

# SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104830; File No. SR-FINRA-2025-003]

## Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Approving a Proposed Rule Change, as modified by Amendment No. 1, to Amend FINRA Rule 3220 (Influencing or Rewarding Employees of Others)

February 12, 2026.

### I. Introduction

On May 29, 2025, the Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend FINRA Rule 3220 (Influencing or Rewarding Employees of Others) (formerly NASD Rule 3060) (the “Gifts Rule”). The proposed rule change, as modified by Amendment No. 1 (hereinafter, the “proposed rule change” unless otherwise specified), would, among other things, increase the gift limit from \$100 to \$300 per person per year; provide FINRA authority to grant exemptive relief from the Gifts Rule; and codify existing guidance regarding, among other things, gifts incidental to business entertainment, valuation of gifts, aggregation of gifts, personal gifts, bereavement gifts, *de minimis* gifts and promotional or commemorative items, donations due to federally declared major disasters, and supervision and recordkeeping, as well as make conforming changes to the gift limits in FINRA’s non-cash compensation rules.<sup>3</sup>

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Exchange Act Release No. 103226 (June 11, 2025), 90 FR 25674 (June 17, 2025) (File No. SR-FINRA-2025-003) (“Notice”); see also Amendment No. 1, <https://www.finra.org/sites/default/files/2025->

The proposed rule change was published for comment in the Federal Register on June 17, 2025.<sup>4</sup> The public comment period closed on July 8, 2025. The Commission received comment letters in response to the Notice.<sup>5</sup> On July 14, 2025, FINRA consented to an extension of the time period in which the Commission must approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to approve or disapprove the proposed rule change to September 15, 2025.<sup>6</sup> On September 11, 2025, FINRA responded to the comment letters received in response to the Notice and filed an amendment to modify the proposed rule as originally proposed in the Notice (“Amendment No. 1”).<sup>7</sup> On September 12, 2025, the Commission published a notice of the filing of Amendment No. 1 and an order instituting proceedings (“OIP”) to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 1.<sup>8</sup> The Commission received additional comment letters in response to the Notice and OIP.<sup>9</sup> On December 2, 2025, FINRA responded to the comment letters received in response to the Notice and OIP.<sup>10</sup> On December 2, 2025, FINRA consented to extend until February 12, 2026, the time period in which the Commission must

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09/FINRA-2025-003\_Partial\_A-1.pdf. Amendment No. 1 modified the proposed rule change to increase the gift limit to \$300 from \$250, as originally proposed in the Notice.

<sup>4</sup> See Notice.

<sup>5</sup> The comment letters are available at <https://www.sec.gov/comments/sr-finra-2025-003/srfinra2025003.htm>.

<sup>6</sup> See letter from April Collaku, Assistant General Counsel, Office of General Counsel, FINRA (dated July 14, 2025), <https://www.finra.org/sites/default/files/2025-07/sr-finra-2025-003-extension1.pdf>.

<sup>7</sup> See letter from Ilana Reid, Associate General Counsel, Office of General Counsel, FINRA (dated Sept. 11, 2025) (“FINRA Letter 1”), <https://www.sec.gov/comments/sr-finra-2025-003/srfinra2025003.htm>.

<sup>8</sup> Exchange Act Release No. 103958 (Sept. 12, 2025), 90 FR 44855 (Sep. 17, 2025) (File No. SR-FINRA-2025-003) (“Notice and OIP”).

<sup>9</sup> See supra note 5. One of these letters is a form letter, which has been submitted multiple times in response to the Notice and OIP (“Letter Type A”).

<sup>10</sup> See letter from Ilana Reid, Associate General Counsel, Office of General Counsel, FINRA (dated Dec. 2, 2025) (“FINRA Letter 2”), <https://www.sec.gov/comments/sr-finra-2025-003/srfinra2025003-681107-2097894.pdf>.

approve or disapprove the proposed rule change.<sup>11</sup> This order approves the proposed rule change.

## **II. Description of the Proposed Rule Change**

In general, the Gifts Rule prohibits any broker-dealer that is a member of FINRA (“member”) or person associated with a member (“associated person”), directly or indirectly, from giving anything of value in excess of \$100 per year to any person where such payment is in relation to the business of the recipient’s employer.<sup>12</sup> It also requires members to maintain separate records of all payments made or gratuities given in any amount known to the member pursuant to Exchange Act Rule 17a-4.<sup>13</sup> FINRA stated that the Gifts Rule is designed to avoid improprieties, such as conflicts of interest, that may arise when a member or associated person makes a gift to an employee of another person, such as an institutional customer, vendor, or counterparty with the hope of strengthening the business relationship with them.<sup>14</sup>

FINRA has also published guidance regarding the application of the Gifts Rule, including NASD Notice to Members 06-69,<sup>15</sup> Frequently Asked Questions,<sup>16</sup> and an interpretive letter.<sup>17</sup>

As discussed in more detail below, FINRA’s proposed rule change would, among other things, increase the gift limit from \$100 to \$300 per person per year, provide FINRA exemptive

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<sup>11</sup> See letter from Ilana Reid, Associate General Counsel, Office of General Counsel, FINRA (dated Dec. 2, 2025), <https://www.finra.org/sites/default/files/2025-12/FINRA-2025-003-extension-2.pdf>.

<sup>12</sup> FINRA Rule 3220(a).

<sup>13</sup> FINRA Rule 3220(c).

<sup>14</sup> Notice at 25674.

<sup>15</sup> NASD Notice to Members 06-69 (Dec. 2006) (“NTM 06-69”).

<sup>16</sup> Gifts/Business Entertainment/Non-Cash Compensation FAQs, <https://www.finra.org/rules-guidance/key-topics/gifts-gratuities-and-non-cash-compensation/faqs> (“FAQs”).

<sup>17</sup> Letter from Gary L. Goldsholle, Vice President & Associate General Counsel, FINRA, to Amal Aly, Managing Director & Associate General Counsel, SIFMA, dated December 17, 2007 (“Aly Letter”), <https://www.finra.org/rules-guidance/guidance/interpretive-letters/amal-aly-sifma-reasonable-and-customary-bereavement-gifts>.

authority regarding the Gifts Rule, codify certain existing FINRA guidance pertaining to the Gifts Rule, and make conforming changes to the gift limits in FINRA’s non-cash compensation rules.<sup>18</sup>

**A. Increasing the Gift Limit from \$100 to \$300**

FINRA stated that the current gift limit of \$100 has been in place since 1992.<sup>19</sup> As originally proposed in the Notice, the proposed rule change would have amended FINRA Rule 3220(a) to increase the current gift limit to \$250 to account for past, and “some” expected future, inflation.<sup>20</sup> As modified by Amendment No. 1, the proposed rule change would increase the gift limit further from \$250 to \$300 to account for expected future inflation for approximately ten years.<sup>21</sup> FINRA stated that the proposed rule change “would continue to permit the exchange of business courtesies while helping to guard against excessiveness.”<sup>22</sup> FINRA also stated that, if the proposed rule change is approved, FINRA would review the gift limit periodically to determine if additional modifications are needed to reflect changing economic conditions.<sup>23</sup>

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<sup>18</sup> See Notice at 25674. The non-cash compensation rules prohibit members and their associated persons from directly or indirectly accepting or making payments or offers of payments of any non-cash compensation to any person in connection with the sale of direct participation programs (see FINRA Rule 2310 (Direct Participation Programs)), variable insurance contracts (see FINRA Rule 2320 (Variable Contracts of an Insurance Company)), investment company securities (see FINRA Rule 2341 (Investment Company Securities)), and the public offerings of securities (see FINRA Rule 5110 (Corporate Financing Rule – Underwriting Terms and Arrangements)). *Id.* at 25678.

<sup>19</sup> Notice at 25675; FINRA Rule 3220(a); see also Exchange Act Release No. 31662 (Dec. 28, 1992), 58 FR 370 (Jan. 5, 1993) (Order Approving File No. SR-NASD-92-40) (increasing the gift limit from \$50 to \$100).

<sup>20</sup> See Notice at 25675.

<sup>21</sup> See Amendment No. 1.

<sup>22</sup> See Notice at 25675.

<sup>23</sup> See *id.*; see also Amendment No. 1.

## **B. Exemptive Relief**

Proposed Rule 3220(d) would authorize FINRA to conditionally or unconditionally grant an exemption from any provision of FINRA Rule 3220. Specifically, proposed Rule 3220(d) would state that FINRA staff has authority to grant exemptions, pursuant to the FINRA Rule 9600 Series (Procedures for Exemption), from FINRA Rule 3220 “for good cause shown, after taking into account all relevant factors and provided that such exemption is consistent with the purposes of the Rule, the protection of investors, and the public interest.”<sup>24</sup> FINRA stated that because its members differ in size, structure, business, and distribution models, it would be appropriate to have the ability to provide relief from the Gifts Rule under specific factual circumstances.<sup>25</sup>

## **C. Supplementary Material Consistent with Existing FINRA Guidance and Interpretive Positions**

FINRA staff has published guidance interpreting the Gifts Rule as it applies to, among other things, certain gifts given during business entertainment events;<sup>26</sup> the valuation of certain gifts, including tickets to sporting or other events;<sup>27</sup> the aggregation of the value of gifts given by a member and its associated persons to a particular recipient over the course of a year;<sup>28</sup> personal gifts (e.g., a wedding gift or a congratulatory gift for the birth of a child);<sup>29</sup> bereavement gifts (e.g., appropriate flowers or food platter for the mourners);<sup>30</sup> gifts of *de minimis* value (e.g.,

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<sup>24</sup> FINRA is also proposing to amend FINRA Rule 9610 to add the Gifts Rule to the list of rules under which a member may seek exemptive relief. Notice at 25675.

