



VIA ELECTRONIC MAIL

April 13, 2018

Ms. Jennifer Piorko Mitchell
Office of the Corporate Secretary
The Financial Industry Regulatory Authority, Inc.
1735 K Street, NW
Washington, DC 20006-1506

Re: Regulatory Notice 18-08 | FINRA Requests Comment on Proposed New Rule Governing Outside Business Activities and Private Securities Transactions (Notice)

Dear Ms. Mitchell:

On February 26, 2018, the Financial Industry Regulatory Authority, Inc. (FINRA) published its request for public comment on a new proposed rule (Proposed Rule) governing advisors' outside business activities (OBAs) and private securities transactions (PSTs).¹ The Proposed Rule, in general, would alleviate firms' responsibilities to supervise advisors' third party and affiliated advisory activities, as well as advisors' outside insurance and banking activities. The stated purpose of the Proposed Rule is to reduce unnecessary regulatory burdens while strengthening investor protection in areas with greater risk.

Prospera Financial Services (Prospera) appreciates the opportunity to comment on this important FINRA Proposal. The Proposed Rule stemmed from FINRA's retrospective rule review.² Retrospective rule review is an important part of the regulatory process and Prospera Financial commends FINRA for implementing industry feedback and encourages FINRA to continue engaging with stakeholders through the retrospective rule process. The Proposed Rule is a good start to revising FINRA rules regarding OBAs and PSTs and to commence an essential dialogue on ways to enhance and clarify the rules. With respect to Prospera's suggestions on the Proposed Rule, we defer to and support the comments made by the Financial Services Institute (FSI).

We call particular attention to the portion of FSI's letter requiring firms, as part of their risk assessment of investment related OBAs, to determine whether the activities should be supervised. While OBAs and PSTs are an area of concern for most firms, we believe that there is no "one-size-fits-all" remedy to the issue. FSI's proposal would provide member firms with the ability to implement a risk-based approach in determining: i) whether it is in the best

¹ See, generally, FINRA Regulatory Notice 18-08 (Feb. 26, 2018).

² *Id.* at p. 2.

interest of the investing public that the activities be supervised; and, ii) if so, the nature and extent of that supervision. This approach makes sense because firms are in the best position to determine, based on their risk assessment, whether the activities should be supervised. Thus Prospera is in full agreement with FSI on their comments and recommendations.

Prospera is committed to constructive engagement in the regulatory process and welcomes the opportunity to work with FINRA on this and other important regulatory efforts.

Thank you for considering Prospera's comments. Should you have any questions, please contact me at 972-581-3005.

Respectfully submitted,

David Stringer
President