



May 27, 2026

VIA ELECTRONIC FILING

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

Re: SR-FINRA-2026-001

Dear Ms. Countryman,

The Securities Industry and Financial Markets Association¹ (“SIFMA”) submits this letter in response to the Order Instituting Proceedings² published by the Securities and Exchange Commission (the “SEC” or “Commission”), related to FINRA’s proposed rule change to adopt FINRA Rule 3290 (Outside Activities Requirements) to replace existing FINRA Rules 3270 (Outside Business Activities of Registered Persons) and 3280 (Private Securities Transactions of an Associated Person).³ This response is intended to supplement SIFMA’s February 2026 letter addressing this proposal.⁴ We write to reiterate our support for FINRA’s proposed rule change, including the modifications in Amendment No. 1.

FINRA’s proposal reflects a meaningful effort to enhance regulatory efficiency without compromising investor protection. As discussed below, we appreciate the improvements FINRA has made, particularly the elimination of non-investment related activities from the outside

¹ 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 one million employees, we advocate on 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. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

² SEC Order Instituting Proceedings, Release No. 34-105355 (May 1, 2026).

³ See Exchange Act Release No. 104746 (Jan. 29, 2026), 91 FR 5003 (Feb. 3, 2026) (File No. SR-FINRA2026-001), as modified by FINRA’s amendment to the proposed rule change, filed on May 1, 2026 (“Amendment No. 1”).

⁴ SIFMA Letter, *SR-FINRA-2026-001* (Feb. 24, 2026), <https://www.sifma.org/wp-content/uploads/2026/02/SIFMA-Comment-on-SR-FINRA-2026-001-Feb-24-2026.pdf>.

activities requirements, as well as the revised requirements for unaffiliated investment adviser activities. We also urge FINRA to coordinate with the SEC and the states to harmonize the requirements of the Form U4 with Rule 3290 to ensure the effectiveness of the proposed rule.

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I. FINRA Should Consolidate the Existing Rules and Eliminate Non-Investment Related Activities from Outside Activities Requirements

SIFMA has long supported FINRA's efforts to modernize and streamline its outside activities rules, and we appreciate FINRA's proposal of a consolidated rule that eliminates the reporting requirements for non-investment related activities. The current rules require member firms to report and assess a large number of low-risk items that create white noise, diverting firm time and money from high-risk activities more likely to cause customer confusion or harm. FINRA's risk-based proposal would eliminate the disclosure of such activities, allowing firms to focus on activities that pose the greatest risk to investors and members.

Like FINRA, we disagree with commenters who seek to maintain the status quo and require reporting for all outside activities, including those that are non-investment related. The existing framework imposes significant compliance burdens on firms without providing commensurate investor protection benefits. Notably, firms are required to expend substantial resources to monitor and maintain controls over low-risk activities—even those with no tie to the securities industry—which could include anything from charitable organization work to teaching to bartending. Firms should be able to focus their compliance resources on those activities with a potentially higher risk of investor harm.

II. FINRA Should Maintain the Revised Requirements for Unaffiliated Investment Adviser Activity

As discussed in our February letter, SIFMA strongly supports the revised requirements for unaffiliated investment adviser activity under proposed Rule 3290. The proposal would require registered persons to provide prior written notice of unaffiliated investment adviser activity but would no longer require a member firm to approve, supervise, or keep records of the activity—although they would retain the discretion to impose prohibitions, conditions, or limitations on the activity based on their risk assessment. FINRA's Amendment No. 1 also clarifies that reasonable member supervision is required to the extent firms impose conditions or limitations on these activities.

We believe FINRA's approach here strikes the appropriate balance. Unless and until Congress expands FINRA's authority to oversee investment advisory activities that are currently regulated by the Commission and states, the proposal offers a workable solution for our members to supervise these activities at their discretion. FINRA's proposal recognizes that investment advisers have their own established regulatory structure, and it seeks to eliminate duplicative broker-dealer supervisory obligations over this activity while maintaining notice and assessment obligations. Any concerns that there would be gaps in supervision with the removal of the requirements pertaining to unaffiliated advisory activities are overblown and disregard both the

comprehensive regulatory regime for registered investment advisers, as well as member firms' general risk-assessment obligations with respect to outside activities.

III. FINRA Must Work to Harmonize the Form U4 with Proposed Rule 3290

SIFMA welcomes FINRA's proposed changes in Rule 3290. However, we cannot stress enough that the full benefits of Rule 3290 cannot be realized without conforming amendments to Form U4. FINRA must, in coordination with the Commission and state securities regulators, harmonize the Form U4's "other business" disclosure requirement with Rule 3290's narrowed scope. This is because, as a practical matter, firms are unlikely to amend their policies and procedures if the Form U4 still requires disclosure of non-investment related activities that we posit are not material to investor protection.

We appreciate FINRA's representation that it will "endeavor to work with the SEC and states to harmonize the requirements," and we urge FINRA to remain diligent in these efforts should the Commission approve the proposal.

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SIFMA appreciates the opportunity to provide comments in support of this proposal for your consideration. If you would like to discuss our comments further, please do not hesitate to contact us.

Sincerely,

Alyssa M. Pompei

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Vice President & Assistant General Counsel

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