<sup>25</sup> Id.

<sup>26</sup> See NTM 06-69 at n.3.

<sup>27</sup> See id. at 3.

<sup>28</sup> See id. at 2.

<sup>29</sup> See id.

<sup>30</sup> See Aly Letter.

pens, notepads or modest desk ornaments) and promotional items of nominal value that display the firm's logo (e.g., umbrellas, tote bags or shirts);<sup>31</sup> donations by a member or an associated person of a member to an individual in connection with a federally declared major disaster;<sup>32</sup> as well as guidance regarding a member's supervisory obligations.<sup>33</sup> The proposed rule change would add Supplementary Material to FINRA Rule 3220 consistent with this guidance, as well as new material not covered by existing guidance. Each supplemental rule section is described below.

#### **1. Proposed Rule 3220.01 (Gifts Incidental to Business Entertainment)**

Currently, there is no express exclusion from the restrictions of FINRA Rule 3220 for gifts given during the course of a business entertainment event.<sup>34</sup> FINRA has provided guidance, however, stating that gifts given during business entertainment may fall within the exclusion for promotional items.<sup>35</sup> Proposed Rule 3220.01 would expressly state that a gift given during the course of a business entertainment event would be subject to FINRA Rule 3220 unless it is consistent with the requirements of proposed Rules 3220.04 and 3220.06. In particular, under the proposed rule change, a gift given during the course of a business entertainment event would be subject to the \$300 limit on gifts in FINRA Rule 3220(a) unless it is a personal gift under proposed Rule 3220.04 or of *de minimis* value or a promotional or commemorative item under proposed Rule 3220.06.<sup>36</sup> FINRA stated that for the purpose of this limit, the cost of the

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<sup>31</sup> See NTM 06-69 at 2.

<sup>32</sup> See FAQs.

<sup>33</sup> See NTM 06-69 at 3.

<sup>34</sup> Notice at 25675.

<sup>35</sup> NTM 06-69 at n.3.

<sup>36</sup> See Notice at 25675-25676.

business entertainment event itself would not be included in the value of the gift.<sup>37</sup>

## **2. Proposed Rule 3220.02 (Valuation of Gifts)**

Current FINRA guidance states that a member should value gifts (other than tickets for sporting or other events) at the higher of cost or market value exclusive of tax and delivery charges.<sup>38</sup> Proposed Rule 3220.02 would codify a modified version of this guidance, stating that gifts (other than tickets for sporting or other events) must be valued at cost, exclusive of tax and delivery charges. FINRA stated that requiring a member to value gifts at the higher of cost or market value adds complexity and subjectivity because it is difficult and/or burdensome for members and associated persons to determine the market value of such gifts.<sup>39</sup> Accordingly, FINRA determined not to codify the requirement set forth in current guidance for a member to value gifts (other than tickets for sporting or other events) at the higher of cost or market value.<sup>40</sup>

Current FINRA guidance also states that when valuing tickets for sporting or other events, a member must use the higher of cost or face value.<sup>41</sup> Consistent with this guidance, proposed Rule 3220.02 would require that when valuing tickets for sporting or other events a member must use the higher of cost or face value. FINRA stated that it is appropriate to distinguish tickets to sporting or other events from other gifts because such tickets are commonly purchased on secondary markets at a cost that is different from the face value and the face value of such tickets are typically readily determinable.<sup>42</sup>

Additionally, current FINRA guidance states that if gifts are given to multiple recipients,

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<sup>37</sup> Id. at 25676.

<sup>38</sup> NTM 06-69 at 3.

<sup>39</sup> See Notice at 25676.

<sup>40</sup> See id.

<sup>41</sup> NTM 06-69 at 3.

<sup>42</sup> Notice at 25676.

members should record the names of each recipient and calculate and record the value of the gift on a pro rata, per-recipient basis for purposes of complying with the gift limit.<sup>43</sup> Proposed Rule 3220.02 would codify this guidance, stating that if gifts are given to multiple recipients, members must record the names of each recipient and calculate and record the value of the gift on a pro rata, per-recipient basis for purposes of ensuring compliance with the \$300 limit in proposed Rule 3220(a). FINRA stated that codifying this guidance would improve transparency, awareness, and understanding of how to apply the gift limit in situations where a gift is to be shared among multiple recipients.<sup>44</sup>

### **3. Proposed Rule 3220.03 (Aggregation of Gifts)**

Current FINRA guidance states that a member must aggregate all gifts given by the member and its associated persons to a particular recipient over the course of a year when assessing compliance with the gift limit.<sup>45</sup> Under the current guidance, each member also must state in its procedures whether it is aggregating all gifts given by the member and its associated persons on a calendar year, fiscal year, or on a rolling basis beginning with the first gift to any particular recipient.<sup>46</sup> Consistent with this guidance, proposed Rule 3220.03 would require that members aggregate all gifts given by the member and each associated person of the member to a particular recipient over the course of the year for purposes of ensuring compliance with the gift limit. Proposed Rule 3220.03 would also codify existing guidance and require that each member state in its procedures whether it is aggregating all gifts given by the member and its associated persons on a calendar year, fiscal year, or on a rolling basis beginning with the first gift to any

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<sup>43</sup> NTM 06-69 at 3.

<sup>44</sup> Notice at 25676.

<sup>45</sup> Id. (citing NTM 06-69).

<sup>46</sup> Id.



particular recipient. Proposed Rule 3220.03 would also state, however, that the aggregation requirements would not apply to personal gifts under proposed Rule 3220.04 or to gifts of *de minimis* value or promotional or commemorative items under proposed Rule 3220.06 as they are already not subject to the gift limit.<sup>47</sup> FINRA stated that the aggregation requirement would help ensure that persons who give multiple gifts in a year to the same recipient do not circumvent the gift limit.<sup>48</sup>

#### **4. Proposed Rule 3220.04 (Personal Gifts)<sup>49</sup>**

Current FINRA guidance states that the prohibitions in the Gifts Rule generally do not apply to personal gifts (e.g., a wedding gift or a congratulatory gift for the birth of a child), provided that these gifts are not “in relation to the business of the employer of the recipient.”<sup>50</sup> Current FINRA guidance also provides several factors members should consider in determining whether a gift is “in relation to the business of the employer of the recipient,” 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.<sup>51</sup> Under current FINRA guidance, FINRA presumes that a gift for which a member bears the cost (either directly or by reimbursing an employee) is in relation to the business of the employer of the recipient and therefore subject to the gift limit.<sup>52</sup>

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<sup>47</sup> See id.

<sup>48</sup> See id.

<sup>49</sup> As originally proposed in the Notice, proposed Rule 3220.04 (Personal Gifts) would have treated a bereavement gift (e.g., appropriate flowers or food platter for the mourners) sent on behalf of a member or its associated persons to acknowledge the death of an employee of a client, or a member of such employee’s immediate family, as a personal gift. As modified by Amendment No. 1, bereavement gifts would be separately governed under proposed Rule 3220.05 (Bereavement Gifts), described more fully below.

<sup>50</sup> NTM 06-69 at 2.

<sup>51</sup> Id.

<sup>52</sup> Id.

Proposed Rule 3220.04 would codify obligations consistent with this guidance. First, proposed Rule 3220.04 would state that gifts that are given for infrequent life events (e.g., a wedding gift or a congratulatory gift for the birth of a child) are not subject to the gift limit restrictions in FINRA Rule 3220(a) or the recordkeeping requirements in FINRA Rule 3220(c), provided the gifts are customary and reasonable, personal in nature, and not in relation to the business of the employer of the recipient. Second, proposed Rule 3220.04 would state 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. Third, proposed Rule 3220.04 would state that when a member bears the cost of a gift, either directly or by reimbursing an associated person, FINRA will presume the gift is not personal in nature and instead is in relation to the business of the employer of the recipient.

FINRA stated that gifts for infrequent life events do not typically create the types of improper incentives that the Gifts Rule seeks to avoid.<sup>53</sup> FINRA also stated that the proposed rule change should help minimize the unnecessary burdens associated with applying the recordkeeping obligations to such gifts.<sup>54</sup>

#### **5. Proposed Rule 3220.05 (Bereavement Gifts)<sup>55</sup>**

Current FINRA guidance states that reasonable and customary bereavement gifts (e.g., appropriate flowers or food platter for the mourners) sent on behalf of a member or its associated

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<sup>53</sup> Notice at 25677.

<sup>54</sup> Id. at 25679.

