

June 10, 2026

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

**Re: File Number SR-FINRA-2026-001 – Notice of Filing of a Proposed Rule Change to Adopt FINRA Rule 3290 (Outside Activities Requirements)-Amendment No. 1**

Dear SEC Secretary:

I write on behalf of the Public Investors Advocate Bar Association (“PIABA”), an international bar association comprised of attorneys who represent investors in securities arbitration and litigation and advocate for investor rights and protections. Since its formation in 1990, PIABA has promoted the interests of the public investor in all securities and commodities arbitration forums, while also advocating for public education regarding investment fraud and industry misconduct. Our members and their clients have a strong interest in rules promulgated by the Financial Industry Regulatory Authority (hereinafter “FINRA”) related to investor protection.

PIABA remains deeply concerned that the overall proposed rule changes regarding Outside Activities Requirements will substantially weaken investor protections and open the floodgates for the proliferation of fraud and misconduct that will have a devastating impact on retirees and vulnerable investors. The responses to this proposal have collectively warned from current state regulators, former regulators, and a host of investor advocates of the danger of this proposal, and we ask the Commission to carefully consider the potential impacts and reject the proposal.

As to the revised proposal from FINRA which would clarify requirements for reasonable supervision of conditions or limitations on outside activities and the amendment of the language of proposed Rule 3290(f)(3) and 3290(f)(3)(a), PIABA suggests that these changes would slightly improve the original rule change proposed. However, these incremental improvements to the proposed rule do not address the broad concerns previously raised regarding this notice which remain. As you know, PIABA previously commented on both FINRA Regulatory Notice 25-05’s (“RN 25-05”) proposed reforms to FINRA Rules 3270 and 3280 as well as the SEC’s Notice of Filing Proposed Rule Changes under File Number SR-FINRA-2026-001. The most significant issues raised by PIABA, our members, and other commenters are not resolved by these proposed changes.

When evaluated through an investor protection lens, as both FINRA and the SEC should, this revised proposal continues to create serious concerns. While FINRA continues to suggest that the outside activity requirements create significant burdens, nothing has been done to quantify these supposed burdens other than vague conclusory statements and anecdotal evidence. Any slight burden must be weighed against the countless millions of dollars of retirement savings at stake by

less vigilant supervision and review. The proposal should be rejected given the significance of the protections this proposed rule would erode, particularly the creation of unneeded supervisory exemptions that will almost certainly increase the number of fraudulent schemes, Ponzi schemes, and other misconduct.

PIABA and its members have seen firsthand how registered representatives use a variety of outside business activities to solicit investors for financing schemes, with a variety of outside businesses often described as non-investment related being used as the impetus for solicitation of investments. There is good reason the developed case law surrounding the definition of what constitutes a security is broad and flexible since there are “countless and variable schemes devised by those who seek the use of the money of others on the promise of profits.” *SEC v. W.J. Howey Co.*, 328 U.S. 293 (1946). Brokerage firms must serve a critical gatekeeper in fully supervising and protecting their clients and the public for misconduct that may be creatively perpetrated on unsuspecting investors. Reducing the oversight obligations will create even more serious misconduct, which FINRA has long recognized as a serious regulatory concern. Reducing the requirements of reporting OBAs, will simply make it more likely that illicit conduct will take place unreported and unsupervised.

The amended rule proposal still significantly erodes the protection and oversight of associated persons who are also dually registered with the SEC as Investment-Adviser Representatives (IARs) by allowing associated persons to conduct securities related activities without requiring FINRA members to supervise or record the activity on their books and records. The impact of this rule change will be substantial, creating both the means and opportunity for unsupervised misconduct to take place without necessary guardrails in place to protect retail investors. As we have previously pointed out, FINRA’s proposal creates an enormous blind spot in members’ ability to supervise violations - not only of IAA violations but of the Exchange Act’s registration requirements.

In sum, PIABA believes this proposed rule change will create substantial investor harm, trading some minor convenience for the securities industry. The proposed rule, even as amended, will erode supervisory requirements of the Exchange Act and provide unscrupulous advisors with a road map to commit securities laws violations to the danger of members and the investing public alike. We continue to urge both the SEC and FINRA to stay true to the core investor protection pillars of their mission. Thank you again for providing PIABA the opportunity to comment on this important topic.

Sincerely,



Michael C. Bixby, President  
Public Investors Advocate Bar Association