



July 8, 2025

**VIA ELECTRONIC SUBMISSION**

Vanessa Countryman  
Secretary  
Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549–1090

**Re: SR-FINRA-2025-003 – Proposed Rule Change to Amend FINRA Rule 3220  
(Influencing or Rewarding Employees of Others)**

Dear Ms. Countryman:

SIFMA<sup>1</sup> appreciates the opportunity to respond to FINRA’s filing to amend FINRA Rule 3220 (the “Gift Rule”).<sup>2</sup> We agree that the proposed changes would improve efficiency, transparency, and understanding of the Gift Rule’s requirements, while continuing to prevent improprieties that may arise when a member or an associated person gives items of value to an employee of another person.

We applaud FINRA’s decision to raise the annual gift limit from \$100 to \$250 per person per year, provide for exemptive relief, and incorporate existing guidance and interpretive letters. We strongly agree that these changes will improve the effectiveness and efficiency of the Gift Rule while promoting important investor protection goals.

As FINRA noted in its proposal, the gift limit may need to be further adjusted to keep pace with inflation. We agree with FINRA’s proposal to periodically review the gift limit should the SEC approve the proposed rule change and suggest a review period of every five years. Furthermore, we appreciate FINRA’s efforts to incorporate and substantially codify existing

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<sup>1</sup> SIFMA is the leading trade association for broker-dealers, investment banks, and asset managers operating in the U.S. and global capital markets. On behalf of our industry’s nearly one million employees, we advocate for legislation, regulation, and business policy affecting retail and institutional investors, equity and fixed income markets, and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. With offices in New York and Washington, D.C., SIFMA is the U.S. regional member of the Global Financial Markets Association (GFMA).

<sup>2</sup> FINRA, *Proposed Rule Change to Amend FINRA Rule 3220 (Influencing or Rewarding Employees of Others)*, File No. SR-FINRA-2025-003, 90 Fed. Reg. 25674 (June 11, 2025), <https://www.finra.org/sites/default/files/2025-06/2025-003-90-FR-25674.pdf>

guidance related to its Gift Rule. However, we believe there is an opportunity to further harmonize the Gift Rule with the gift requirements of the MSRB and the exchanges to promote consistency across the industry. We recommend FINRA work with these entities to identify additional areas to harmonize gift requirements.

Before delving into areas that are appropriate for additional discussion and potentially guidance, we believe that FINRA should amend the proposal to correct an issue related to bereavement gifts. In lumping bereavement gifts with personal gifts under proposed Supplementary Material .04, we believe that FINRA erred in incorporating existing guidance stating that "...bereavement gifts...are not 'in relation to the business of the employer of the recipient...' unless they are "...beyond what is reasonable and customary..."<sup>3</sup>

[P]roposed Rule 3220.04 would provide that in determining whether a gift is "personal in nature and not in relation to the business of the employer of the recipient," members should consider a number of factors, including the nature of any pre-existing personal or family relationship between the person giving the gift and the recipient, and whether the associated person paid for the gift. **It would also provide that when the member bears the cost of the gift, either directly or by reimbursing an associated person, FINRA presumes that such gift is not personal in nature and instead is in relation to the business of the employer of the recipient. (emphasis added).**

The 2007 guidance was in response to a request to clarify whether the gift rule "prohibits bereavement gifts sent **on behalf of a member firm or its associated persons** to acknowledge the death of an employee of a client, or a member of such employee's immediate family" (emphasis added). It did not distinguish between bereavement gifts sent by an associated person or the member firm, treating them equally as not "in relation to the business of the employer of the recipient" so long as they were reasonable and customary. The industry has interpreted the 2007 guidance this way, and we believe that FINRA should correct this provision of the Gifts Rule.

### **Looking Ahead: Additional Areas for Discussion**

As a general matter, SIFMA believes the proposed changes help promote greater efficiency and effectiveness and better reflect modern gifting practices, and the SEC should approve them. In the near future, we would like to discuss the following areas that would be appropriate for further consideration or guidance under the new rule:

- **Define Retail Customers.** We commend FINRA's proposal to clarify that this rule does not apply to "gifts from a member to its own associated persons or to gifts from a member or an associated person of a member to individual retail customers."<sup>4</sup> We agree

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<sup>3</sup> See Letter from Gary L. Goldsholle, Vice President & Associate General Counsel, FINRA, to Amal Aly, Managing Director & Associate General Counsel, SIFMA (Dec. 7, 2007), <https://www.finra.org/rules-guidance/guidance/interpretive-letters/amal-aly-sifma-reasonable-and-customary-bereavement-gifts> (the "2007 Guidance").

<sup>4</sup> *Supra* note 2 at 25674.

this change would promote efficiency without reduction protection for investors and the public interest. However, we would like to discuss the contours of who is a “retail customer” before limits are imposed on member firms outside of the rulemaking process (e.g., through enforcement actions).

- **Provide Greater Clarity for De Minimis and Promotional Gifts.** We request that FINRA provide additional examples to reflect current practices, which involve providing de minimis and promotional gifts beyond old-school pencils and paper, including battery chargers, fleeces, and vests. We also request guidance further distinguishing between promotional and de minimis items to avoid confusion when certain items, such as a branded clothing item, may fall under both categories. Such guidance should also clarify that equipment, such as golf balls or water bottles to the extent such items do not fall into the “promotional items” category, be considered de minimis gifts as well provided they are well under the new \$250 limit.
- **Revisit Personal Gift Limitations.** Proposed Supp. Material .04 restricts the personal gifts exclusion to “gifts that are given for infrequent life events,” such as a wedding or childbirth, and is “...not intended to cover gifts given for events that occur frequently or even annually, such as birthdays.” Not only do we continue to believe that FINRA is narrowly interpreting Notice to Members 06-69, but we also believe that personal gifts given on a more frequent basis, such as birthday or holiday gifts, that are paid for by an associated person do not present the conflicts that FINRA has sought to address. We would like to discuss this further.

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SIFMA commends FINRA’s proposal to improve the effectiveness and efficiency of its Gift Rule, harmonize requirements with other exchanges, and better address modern gifting practices. We look forward to continued discussion of this important issue and welcome the opportunity to discuss these suggestions further at your convenience. If you have any questions or would like to discuss these comments further, do not hesitate to reach out to me.

Sincerely,

*Bernard V. Canepa*

Bernard V. Canepa  
Managing Director and Associate General Counsel