<sup>55</sup> Amendment No. 1 added proposed Rule 3220.05 to differentiate bereavement gifts from personal gifts, resulting in renumbering of the supplementary materials as originally proposed in the Notice. See supra note 49.

persons to acknowledge the death of an employee of a client, or a member of such employee's immediate family, are not considered to be "in relation to the business of the employer of the recipient."<sup>56</sup> Consistent with this guidance, proposed Rule 3220.05 would state that bereavement gifts that are customary and reasonable are not considered to be in relation to the business of the employer of the recipient and, therefore, are not subject to the gift limit restrictions in FINRA Rule 3220(a) or the recordkeeping requirements in FINRA Rule 3220(c). FINRA stated that gifts for infrequent life events to acknowledge the death of an employee of a client, or a member of such employee's immediate family, do not typically create the types of improper incentives that the Gifts Rule seeks to avoid.<sup>57</sup> FINRA also stated that the proposed rule change should help minimize unnecessary burdens associated with applying the recordkeeping obligations to such gifts.<sup>58</sup>

**6. Proposed Rule 3220.06 (*De minimis* Gifts and Promotional or Commemorative Items)**

**a. *De Minimis* Gifts and Promotional Items**

Current FINRA guidance states that FINRA Rule 3220 does not apply to gifts of *de minimis* value (e.g., pens, notepads or modest desk ornaments) or to promotional items of nominal value that display the firm's logo (e.g., umbrellas, tote bags or shirts).<sup>59</sup> This guidance also states that in order for a promotional item to fall within this exclusion, its value must be "substantially below" the current \$100 gift limit.<sup>60</sup> Consistent with this guidance and

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<sup>56</sup> See Aly Letter.

<sup>57</sup> Notice at 25677.

<sup>58</sup> Id. at 25679.

<sup>59</sup> NTM 06-69 at 2.

<sup>60</sup> Id.

recognizing proposed Rule 3220(a)'s increase to the gift limit, proposed Rule 3220.06 would state that gifts of a *de minimis* value (e.g., pens, notepads, or modest desk ornaments) or promotional items of nominal value that display the member's logo (e.g., umbrellas, tote bags, or shirts) are not subject to the gift limit restrictions in FINRA Rule 3220(a) or the recordkeeping requirements in FINRA Rule 3220(c), provided that the value of the gift or promotional item is "substantially below" the \$300 limit. FINRA stated that the proposed rule change should help minimize unnecessary burdens associated with applying the recordkeeping obligations to such gifts.<sup>61</sup>

#### **b. Commemorative Items**

Current FINRA guidance states that, in general, neither the prohibition in FINRA Rule 3220(a) nor the recordkeeping requirements in FINRA Rule 3220(c) applies to customary Lucite tombstones, plaques or other similar solely decorative items commemorating a business transaction, even when such items have a cost of more than \$100.<sup>62</sup> Consistent with this guidance, proposed Rule 3220.06(b) would state that customary and reasonable solely decorative items commemorating a business transaction are not subject to the gift limit restrictions in FINRA Rule 3220(a) or the recordkeeping requirements in FINRA Rule 3220(c). FINRA stated that the proposed rule change would not explicitly limit the value of customary commemorative items because they must be solely decorative. Therefore, where an item is not solely decorative, it would be subject to the restrictions in the Gifts Rule.<sup>63</sup> FINRA also stated that the proposed rule change should help minimize unnecessary burdens associated with applying the

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<sup>61</sup> Notice at 25679.

<sup>62</sup> NTM 06-69 at 2.

<sup>63</sup> See Notice at 25677.

recordkeeping obligations to such gifts.<sup>64</sup>

## **7. Proposed Rule 3220.07 (Donations Due to Federally Declared Major Disasters)**

Current FINRA guidance states that it does not consider donations by a member or an associated person of a member to an employee of an institutional customer to provide assistance to the individual in connection with a federally declared major disaster to be “in relation to the business of the employer of the recipient” for purposes of FINRA Rule 3220(a).<sup>65</sup> Consistent with this guidance, proposed Rule 3220.07 would state that donations by a member or an associated person to any person, principal, proprietor, employee, agent, or representative of another person to provide assistance to the individual for losses sustained in a natural event that the President has declared to be a major disaster, such as a wildfire, hurricane, tornado, earthquake, or flood, are not considered “in relation to the business of the employer of the recipient” for purposes of FINRA Rule 3220(a). Proposed Rule 3220.07 would also state that such donations are not subject to the gift limit restrictions in FINRA Rule 3220(a) or the recordkeeping requirements of FINRA Rule 3220(c). FINRA stated that such donations would not be considered to be “in relation to the business of the employer of the recipient” because the nature of such disasters are unpredictable and catastrophic.<sup>66</sup> FINRA also stated that the proposed rule change should help minimize unnecessary burdens associated with applying the recordkeeping obligations to such gifts.<sup>67</sup>

## **8. Proposed Rule 3220.08 (Supervision and Recordkeeping)**

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<sup>64</sup> See id. at 25679.

<sup>65</sup> FAQs.

<sup>66</sup> Notice at 25677.

<sup>67</sup> Id. at 25679.

FINRA Rule 3220(c) requires among other things, that members retain a separate record of all payments or gratuities in any amount known to the member for the period specified by Exchange Act Rule 17a-4.<sup>68</sup> Current FINRA guidance also states that FINRA Rule 3110 (formerly NASD Rule 3010) requires a member to have a supervisory system reasonably designed to achieve compliance with the Gifts Rule.<sup>69</sup> Current FINRA guidance further states that in order to meet the requirements of FINRA Rules 3220(c) and 3110, members are required to have systems and procedures reasonably designed to ensure that gifts in relation to the business of the employer of the recipient given by the member and its associated persons to employees of clients of the member are: (1) reported to the member, (2) reviewed for compliance with the Gifts Rule, including aggregation, and (3) maintained in the member's records.<sup>70</sup> Such procedures should include provisions reasonably designed to ensure that an associated person who is making a gift is not responsible for determining whether such gift is personal rather than in relation to the business of the recipient's employer.<sup>71</sup> Current FINRA guidance also states that items of *de minimis* value or nominal promotional or commemorative items are not subject to the Gifts Rule's record-keeping requirements.<sup>72</sup>

Consistent with this guidance, proposed Rule 3220.08 would state that FINRA Rule 3110 requires a member to have a supervisory system reasonably designed to achieve compliance with FINRA Rule 3220. Proposed Rule 3220.08 would further state that to meet these standards, members would be required to have systems and procedures reasonably designed to ensure that

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<sup>68</sup> See NTM 06-69 at 3 (reminding members that the FINRA Gifts Rule requires "separate recordkeeping" of gifts and gratuities).

<sup>69</sup> See *id.*

<sup>70</sup> See *id.*

<sup>71</sup> See *id.*

<sup>72</sup> See *id.*

payments and gratuities in relation to the business of the employer of the recipient given by the member and its associated persons to employees of another person would be: (1) reported to the member; (2) reviewed for compliance with FINRA Rule 3220; and (3) maintained in the member's records. In addition, proposed FINRA Rule 3220.08 would require that such procedures be reasonably designed to ensure that an associated person who is giving a payment or gratuity is not responsible for determining whether such payment or gratuity is in relation to the business of the recipient's employer.<sup>73</sup> FINRA stated that requiring a person other than the associated person giving the gift to assess the nature of the gift would encourage objectivity in making such determinations.<sup>74</sup> Consistent with existing guidance, proposed Rule 3220.08 would further state that members would not be required to maintain records of gifts that are excluded from the restrictions of the Gifts Rule pursuant to proposed FINRA Rules 3220.04 through 3220.07.

**9. Proposed FINRA Rule 3220.09 (Gifts to a Member's Associated Persons or Individual Retail Customers)**

The proposed rule change would add new Rule 3220.09, stating that FINRA Rule 3220 would not apply to gifts from a member to its own associated persons, or to gifts from a member or an associated person to individual retail customers. FINRA stated that new proposed Rule 3220.09 would clarify, and improve awareness and understanding of, the scope of the Gifts Rule.<sup>75</sup>

**D. Proposed Conforming Changes to the Non-Cash Compensation Rules**

The proposed rule change would make conforming changes to the gift limits in FINRA

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<sup>73</sup> See id.

<sup>74</sup> See Notice at 25678.

<sup>75</sup> See id.

Rule 2310 (Direct Participation Programs), FINRA Rule 2320 (Variable Contracts of an Insurance Company), FINRA Rule 2341 (Investment Company Securities), and FINRA Rule 5110 (Corporate Financing Rule – Underwriting Terms and Arrangements) (collectively, the “Non-Cash Compensation Rules”).<sup>76</sup> FINRA stated that the Non-Cash Compensation Rules prohibit members and their associated persons from directly or indirectly accepting or making payments or offers of payments of any non-cash compensation to any person in connection with the sale of direct participation programs,<sup>77</sup> variable insurance contracts,<sup>78</sup> investment company securities,<sup>79</sup> and the public offerings of securities.<sup>80</sup> The Non-Cash Compensation Rules include exceptions from this prohibition for gifts that do not exceed \$100 per individual per year and are not preconditioned on the achievement of a sales target.<sup>81</sup> Consistent with the proposed change to the gift limit in FINRA Rule 3220(a), the proposed rule change would raise the dollar limits in the Non-Cash Compensation Rules from \$100 to \$300.<sup>82</sup>

### **III. Discussion and Commission Findings**

After careful review of the proposed rule change, the comment letters, and FINRA’s responses to the comments, the Commission finds that the proposed rule change is consistent with the requirements of the Exchange Act and the rules and regulations thereunder that are

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<sup>76</sup> See id.

