated and the issue should be remanded for evidentiary hearing on the merits.

[16] In fact, FINRA fails to address this section of the Exchange Act at all, instead addressing section (h)(2) based on its unsupported assertion that (h)(1) applies "specifically to litigated disciplinary cases." Section (h)(1) contains no such limitation. Regardless, if the Commission considered section (h)(2) instead, it likewise requires notification of the "specific grounds" upon which the charges are based. Under either section, FINRA has failed on this requisite item. Further, were (h)(2) considered, that provision likewise requires:

> A determination by the association to deny membership, bar a person from becoming associated with a member, or prohibit or limit a person with respect to access to services offered by the association or a member thereof shall be supported by a statement setting forth the specific grounds on which the denial, bar, or prohibition or limitation is based.

Mr. Bennet's determination fails to articulate such "specific grounds."

Furthermore, FINRA's position is based largely on its assertion that Mr. Parris "ignored" the "requirement" that he request a hearing. As stated above, Mr. Parris did not "ignore" the suspension notice. Instead, he responded to it by producing documents and answers to the Staff. Second, and more substantively (and as stated above), there is no "requirement" that Mr. Parris request a hearing. Rule 9552 states that an individual "*may*" request a hearing, *or* that an individual may provide documents and request termination. There simply is no hearing requirement, and FINRA's assertion to the contrary is unsupported.

Finally, as discussed further above, the case law that FINRA does cite, purportedly in support, merely repeats the requirement that, to preserve appellate jurisdiction, Mr. Parris has to go through the investigation process and, once FINRA took action, appeal the issue of jurisdiction. None of the cases holds – or even suggests – that he was required to challenge FINRA's jurisdiction *solely* through a Rule 9552(e) hearing. Instead, the cases state that to preserve the right to appeal, the individual must "subject oneself" to the FINRA process, preserving his objections along the way, and then challenge the ultimate finding. *Id.* This, of course, is *exactly* what Mr. Parris did. He appeared at the OTR, objected to jurisdiction, and answered questions.[17] (R. 1668-1669; See also 002479). He continued to object to FINRA's jurisdiction when responding to document requests and when producing information. In fact, Mr. Parris "subjected" himself to the entire proceeding – up through and including Mr. Bennett's ruling, objections preserved, before seeking appeal. The authority cited by FINRA supports, not undermines, Mr. Parris' position.[18]

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[17] This is just as the *Berger* case, upon which FINRA heavily relies, suggested. *Berger,* Exchange Act Rel. No. 55706, 2007 SEC LEXIS 895 (May 4, 2007).

[18] It is also interesting that FINRA argues, in its opposition, that Federal precedent supports its position that Mr. Parris was required to assert jurisdiction through a 9552(e) hearing. The principle cited by FINRA is that jurisdictional challenges should be made at the outset of a case. That is, before the Court undertakes some action, it should ensure it has jurisdiction to do so. The federal court's position is, of course, wholly inapposite to FINRA's

B. Parris requested that FINRA terminate his suspension under Rule 9552(f) which permits a person to "file a written request for termination of [a] suspension on the ground of full compliance" with the relevant Rule 8210 requests. Did Parris properly invoke this rule when he requested termination of his suspension on the ground of full compliance while he continued to object to certain requests?

In addition to his Opening Brief, Mr. Parris has addressed FINRA's position on this question in Section A.3, above.

C. FINRA Rule 9552(h) entitled "Defaults" provides that "[a] member or person who is suspended under this Rule and fails to request termination of the suspension within three months of issuance of the original notice of suspension will automatically be expelled or barred." Does this rule authorize FINRA to bar an individual who timely requests termination of suspension under Rule 9552(f) if FINRA declines that request?

FINRA goes to great lengths to attempt to explain the role of importance and purpose of Subpart (h). What FINRA fails to address is the Rule's express text, which provides only:

> A member or person who is suspended under this Rule and fails to request termination of the suspension within three months of issuance of the original notice of suspension will automatically be expelled or barred.

The Rule speaks only to persons who are suspended ***and*** fail to request termination. It says nothing of persons who are suspended and ***do*** request termination. It certainly does not make any reference to "meritless" requests for termination – which is how FINRA characterizes the request at issue here.[19]

In fact, FINRA's attempt to inject the word "meritless" into the rule is nonsensical. Subpart (h) is entitled "defaults" and addresses individuals who fail to take any action in the

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procedure, where the individual is required to participate in an entire investigation, provide documents and testimony, and potentially be ejected from the securities industry before ever being able to challenge the regulator's authority over him or her.

If FINRA wanted to apply the federal court's procedures, the jurisdictional issue would actually be resolved "at the outset" of the proceeding – before the individual was compelled to give testimony, and provide documents, and be barred from associating with the industry.

