



April 27, 2018

Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

Dear Ms. Mitchell:

We appreciate the opportunity to comment on Regulatory Notice 18-08 regarding proposed changes to rules affecting outside business activities (“OBAs”) and private securities transactions (“PSTs”).

Persons register with our firm primarily to engage in M&A advisory and institutional capital raising activities. As an independent contractor firm, nearly all of our producing associated persons engage in OBAs, some of which involve PSTs. In general, we support the proposed rule.

In particular, alleviating the requirement for FINRA member firms to supervise IA activity is welcome. As we are trained to supervise broker activity, supervising IA work is often not a good match for small firm’s supervisory staff. It will be critical for firms to require sufficient detail from their registered persons to identify whether such IA OBA also involves activity that may trigger registration under the Exchange Act (i.e. Registered Person operates private equity fund and earns management fees – IA activity; Registered Person raises money for such fund and wishes to charge transaction-based comp – possible broker activity). Any guidance FINRA can give on this point may benefit member firms.

We appreciate that the proposed rule recognizes the limited risk in non-investment related outside business. We would urge FINRA to consider, though, providing clear guidance as to what constitutes a material change. As mentioned in footnote (10) of the notice, what may start out as a non-investment related OBA can develop into a capital raising opportunity that could unintentionally be missed as a subsequent notification requirement by the registered person. This may lead to problems such as a failure to supervise situation at the firm but also potential

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problems with the offering and end investors. We would suggest that examples or clarification on “material change” be included in the Supplementary Material section of the rule.

Largely we agree with the buying away exclusion from proposed rule. While many firms like ours may continue to want to know what our registered persons are investing in privately so as to have controls on potential conflicts, leaving this as a firm decision is appropriate. Again, though, it may be helpful for the overall membership, especially smaller firms and registered persons, for FINRA to make clear that there is a difference between buying into a deal solely for personal investment and inviting a handful of others to buy in too and charging a success fee to put the investor group together, a scenario that could trigger broker registration requirements under the Exchange Act.

Thank you for your consideration of our comments and feel free to contact me if you have any questions.

Most sincerely,

A handwritten signature in cursive script that reads "Jmi B. Burr".

Jessica Pastorino
President