<sup>77</sup> See FINRA Rule 2310(c) (Direct Participation Programs).

<sup>78</sup> See FINRA Rule 2320(g)(4) (Variable Contracts of an Insurance Company).

<sup>79</sup> See FINRA Rule 2341(l)(5) (Investment Company Securities).

<sup>80</sup> See FINRA Rule 5110(f) (Corporate Financing Rule—Underwriting Terms and Arrangements); Notice at 25678.

<sup>81</sup> See FINRA Rules 2310(c)(2)(A); 2320(g)(4)(A); 2341(l)(5)(A); 5110(f)(2)(A).

<sup>82</sup> Notice at 25678; Amendment No.1; see proposed Rules 2310(c)(2)(A); 2320(g)(4)(A); 2341(l)(5)(A); 5110(f)(2)(A).



applicable to a national securities association.<sup>83</sup> Specifically, the Commission finds that the proposed rule change is consistent with Section 15A(b)(6) of the Exchange Act, which requires, among other things, that FINRA rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.<sup>84</sup>

The proposed rule change is reasonably designed to focus member compliance on the types of gifts that FINRA believes are more likely to be associated with the improprieties and improper incentives that the Gifts Rule is designed to address. In particular, increasing the gift limit from \$100 to \$300 reasonably reflects changes to purchasing power due to inflation since the gift limit was last raised in 1992, as well as approximately ten years of expected future inflation to reduce the frequency of future upward adjustments. In addition, codifying and clarifying guidance that provides member firms with clear and objective methods regarding the valuation, attribution, and aggregation of gifts, as well as the treatment of, among other things, personal gifts, bereavement gifts, *de minimis* gifts and promotional items, commemorative items, and donations associated with federally declared major disasters, should facilitate compliance and clarify regulatory expectations regarding the Gifts Rule.

Moreover, by codifying the obligation for members to maintain a supervisory system reasonably designed to achieve compliance with FINRA Rule 3220, the proposed rule change clarifies regulatory expectations, and reasonably imposes on member firms the obligation to oversee their compliance with the Gifts Rule, while allowing for supervisory flexibility appropriate to firms of different sizes and business models. In particular, requiring that a firm's

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<sup>83</sup> In approving this rule change, the Commission has considered the rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>84</sup> 15 U.S.C. 78o-3(b)(6).

procedures be reasonably designed to ensure that an associated person giving a gift is not responsible for determining whether a gift is in relation to the business of the recipient's employer, the proposed rule change would promote visibility for the firm and oversight of its associated persons' activities, and help foster objectivity in the evaluation of whether certain gifts are subject to the restrictions in the Gifts Rule. Accordingly, and as explained in more detail below, the Commission finds that the proposed rule change is consistent with Section 15A(b)(6) of the Exchange Act. The Commission addresses the proposed rule change's specific provisions, and any related comments, in turn.

#### **A. Increasing the Gift Limit from \$100 to \$300**

As stated above, the current gift limit of \$100 has been in place since 1992 (the last time FINRA raised the gift limit).<sup>85</sup> As originally proposed in the Notice, the proposed rule change would have raised the gift limit from \$100 to \$250 to account for past, and some expected future, inflation.<sup>86</sup>

Commenters generally supported the proposed rule change.<sup>87</sup> Specifically, commenters

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<sup>85</sup> See supra note 191919.

<sup>86</sup> Notice at 25675.

<sup>87</sup> Letters from Patricia Reinard-Kopsa, Chief Compliance Officer, Trubee Wealth Advisors, at 1 (dated July 3, 2025), <https://www.sec.gov/comments/sr-finra-2025-003/srfinra2025003-619927-1819774.html> ("Trubee Letter"); Jessica R. Giroux, Chief Legal Officer, American Securities Association, at 1 (July 8, 2025), <https://www.sec.gov/comments/sr-finra-2025-003/srfinra2025003-621567-1825174.pdf> ("ASA Letter"); Michael Decker, Senior Vice President of Research and Public Policy, Bond Dealers of America, at 1 (dated July 8, 2025), <https://www.sec.gov/comments/sr-finra-2025-003/srfinra2025003-621928-1825556.pdf>, ("BDA Letter"); David T. Bellaire, Esq., Executive Vice President & General Counsel, Financial Services Institute, at 1 (dated July 8, 2025), <https://www.sec.gov/comments/sr-finra-2025-003/srfinra2025003-622028-1825654.pdf> ("FSI Letter"); Clifford Kirsch and Eric Arnold, Eversheds Sutherland (US) LLP for the Committee of Annuity Insurers, at 2 (dated July 8, 2025), <https://www.sec.gov/comments/sr-finra-2025-003/srfinra2025003-622347-1825994.pdf> ("CAI Letter 1"); Bernard V. Canepa, Managing Director and Associate General Counsel, SIFMA, at 1 (dated July 8, 2025), <https://www.sec.gov/comments/sr-finra-2025-003/srfinra2025003-622087-1825716.pdf> ("SIFMA Letter 1"); Tara Buckley, Deputy General Counsel, Investment Company Institute, at 2 (dated July 8, 2025), <https://www.sec.gov/comments/sr-finra-2025-003/srfinra2025003-624587-1839775.pdf> ("ICI Letter"); Matt Billings, President, Robinhood Financial LLC and Robinhood Securities, LLC, at 1 (dated July 8,

stated that the increase to the gift limit would more accurately reflect inflation and current business practices.<sup>88</sup> Some supportive commenters, however, requested that FINRA raise the gift limit further.<sup>89</sup> Two commenters recommended that FINRA raise the gift limit to \$500,<sup>90</sup> while another commenter recommended raising it to \$300.<sup>91</sup> These commenters stated that further increasing the gift limit would more appropriately reflect the impact of future inflation.<sup>92</sup>

In response, FINRA amended the proposed rule change to increase the gift limit to \$300.<sup>93</sup> While the \$250 gift limit would have accounted for past, and “some” expected future, inflation, FINRA proposed raising the gift limit to \$300 to account for potential future inflation for approximately ten years (based on the average rate of inflation since 1992).<sup>94</sup> FINRA stated that such an increase would “account for future inflation as well as cost-of-living inequities and differences in purchasing power across parts of the country”<sup>95</sup> and reduce the frequency of future upward adjustments.<sup>96</sup> FINRA further stated, however, that it would periodically review the gift

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2025), <https://www.sec.gov/comments/sr-finra-2025-003/srfinra2025003-623867-1837254.pdf> (“Robinhood Letter”).

<sup>88</sup> See ASA Letter at 1 (stating that increasing the gift limit is “a long overdue update that reflects inflation and current business realities, while maintaining appropriate safeguards to prevent conflicts of interest and excessive inducements”); Trubee Letter at 1 (stating that adjusting for inflation aligns the rule with today’s business environment and the reasonable costs of business courtesies); BDA Letter at 1 (stating that this increase is sensible and necessary, reflects decades of inflation, and aligns the rule more closely with actual business practices).

<sup>89</sup> Robinhood Letter; FSI Letter; CAI Letter 1.

<sup>90</sup> Robinhood Letter; FSI Letter.

<sup>91</sup> CAI Letter 1.

<sup>92</sup> Robinhood Letter at 1 (stating that “a higher limit is necessary to take into account future inflation and the likelihood that the new limit will remain in place for many years”); FSI Letter (stating that a higher threshold for the gift limit would mitigate cost-of-living inequities and account for difference in purchasing power across parts of the country); CAI letter 1 (stating that “[a]n increase of the gift limit to \$300 would provide for future inflation through 2035”).

<sup>93</sup> See Amendment No. 1; see also FINRA Letter 1.

<sup>94</sup> FINRA Letter 1 at 3.

<sup>95</sup> Id. at 2-3.

<sup>96</sup> Id. at 3.

limit to determine if further increases are warranted.<sup>97</sup>

Commenters also generally supported the proposed rule change, as modified by Amendment No. 1.<sup>98</sup> Several of these commenters stated that raising the annual gift limit from \$100 to \$300 would adjust for inflation while also ensuring proper investor protections.<sup>99</sup> Another commenter, however, requested that FINRA further raise the gift limit to \$500.<sup>100</sup>

In response, FINRA stated that it previously considered commenters' suggestion to raise the gift limit to \$500<sup>101</sup> and continues to believe that a \$300 gift limit is appropriate for the reasons expressed in its first response letter.<sup>102</sup> Specifically, a \$300 gift limit should account for approximately 10 years of future inflation, thereby reducing the frequency of future upward adjustments.<sup>103</sup> FINRA further stated, however, that it would periodically review the gift limit to determine if further increases are warranted.<sup>104</sup> For these reasons, FINRA has determined not to propose further changes to the gift limit at this time.<sup>105</sup>

Several commenters recommended that FINRA establish a process to encourage a more

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<sup>97</sup> Id.