[19] A position which is rebutted in Section A.3, above.

proceeding. This automatic termination of the non-participating individual, under the rule, requires *no* analysis of the facts, review of the information provided, assessment of the sufficiency of responses, or determination on objections raised. That is, there is no assessment of "merit" in any respect. FINRA's attempt to insert such an analysis into an automatic rule provision should be rejected out of hand.

D. FINRA's Sanction Guidelines list several considerations relevant to FINRA adjudicators' determination of sanctions for a failure to provide documents or testimony under Rule 8210. These considerations include "[w]here the individual provided a partial but incomplete response, a bar is standard unless the person can demonstrate that the information provided substantially complied with all aspects of the request." Are the considerations identified in the Sanctions Guidelines relevant where FINRA bars an individual under the default procedure provided in Rule 9552(h)?

FINRA argues that the Sanction Guidelines are inapplicable to 9552(h) proceedings because, FINRA argues, they are "FINRA-created guidance for FINRA adjudicators." FINRA further states that the Sanction Guidelines define "adjudicators" to be "Hearing Panels and the [NAC]." FINRA Opp. p. 17.

FINRA has blatantly misquoted the Guidelines. Not only do they *not* "define adjudicators to be Hearing Panels and the NAC," but the Guidelines *expressly* state the NAC's intention that the Guidelines have a broad usage in order to promote uniformity and consistency in their application. Compare FINRA's recitation of the Guidelines' scope to their actual text:

> The National Adjudicatory Council (NAC), formerly the National Business Conduct Committee, has developed the FINRA Sanction **Guidelines for use by the various bodies adjudicating disciplinary decisions, *including* Hearing Panels and the NAC itself (collectively, the Adjudicators),** in determining appropriate remedial sanctions. FINRA has published the FINRA Sanction Guidelines so that members, associated persons and their counsel may become more familiar with the types of disciplinary sanctions that may be applicable to various violations. **FINRA staff and respondents also may use these guidelines** in crafting settlements, acknowledging the broadly recognized principle that

> settled cases generally result in lower sanctions than fully litigated cases to provide incentives to settle.

(Emphasis supplied.) While the Guidelines do specifically include "Hearing Panels and the NAC," they certainly do not expressly restrict their application thereto. To the contrary, the Guidelines express their intention for use by "various bodies" across disciplinary decisions. Thus, FINRA's position, based on its oddly erroneous understanding of the Guidelines' application, should be rejected.

E. Parris argues that FINRA barred him without explaining the basis for its determination that he was an associated person of FAS. Should the Commission remand this case to FINRA to explain, in the first instance, its determination with respect to Parris' status as an associated person and/or explain in more detail its reasons for imposing a bar on him?

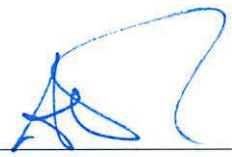
Mr. Parris has fully responded to this question in his opening brief. FINRA, in its Opposition, merely repeats its tired argument that Mr. Parris was "required" to request a Rule 9552(e) hearing. FINRA posits that, unless an individual opts for a Rule 9552(e) hearing, as opposed to a 9552(f) termination, they will never learn the stated basis for FINRA's unilateral determination that it possessed jurisdiction over Mr. Parris.

For the reasons already set forth in this Reply and in Mr. Parris' Opening Brief, Mr. Parris was not required to select an optional Rule 9552(e) hearing; his decision to proceed under Rule 9552(f) properly exhausted his administrative remedies, and he is properly before this Commission on appeal to determine the propriety of FINRA's unilateral and unarticulated jurisdictional conclusion. FINRA's attempt to escape its obligation to set forth the basis for that conclusion should be dismissed.

Mr. Parris requests that the Commission remand the case to FINRA to explain its determination with respect to Mr. Parris' status – and its resultant decision he was subject to suspension and a bar – in further detail.

Respectfully submitted this 15th day of June, 2016.

ULMER & BERNE LLP



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CERTIFICATE OF SERVICE

I hereby certify that on June 15, 2016, CHRISTOPHER PARRIS' REPLY IN SUPPORT OF PETITION FOR REVIEW was sent to the following parties entitled to notice as follows:

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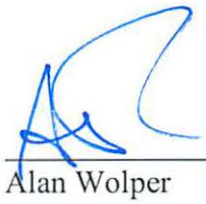

Alan Wolper

CERTIFICATE OF COMPLIANCE

In accordance with Rule 450(d) of the Rules of Practice, I certify that this brief, exclusive of the cover page, table of contents, table of authorities, and signature blocks is in compliance with the 14,000-word limit. The brief contains 5114 words, according to the word processing system used to prepare the brief.

Alan M. Wolper