<sup>98</sup> Clifford Kirsch and Eric Arnold, Eversheds Sutherland (US) LLP for the Committee of Annuity Insurers, at 2 (dated Oct. 8, 2025), <https://www.sec.gov/comments/sr-finra-2025-003/srfinra2025003-667807-2004514.pdf> (“CAI Letter 2”) (stating that FINRA’s decision to raise the gift limit to \$300 will provide for future inflation through 2035); Bernard V. Canepa, Managing Director and Associate General Counsel, SIFMA, at 1 (dated Oct. 8, 2025), <https://www.sec.gov/comments/sr-finra-2025-003/srfinra2025003-667967-2004694.pdf> (“SIFMA Letter 2”); Letter Type A, <https://www.sec.gov/comments/sr-finra-2025-003/srfinra2025003-typea.htm>.

<sup>99</sup> See Letter Type A; see also CAI Letter 2 at 2.

<sup>100</sup> Jeanine Blackman, CCO, Reagan Securities, at 1 (dated Oct. 8, 2025), <https://www.sec.gov/comments/sr-finra-2025-003/srfinra2025003-668047-2005435.pdf> (“Reagan Letter”).

<sup>101</sup> See supra note 90 and accompanying text.

<sup>102</sup> See FINRA Letter 2 at 3.

<sup>103</sup> See FINRA Letter 1 at 3; FINRA Letter 2 at 3.

<sup>104</sup> FINRA Letter 1 at 3; FINRA Letter 2 at 3.

<sup>105</sup> FINRA Letter 1 at 3; FINRA Letter 2 at 3.

frequent reevaluation of the gift limit in order to account for inflation.<sup>106</sup> One of these commenters suggested that FINRA amend the proposed rule change to require a formal recalculation of the gift limit on a periodic basis based on the annual rate of inflation as calculated by the Consumer Price Index (or some similar metric).<sup>107</sup> Similarly, a commenter recommended that FINRA amend the proposed rule change to establish a “self-executing” formula that would adjust the gift limit on an ongoing basis.<sup>108</sup> Alternatively, commenters recommended that FINRA commit to periodically reconsider the gift limit after a specified time period.<sup>109</sup>

In response, FINRA stated that in determining the proposed \$300 gift limit, it considered the average annual rate of inflation since 1992 (the last time it raised the gift limit to \$100) and concluded that the proposed \$300 gift limit should account for future inflation for approximately 10 years.<sup>110</sup> FINRA stated that the proposed increase should therefore reduce the frequency of future upward adjustments.<sup>111</sup> As such, FINRA stated that it believes that there is no need to commit to a specific amount of time to periodically review the gift limit at this time.<sup>112</sup> Nevertheless, FINRA also stated that it intends to periodically review the gift limit to determine

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<sup>106</sup> See CAI Letter 1 at 2; ASA Letter at 2; FSI Letter at 3; ICI Letter at 2; SIFMA Letter 1 at 1.

<sup>107</sup> CAI Letter 1 at 2 (stating that this approach would align the gift limit with economic conditions on a regular basis without FINRA having to expend time and resources amending the rule).

<sup>108</sup> ICI Letter at 2.

<sup>109</sup> See id. at 2 (recommending that in lieu of establishing a self-executing formula FINRA amend the proposed rule change to require it to revisit the gift limit no less frequently than every five years); SIFMA Letter 1 at 1 (recommending that FINRA periodically review the gift limit every five years); FSI Letter at 3 (recommending that FINRA mandate a review cycle every three years); ASA Letter at 2 (recommending that FINRA periodically review the gift limit to ensure it remains appropriate in light of future inflation and evolving business practices).

<sup>110</sup> FINRA Letter 1 at 3.

<sup>111</sup> Id.

<sup>112</sup> Id.

if further increases are warranted.<sup>113</sup> For these reasons, FINRA declined to further amend the proposed rule change.

The proposed rule change increasing the gift limit from \$100 to \$300 is reasonably designed to account for inflation since 1992 (when the gift limit was last adjusted) as well as potential future inflation for the next ten years. Raising the gift limit to \$300 more accurately reflects current and anticipated economic conditions while maintaining the fundamental limitations to minimize potential improprieties, such as conflicts of interest, that FINRA believes may arise when a member or an associated person makes a gift to an employee of another person. FINRA intends to periodically review the gift limit to determine if further increases are warranted, which should help ensure that the gift limit reflects future economic conditions. For these reasons, the proposed rule change is reasonably designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

## **B. Exemptive Relief**

As stated above, proposed FINRA Rule 3220(d) would authorize FINRA to conditionally or unconditionally grant an exemption from any provision of FINRA Rule 3220. Specifically, proposed Rule 3220(d) would state that FINRA staff may grant exemptions, pursuant to the FINRA Rule 9600 Series,<sup>114</sup> from FINRA Rule 3220 “for good cause shown after taking into consideration all relevant factors ... to the extent that such exemption is consistent with the

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<sup>113</sup> Id.; see also Notice at 25675.

<sup>114</sup> Pursuant to FINRA Rule 9610, a member seeking exemptive relief must file an application with FINRA containing the member’s name and address, the name of a person associated with the member who will serve as the primary contact for the application, the rule from which the member is seeking an exemption, and a detailed statement of the grounds for granting the exemption.

purpose of the Rule, the protection of investors, and the public interest.”<sup>115</sup> Commenters generally supported this proposed rule change,<sup>116</sup> with one recommending that FINRA issue guidance to assist members in assessing when a potential request may be appropriate.<sup>117</sup>

In response, FINRA stated that it is premature to provide further guidance regarding when a potential exemptive request may be appropriate because the proposed rule change has not been approved. However, FINRA stated that if the proposed rule change is approved, it welcomes future discussion on this topic.<sup>118</sup>

The proposed rule change authorizing FINRA to grant exemptive relief from any provision of the Gifts Rule is reasonably designed to provide FINRA with flexibility to address issues that may arise under the Gifts Rule, taking into account specific factual circumstances, and in light of differences among members, including their size and business models. In addition, FINRA has committed to further discussion of the potential application of this rule change after the rule has been approved. For these reasons, the proposed rule change is reasonably designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

### **C. Supplementary Material**

As stated above, the proposed rule change would add Supplementary Material to FINRA Rule 3220 consistent with current FINRA staff guidance related to the Gifts Rule, as well as new material not covered by existing guidance. The Commission discusses each individual

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<sup>115</sup> Proposed Rule 3220(d).

<sup>116</sup> Trubee Letter at 1; CAI Letter 1 at 2; ASA Letter at 1 (stating that a process for exemptive relief provides needed flexibility and recognizes the diversity of firm sizes, business models, and circumstances in the industry).

<sup>117</sup> CAI Letter 1 at 2 (stating that such guidance could save members time and resources by avoiding unnecessary requests).

<sup>118</sup> FINRA Letter 1 at 7.

Supplementary Material and comments and responses in turn below.

### **1. Proposed Rule 3220.01 (Gifts Incidental to Business Entertainment)**

As stated above, proposed Rule 3220.01 would clarify that gifts given during the course of a business entertainment event would be subject to the Gifts Rule unless it is a personal gift under proposed Rule 3220.04 (Personal Gifts) or of *de minimis* value or a promotional or commemorative item under proposed Rule 3220.06 (*De Minimis* Gifts and Promotional or Commemorative Items).

In addition to generally supporting the proposed rule change, a commenter recommended that after the proposed rule change has been approved, FINRA provide “clear and formal clarification regarding the treatment of business entertainment under the rule.”<sup>119</sup> The commenter stated that additional regulatory clarity would reduce ambiguity and support more consistent and cost-effective compliance.<sup>120</sup> Several commenters also recommended that FINRA harmonize its treatment of gifts across regulatory regimes.<sup>121</sup>

In response, FINRA stated that other than increasing the dollar limit for gifts given during a business entertainment event, the treatment of such events themselves is outside the scope of the proposed rule change, and noted that the current guidance on business entertainment continues to apply.<sup>122</sup> Moreover, FINRA stated that it is premature to provide further guidance

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<sup>119</sup> BDA Letter at 1-2 (recommending FINRA provide clear, formal guidance confirming that reasonable entertainment falls outside the annual limit).

<sup>120</sup> Id. at 1.

<sup>121</sup> See ASA Letter at 2; BDA Letter at 1-2 (stating that “[f]or the sake of regulatory coherence, FINRA and [Municipal Securities Rulemaking Board (MSRB)] rules should align as closely as possible”); SIFMA Letter 1 at 2 (recommending that FINRA work with the MSRB and the exchanges to identify additional areas where gift requirements could be harmonized).

<sup>122</sup> See FINRA Letter 1 at 8, n.19. Similarly, another commenter requested guidance regarding whether training and education expenses are permitted under the Gifts Rule. ICI Letter at 3. FINRA stated that commenter’s request related to FINRA’s non-cash compensation rules, which are generally outside the scope of the proposed rule change. See FINRA Letter 1 at 8, n.19 (noting that the current rules on non-cash compensation continue to apply).



or make additional changes prior to Commission approval of the proposed rule change.<sup>123</sup>

Finally, FINRA stated that it appreciated comments regarding regulatory harmonization and will take them under advisement.<sup>124</sup> As such, FINRA declined to further amend the proposed rule change at this time but welcomed future discussion on these topics, including on whether additional guidance may be warranted.<sup>125</sup>

Proposed Rule 3220.01 is reasonably designed to clarify the application of the Gifts Rule to certain gifts given during the course of business entertainment events. Current FINRA guidance states that there is no FINRA rule that expressly excludes gifts given during the course of business entertainment and conferences from the restrictions of the Gifts Rule. As such, gifts given during a business entertainment event should be treated like any other gift subject to FINRA Rule 3220. Specifically, such a gift would be subject to the restrictions of the Gifts Rule unless it is a personal gift under proposed Rule 3220.04 or of *de minimis* value or a promotional or commemorative item under proposed Rule 3220.06. By clarifying the application of the Gifts Rule, the proposed rule change would facilitate compliance and provide regulatory certainty to members that provide gifts in the course of business entertainment events. In addition, while comments regarding further regulatory harmonization are out of scope of the proposed rule change, FINRA has indicated both that it will take those comments under advisement and its openness to future discussion regarding the need for additional guidance. For these reasons, the proposed rule change is reasonably designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

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<sup>123</sup> FINRA Letter 1 at 8.

<sup>124</sup> Id. at 7, n. 18.

<sup>125</sup> Id. at 7-8.

## **2. Proposed Rule 3220.02 (Valuation of Gifts)**

As stated above, proposed Rule 3220.02 would, consistent with current FINRA guidance, require members to value tickets for sporting or other events at the higher of cost or face value. In addition, it would require members to value all other gifts at cost (rather than at the higher of cost or market value as is the case under current FINRA guidance), exclusive of tax and delivery charges. If a gift is given to multiple recipients, proposed Rule 3220.02 would require members to record the names of each recipient and calculate and record the value of the gift on a pro rata, per-recipient basis for purposes of ensuring compliance with the \$300 gift limit.

Commenters supported the proposed rule change.<sup>126</sup>

The proposed rule change is reasonably designed to provide members with clear and objective methods to value gifts under the Gifts Rule. Current FINRA guidance advises members to value gifts (other than tickets for sporting or other events) at the higher of cost or market value exclusive of tax and delivery charges. However, determining a gift's market value can be difficult and could introduce complexity and subjectivity to the valuation process, thus creating compliance uncertainty. Requiring members to value certain gifts at cost is a clearer and more objective method to achieve the purposes of the Gifts Rule while minimizing unnecessary compliance burdens. It is also appropriate for FINRA to distinguish tickets to sporting or other events from other gifts, because such tickets are commonly purchased on secondary markets at a cost that is different from the face value and the face value of such tickets is typically readily determinable. Finally, requiring members to record the names of each recipient of a gift given to multiple recipients and calculate and record the value of such gift on a

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<sup>126</sup> LeGaye Letter at 1 (supporting FINRA's "clear, practical guidance regarding valuation"); ASA Letter at 2 (stating that allowing members to value most gifts at cost (exclusive of tax and delivery), rather than the higher cost or market value, will reduce subjectivity and compliance costs).

pro rata, per-recipient basis should help clarify regulatory expectations and facilitate regulatory oversight of compliance with the proposed rule. For these reasons, the proposed rule change is reasonably designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

### **3. Proposed Rule 3220.03 (Aggregation of Gifts)**

As stated above, the proposed rule change would require a member to aggregate all gifts given by the member and each associated person of the member to a particular recipient over the course of the year for purposes of ensuring compliance with the \$300 gift limit in proposed Rule 3220(a). Proposed Rule 3220.03 would also require that each member state in its procedures whether it is aggregating all gifts given by the member and its associated persons on a calendar year, fiscal year, or on a rolling basis beginning with the first gift to any particular recipient. The aggregation requirement would not, however, apply to personal gifts under proposed Rule 3220.04 or to gifts of *de minimis* value or promotional or commemorative items under proposed Rule 3220.06.

Two commenters supported proposed Rule 3220.03.<sup>127</sup> One of the two stated that the aggregation requirement is appropriately tailored to the rule's purpose and provides clear direction for members.<sup>128</sup> The other commenter commended FINRA for codifying clear practical guidance regarding aggregation.<sup>129</sup>

The proposed aggregation requirement is reasonably designed to help avoid circumvention of the \$300 annual gifts limit by giving multiple gifts below the threshold in a year to the same recipient. The proposed rule also reasonably excludes from the aggregation

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<sup>127</sup> See ASA Letter at 2; LeGaye Letter at 1.

<sup>128</sup> ASA Letter at 2.

<sup>129</sup> LeGaye Letter at 1.

requirement personal gifts, as well as gifts of *de minimis* value or promotional or commemorative items, since such gifts would be excluded from the gifts limit under proposed Rules 3220.04 and 3220.06. In addition, by allowing three aggregation methods, whether on a calendar year, fiscal year, or on a rolling basis, the proposed aggregation requirement provides flexibility for members to choose a method that best reflects their business operations. Finally, codifying existing guidance requiring members to address in their procedures how they intend to aggregate the gifts given by them and their associated persons should facilitate regulatory oversight. For these reasons, the proposed rule change is reasonably designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

#### **4. Proposed Rule 3220.04 (Personal Gifts)**

As stated above, the proposed rule change would exclude gifts that are given for infrequent life events (e.g., a wedding gift or a congratulatory gift for the birth of a child) from the gift limit restrictions in FINRA Rule 3220(a) and recordkeeping requirements in FINRA Rule 3220(c), provided such gifts are customary and reasonable, personal in nature, and not in relation to the business of the employer of the recipient. In determining whether a gift is “personal in nature and not in relation to the business of the employer of the recipient,” proposed Rule 3220.04 states that 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.<sup>130</sup> However, under the proposed rule change, FINRA would presume that any gift for which a member bears the cost, either

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<sup>130</sup> In addition, proposed Rule 3220.08 would require that a member’s supervisory system for compliance with Rule 3220 be reasonably designed to ensure that an associated person who is giving a payment or gratuity is not responsible for determining whether such payment or gratuity is in relation to the business of the recipient’s employer.

directly or by reimbursing an associated person, to be not personal in nature and instead in relation to the business of the employer of the recipient.<sup>131</sup>

Commenters expressed support for proposed Rule 3220.04, stating that it will help reduce ambiguity around what constitutes a personal gift<sup>132</sup> and help members implement more effective compliance programs.<sup>133</sup> Other commenters requested that FINRA amend the personal gift exception under Supplementary Material 3220.04.<sup>134</sup> One of these commenters recommended that FINRA amend the proposed rule change or provide guidance to clarify that a personal gift would not lose its exempt status solely because a member reimburses the associated person for the gift, provided the member: (1) has reasonable controls to confirm that the gift is personal and not related to the recipient's business duties; and (2) treats the reimbursement, for accounting purposes, as a personal or registered representative gift expense, rather than a client entertainment or marketing expense.<sup>135</sup> Another commenter suggested the Commission approve the proposed rule change but that FINRA revisit, at a future time, the limitations on personal gifts given on a more frequent basis (e.g., birthday or holiday gifts) that are paid for by an associated person.<sup>136</sup>

In response, FINRA stated that the personal gift exclusion is designed to eliminate the restrictions and recordkeeping requirements for gifts that do not typically create the types of improper incentives that the Gifts Rule seeks to avoid when gifts are given in relation to the

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<sup>131</sup> Proposed Rule 3220.08.

<sup>132</sup> See Trubee Letter at 1.

<sup>133</sup> See ASA Letter at 2.

<sup>134</sup> LeGaye Letter at 2; SIFMA Letter 1 at 2.

<sup>135</sup> LeGaye Letter at 2.

<sup>136</sup> SIFMA Letter 1 at 3.

business of the recipient’s employer.<sup>137</sup> FINRA further stated that the current guidance, codified by the proposed rule change, presumes such improprieties may exist when a member reimburses an employee for the cost of a gift to an employee of another person with the hope of strengthening the business relationship with them, regardless of whether the member treats the reimbursement as personal for accounting purposes.<sup>138</sup> For these reasons, FINRA declined to amend the proposed rule change.<sup>139</sup> However, FINRA stated that it welcomes continued discussion on whether additional guidance on personal gifts may be warranted, but noted that under current guidance, the personal gift exclusion is not intended to cover gifts given for events that occur frequently or even annually, such as birthdays.<sup>140</sup>

The proposed rule change to exclude gifts that are given for infrequent life events from the gift limit restrictions in FINRA Rule 3220(a) and recordkeeping requirements in FINRA Rule 3220(c), provided such gifts are customary and reasonable, personal in nature, and not in relation to the business of the employer of the recipient, is reasonably designed to distinguish between gifts that FINRA believes raise the prospect of improper incentives from those that are less likely to do so. Specifically, requiring that members 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, in determining whether a gift is “personal in nature” (and so eligible for this exclusion) should help members reasonably distinguish between gifts that are personal and those that are in relation to the business of the employer. In addition, codifying the presumption that a gift whose cost is reimbursed by the

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<sup>137</sup> FINRA Letter 1 at 5-6.

<sup>138</sup> Id.

<sup>139</sup> Id. at 6.

<sup>140</sup> Id.

member is a gift given for business reasons, is also a reasonable codification of existing guidance, and appropriately focuses members on the type of gifts that FINRA believes may be associated with the improprieties the Gifts Rule is meant to address. Moreover, requiring that any gift given for infrequent life events also be “customary and reasonable,” should help limit the factual situations under which the exclusion may apply as well as the potential improper incentives that the Gifts Rule is designed to address. By excluding certain gifts that FINRA believes are less likely to raise the prospect of improper incentives, the proposed rule change appropriately minimizes unnecessary burdens associated with applying the recordkeeping obligations to such gifts. In addition, proposed Rule 3220.04 should help enhance regulatory clarity by codifying existing FINRA guidance describing the types of factors a member should consider in determining whether a gift is “personal in nature and not in relation to the business of the employer of the recipient.” Nevertheless, FINRA has indicated its openness to future discussion regarding the need for additional guidance. For these reasons, the proposed rule change is reasonably designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

#### **5. Proposed Rule 3220.05 (Bereavement Gifts)**

As originally proposed in the Notice, proposed Rule 3220.04 would have treated a bereavement gift sent on behalf of a member or its associated persons as a personal gift given for an infrequent life event not subject to the gift limit restrictions in FINRA Rule 3220(a) or the recordkeeping requirements in FINRA Rule 3220(c), provided the gift was customary and reasonable, personal in nature, and not in relation to the business of the employer of the recipient. The member would, therefore, have been required to 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, when determining whether the gift is “personal in nature and not in relation to the business of the employer of the recipient.”<sup>141</sup> Moreover, if a member bore the cost of the gift, either directly or by reimbursing an associated person, FINRA would have presumed the gift was not personal in nature and instead in relation to the business of the employer of the recipient and subject to the gift limit and recordkeeping requirement of FINRA Rule 3220(a) and (c) respectively.<sup>142</sup>

One commenter opposed this proposed rule change, stating that as originally proposed Rule 3220.04 should not have bundled bereavement gifts with personal gifts because current guidance does not treat reasonable and customary bereavement gifts (regardless of who bears the cost) as being “in relation to the business of the employer of the recipient.”<sup>143</sup> As such, this commenter stated that all customary and reasonable bereavement gifts should not be subject to the gift limit restrictions in FINRA Rule 3220(a) or the recordkeeping requirements in FINRA Rule 3220(c), regardless of who bears the cost for it.<sup>144</sup>

In response, FINRA stated that it agreed with the commenter’s “observation that, under current guidance, customary and reasonable bereavement gifts from members are not considered in relation to the business of the employer of the recipient”<sup>145</sup> and amended the proposed rule change, separating the proposed supplementary material on bereavement gifts and personal gifts.<sup>146</sup> As modified by Amendment No. 1, proposed Rule 3220.05 would state that

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<sup>141</sup> See proposed Rule 3220.04, as originally proposed in the Notice.

<sup>142</sup> See id.

<sup>143</sup> SIFMA Letter 1 at 3.

<sup>144</sup> Id.

<sup>145</sup> FINRA Letter 1 at 4.

<sup>146</sup> Id. at 4-5.



bereavement gifts that are customary and reasonable are not considered to be in relation to the business of the employer of the recipient and, therefore, are not subject to the gift limit restrictions in FINRA Rule 3220(a) or the recordkeeping requirements in FINRA Rule 3220(c).

Commenters supported the proposed rule change, as modified by Amendment No. 1.<sup>147</sup>

The proposed rule change excluding any customary and reasonable bereavement gift from the gift limit restrictions in FINRA Rule 3220(a) and recordkeeping requirements in FINRA Rule 3220(c) is reasonably designed to codify a narrowly tailored exclusion for a type of gift that FINRA reasonably believes typically does not create the types of improper incentives that the Gifts Rule seeks to address. Since 2007, FINRA staff guidance has excluded “reasonable and customary” bereavement gifts from the gift limit restrictions by deeming them not to be “in relation to the business of the employer of the recipient.”<sup>148</sup> Proposed Rule 3220.05 would provide regulatory clarity to members who were previously relying on FINRA staff guidance.<sup>149</sup> Proposed Rule 3220.05 limits the exclusion to bereavement gifts that are “customary and reasonable,” and, as FINRA states, are, by their nature, infrequent, thus limiting the factual situations under which the exclusion may apply, as well as the potential improper incentives that the Gifts Rule is designed to address. By excluding certain gifts that FINRA believes are less likely to raise the prospect of improper incentives, the proposed rule change appropriately minimizes unnecessary burdens associated with applying the recordkeeping obligations to such gifts. For these reasons, the proposed rule change is reasonably designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles

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<sup>147</sup> CAI Letter 2 at 2; SIFMA Letter 2 at 1 (stating that the amended proposal reflects a balanced and pragmatic approach that recognizes evolving business practices).

<sup>148</sup> See Aly Letter.

<sup>149</sup> Id.

of trade, and, in general, to protect investors and the public interest.

## **6. Proposed Rule 3220.06 (*De minimis* Gifts and Promotional or Commemorative Items)**

As stated above, proposed Rule 3220.06(a) would state that gifts of a *de minimis* value (e.g., pens, notepads, or modest desk ornaments) or promotional items of nominal value that display the member's logo (e.g., umbrellas, tote bags, or shirts) are not subject to the gift limit restrictions in FINRA Rule 3220(a) or the recordkeeping requirements in FINRA Rule 3220(c), provided that the value of the gift or promotional item is "substantially below" the \$300 limit. Similarly, proposed Rule 3220.06(b) would state that customary and reasonable solely decorative items commemorating a business transaction are not subject to the gift limit restrictions in FINRA Rule 3220(a) or the recordkeeping requirements in FINRA Rule 3220(c).

Several commenters supported the codification of prior guidance, including the codification of existing FINRA guidance on *de minimis* gifts.<sup>150</sup> Three of these commenters, however, suggested that FINRA provide additional guidance on the application of proposed Rule 3220.06:<sup>151</sup> one recommended that FINRA provide guidance on what constitutes "substantially below" the gift limit;<sup>152</sup> the second suggested that FINRA amend proposed Rule 3220.06 to set a clear threshold of \$100 for *de minimis* gifts and promotional items displaying a firm's logo;<sup>153</sup>

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<sup>150</sup> See Trubee Letter at 1 (stating that codifying existing guidance within the rule text helps eliminate ambiguity around what constitutes a gift versus personal or *de minimis* items); ASA Letter at 2 (stating that the codification of the treatment of personal, *de minimis*, and disaster-related gifts, are welcome clarifications that will help firms implement more effective compliance programs); see also CAI Letter 1 at 2, Robinhood Letter at 1; SIFMA Letter 1 at 1-2 (stating that SIFMA appreciates FINRA's efforts to incorporate and substantially codify existing guidance related to the Gifts Rule).

<sup>151</sup> See CAI Letter 1 at 2-3; Robinhood Letter at 1; SIFMA Letter 1 at 3.

<sup>152</sup> CAI Letter 1 at 3.

<sup>153</sup> Robinhood Letter at 1.

and the third recommended the Commission approve the proposed rule change but that FINRA consider at a future time providing examples to distinguish between promotional and *de minimis* items to avoid confusion when certain items fall into one or both categories.<sup>154</sup>

In response, FINRA stated that by codifying existing guidance requiring the value of *de minimis* gifts and promotional items to be “substantially below” the gift limit, the proposed rule change will provide members more flexibility than establishing a firm dollar threshold.<sup>155</sup>

FINRA also stated that it would not provide additional guidance at this time, but stated that it would consider what additional guidance may be warranted if the Commission approves the proposed rule change.<sup>156</sup>

The proposed rule change to exclude gifts of *de minimis* value and promotional items of nominal value that display the member’s logo from the gift limit restrictions in FINRA Rule 3220(a) and recordkeeping requirements in FINRA Rule 3220(c) is reasonably designed to distinguish between gifts that FINRA believes raise the prospect of improper incentives from those that are less likely to do so. In addition, the proposed rule change raising to \$300 from \$100 the value that *de minimis* gifts and promotional items subject to proposed Rule 3220.06 must fall “substantially below” in order to qualify for the exclusion is reasonably designed to account for current and anticipated economic conditions (described above) while helping limit the factual situations under which the exclusion may apply, as well as the potential improper incentives that the Gifts Rule is designed to address. By excluding certain gifts that FINRA believes are less likely to raise the prospect of improper incentives, the proposed rule change appropriately minimizes unnecessary burdens associated with applying the recordkeeping

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<sup>154</sup> SIFMA Letter 1 at 4.

<sup>155</sup> FINRA Letter 1 at 6.

<sup>156</sup> Id. at 6, n.16.

obligations to such gifts. Regarding commenters' requests for additional guidance, FINRA indicated that it would consider what additional guidance may be warranted if the Commission approves the proposed rule change.

Similarly, the proposed rule change to exclude customary and reasonable “solely decorative” items commemorating a business transaction from the gift limit restrictions in FINRA Rule 3220(a) and recordkeeping requirements in FINRA Rule 3220(c) is reasonably designed to distinguish between gifts that FINRA believes raise the prospect of improper incentives from those items that do not. In particular, requiring that such gifts be “customary and reasonable” would subject such common commemorative items as Lucite tombstones or plaques to reasonable limitations given the potential improprieties that may be associated with the receipt of such items. Additionally, as FINRA notes, the restrictions of the Gifts Rule would apply where an item is not solely decorative, irrespective of whether the item was intended to commemorate a business transaction.<sup>157</sup> In addition, proposed Rule 3220.06 should help facilitate members' compliance with the rule by codifying existing guidance with which members are familiar. By excluding certain gifts that FINRA believes are less likely to raise the prospect of improper incentives, the proposed rule change appropriately minimizes unnecessary burdens associated with applying the recordkeeping obligations to such gifts. Regarding commenter requests for additional guidance, FINRA indicated that it would consider what additional guidance may be warranted if the Commission approves the proposed rule change. For these reasons, the proposed rule change is reasonably designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general,

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<sup>157</sup> Notice at 25677. For example, FINRA stated that providing employees of an Institutional Customer with elaborate electronic equipment following the closing of a transaction would be subject to the gift limit. *Id.*

to protect investors and the public interest.

**7. Proposed Rule 3220.07 (Donations Due to Federally Declared Major Disasters)**

As stated above, proposed Rule 3220.07 would state that donations by a member or an associated person to any person, principal, proprietor, employee, agent, or representative of another person to provide assistance to the individual for losses sustained in a natural event that the President has declared to be a major disaster, such as a wildfire, hurricane, tornado, earthquake, or flood, are not considered “in relation to the business of the employer of the recipient” for purposes of FINRA Rule 3220(a). Proposed Rule 3220.07 would also state that such donations are not subject to the gift limit restrictions in FINRA Rule 3220(a) or the recordkeeping requirements of FINRA Rule 3220(c).

Commenters supported the proposed rule change,<sup>158</sup> including one commenter stating that codifying the treatment of disaster-related gifts should help members implement more effective compliance programs.<sup>159</sup>

The proposed rule change, which codifies guidance first issued in 2020,<sup>160</sup> is narrowly tailored to permit member firms and their associated persons to assist individuals solely for losses sustained in Presidentially declared major disasters, which FINRA notes are, by their nature, unpredictable and catastrophic.<sup>161</sup> Limiting such gifts to losses associated with a “major disaster” declared “by the President” will help to facilitate compliance by providing a clear

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<sup>158</sup> See supra note 87.

<sup>159</sup> ASA Letter at 2.

<sup>160</sup> See FAQs.

<sup>161</sup> See Notice at 25677.

precondition to the rule's application and also restrict the factual situations in which it applies. Proposed Rule 3220.07 would thus appropriately account for the potential for improprieties that may be associated with such gifts in light of the wish of members and associated persons to help the victims of Presidentially declared major disasters. By excluding certain gifts that FINRA believes are less likely to raise the prospect of improper incentives, the proposed rule change appropriately minimizes unnecessary burdens associated with applying the recordkeeping obligations to such gifts. For these reasons, the proposed rule change is reasonably designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

#### **8. Proposed Rule 3220.08 (Supervision and Recordkeeping)**

As stated above, proposed Rule 3220.08 would state that FINRA Rule 3110 requires a member to have a supervisory system reasonably designed to achieve compliance with FINRA Rule 3220. To meet these standards, proposed Rule 3220.08 would require members to have systems and procedures reasonably designed to ensure that payments and gratuities in relation to the business of the employer of the recipient given by the member and its associated persons to employees of another person are: (a) reported to the member; (b) reviewed for compliance with FINRA Rule 3220; and (c) maintained in the member's records. In addition, proposed Rule 3220.08 would require that such procedures be reasonably designed to ensure that an associated person who is giving a payment or gratuity is not responsible for determining whether such payment or gratuity is in relation to the business of the recipient's employer. Proposed Rule 3220.08 would further state that members are not required to maintain records of gifts that are excluded from the restrictions of the Gifts Rule consistent with the requirements of proposed Rules 3220.04 through 3220.07.

Commenters supported the proposed rule change,<sup>162</sup> including one commenter stating that the proposed rule change’s emphasis on robust recordkeeping and supervision—while excluding certain categories of gifts from these requirements—appropriately balances regulatory objectives with practical compliance burdens.<sup>163</sup>

The proposed rule change to require a member to have a supervisory system reasonably designed to ensure compliance with the Gifts Rule will promote regulatory clarity and compliance. Additionally, requiring procedures reasonably designed to ensure that an associated person who is giving a payment or gratuity is not responsible for determining whether such payment or gratuity is in relation to the business of the recipient’s employer should encourage a more objective assessment of whether a gift is personal. For these reasons, the proposed rule change is reasonably designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

**9. Proposed FINRA Rule 3220.09 (Gifts to a Member’s Associated Persons or Individual Retail Customers)**

As stated above, the proposed rule change would add new Rule 3220.09, stating that FINRA Rule 3220 would not apply to gifts from a member to its own associated persons, or to gifts from a member or an associated person to individual retail customers.

Commenters supported the proposed rule change,<sup>164</sup> but two of them recommended that

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<sup>162</sup> See supra note 87.

<sup>163</sup> ASA Letter at 2.

<sup>164</sup> See supra note 87.

FINRA clarify the scope of the term “retail customer” for purposes of the Gifts Rule.<sup>165</sup> One of these commenters also recommended that FINRA amend Rule 3220 in the future to clarify that it does not apply to gifts received by members’ employees.<sup>166</sup>

In response, FINRA stated that the Gifts Rule is intended to avoid improprieties associated with gifts from a member or its associated person to an employee of an institutional customer and does not apply to gifts from members or associated persons to individual retail customers.<sup>167</sup> FINRA noted, however, that members may have policies and procedures that restrict or prohibit gifts to individual retail customers.<sup>168</sup> In addition, FINRA stated that it is sufficiently clear from the scope articulated in FINRA Rule 3220(a) that FINRA Rule 3220 applies only to gifts a member or an associated person gives to any person, principal, proprietor employee, agent, or representative of another person where such payment or gratuity is in relation to the business of the employer of the recipient. For these reasons, FINRA declined to further amend the proposed rule change.

The proposed rule change excludes from the Gifts Rule a gift from: (1) a member to its own associated persons, or (2) a member or an associated person to an individual retail customer. Gifts to retail customers are outside the scope of the proposed rule change, although FINRA notes that member firms may have policies and procedures that restrict or prohibit gifts to individual retail customers. The proposed rule change will promote regulatory clarity regarding the scope of the Gifts Rule, and the types of gifts that are not covered by the Gifts Rule. For

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<sup>165</sup> BDA Letter at 2 (requesting FINRA clarify the scope of “retail customer” and any regulatory expectations applicable to those customers in the context of the gifts rule); SIFMA Letter 1 at 2-3 (requesting future discussion with FINRA about “the contours of who is a retail customer”).

<sup>166</sup> BDA Letter at 2.

<sup>167</sup> FINRA Letter 1 at 6-7.

<sup>168</sup> Id. at 6.



these reasons, the proposed rule change is reasonably designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

#### **D. Proposed Conforming Changes to the Non-Cash Compensation Rules**

As stated above, the proposed rule change would make conforming changes to the respective gift limits of FINRA's Non-Cash Compensation Rules.<sup>169</sup>

One commenter expressly supported the proposed conforming changes, stating that updating FINRA's Non-Cash Compensation Rules to reflect the new gift limit will promote consistency and reduce confusion for members subject to multiple regulatory frameworks.<sup>170</sup>

The proposed rule change reasonably conforms FINRA's Non-Cash Compensation Rules to the proposed changes to the Gifts Rule. The proposed rule change will provide consistency across the different gift limits in FINRA's rule book, facilitating members' compliance with those rules. For these reasons, the proposed rule change is reasonably designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

#### **IV. Conclusion**

For the reasons set forth above, the Commission finds that the proposed rule change is consistent with Section 15A(b)(6) of the Exchange Act, which requires, among other things, that FINRA rules be designed to prevent fraudulent and manipulative acts and practices, promote just

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<sup>169</sup> See FINRA Rule 2320(g)(4) (Variable Contracts of an Insurance Company); FINRA Rule 2341(l)(5) (Investment Company Securities); FINRA Rule 2310(c) (Direct Participation Programs); FINRA Rule 5110(f) (Corporate Financing Rule—Underwriting Terms and Arrangements).

<sup>170</sup> ASA Letter at 2.

and equitable principles of trade, and, in general, protect investors and the public interest.<sup>171</sup>

IT IS THEREFORE ORDERED pursuant to Section 19(b)(2) of the Exchange Act<sup>172</sup> that the proposed rule change (SR-FINRA-2025-003) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>173</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>171</sup> 15 U.S.C. 78o-3(b)(6).

<sup>172</sup> 15 U.S.C. 78s(b)(2).

<sup>173</sup> 17 CFR 200.30-3(a)(12).