

Regulatory Notice

26-20

Outside Activities

FINRA Adopts New Rule 3290 (Outside Activities Requirements) to Replace Rules 3270 (Outside Business Activities of Registered Persons) and 3280 (Private Securities Transactions of an Associated Person)

Effective Date: October 25, 2027

Summary

FINRA has adopted new Rule 3290 (Outside Activities Requirements) to replace Rules 3270 (Outside Business Activities of Registered Persons) and 3280 (Private Securities Transactions of an Associated Person). Rule 3290 consolidates and streamlines the requirements governing registered persons' outside activities and associated persons' outside securities transactions.

The effective date of Rule 3290 is October 25, 2027.

The rule text is available in [Attachment A](#). A flowchart illustrating the rule text is available in [Attachment B](#).

Questions concerning this *Notice* may be directed to:

- ▶ Alicia Goldin, Vice President and Associate General Counsel, Office of General Counsel (OGC), by [email](#) or (202) 728-8155;
- ▶ Micah Hauptman, Associate General Counsel, OGC, by [email](#) or (202) 728-8123; or
- ▶ Matthew Vitek, Associate General Counsel, OGC, by [email](#) or (240) 386-6490.

October 26, 2026

Notice Type

- ▶ Rule Amendment

Suggested Routing:

- ▶ Compliance
- ▶ Legal
- ▶ Operations
- ▶ Senior Management
- ▶ Systems

Key Topics:

- ▶ Outside Activities Requirements
- ▶ Outside Business Activities
- ▶ Private Securities Transactions
- ▶ Recordkeeping
- ▶ Supervision

Referenced Rules & Notices:

- ▶ FINRA Rule 3110
- ▶ FINRA Rule 3210
- ▶ FINRA Rule 3240
- ▶ FINRA Rule 3270
- ▶ FINRA Rule 3280
- ▶ FINRA Rule 3290
- ▶ FINRA Rule 9610
- ▶ Notice to Members 94-44
- ▶ Notice to Members 96-33

Background & Discussion

New Rule 3290 is part of the FINRA Forward initiative, which is intended to modernize FINRA's rules, guidance and processes, and empower member compliance.¹ FINRA Forward reflects FINRA's commitment to reducing unnecessary burdens on members while maintaining core investor protections. Rule 3290 replaces Rules 3270 and 3280 with a single, consolidated framework governing investment-related activities and securities transactions outside the scope of an associated person's relationship with a member.²

Existing Rule 3270 prohibits a *registered person* from being an employee, independent contractor, sole proprietor, officer, director or partner of another person, or being compensated, or having the reasonable expectation of compensation, from any other person as a result of any business activity outside the scope of the relationship with his or her member, unless he or she has provided prior written notice to the member.

Upon receiving notice, the member must assess whether the proposed activity will: (1) interfere with or otherwise compromise the registered person's responsibilities to the member or the member's customers; or (2) be viewed by customers or the public as part of the member's business based upon, among other factors, the nature of the proposed activity and the manner in which it will be offered. Based on that assessment, the member must evaluate whether to impose conditions or limitations on the activity, including, where circumstances warrant, prohibiting it.

The member also must assess whether a registered person's activity properly is characterized as an outside business activity or whether it should be treated as a private securities transaction subject to the requirements of Rule 3280. A private securities transaction is a securities transaction outside the regular course or scope of an associated person's employment with a member.

Existing Rule 3280 requires an *associated person*, prior to participating in any private securities transaction, to provide written notice to the member describing in detail the proposed transaction and the person's proposed role, and stating whether the associated person has received or may receive selling compensation. The member's obligations depend on whether the transaction involves selling compensation. For transactions not involving selling compensation, the member must provide prompt written acknowledgment of the notice and may, at its discretion, impose conditions. For transactions involving selling compensation, the member must advise the associated person in writing whether it approves or disapproves participation. If approved, the member must record the transaction on its books and records and supervise the associated person's participation as if the transaction were executed on behalf of the member.

In addition, through a series of *Notices to Members* issued in the 1990s, FINRA applied Rule 3280's requirements to outside investment advisory (IA) activities, treating certain IA activity as participation in private securities transactions subject to member supervision and recordkeeping.³ Rule 3290 changes this treatment, as described below under "Activity at an Unaffiliated Registered Investment Adviser."

Activities Subject to New Rule 3290

Rule 3290 distinguishes between an "outside activity" and an "outside securities transaction." Rule 3290 maintains the existing bifurcated approach of Rules 3270 and 3280: outside activities requirements apply to registered persons, while outside securities transaction requirements apply to all associated persons, including registered persons.

Pursuant to Rule 3290(a), an *outside activity* is an investment-related activity outside the scope of a registered person's relationship with a member that is not in connection with a securities transaction. A registered person intending to participate in an outside activity must provide prior written notice to the member. The notice must describe in detail the proposed activity and the registered person's proposed role. The registered person must provide updated prior written notice if there is a material change to the activity.

Under Rule 3290(b)(1), an *outside securities transaction* is an investment-related activity outside the scope of an associated person's relationship with a member that is in connection with a securities transaction. An associated person intending to participate in an outside securities transaction must provide prior written notice to the member. For an outside securities transaction involving selling compensation, the associated person must also obtain the member's prior written approval. As required by Rule 3290(b)(3), the notice must describe in detail the proposed transaction, series of related transactions, the person's proposed role and whether the person will receive selling compensation. And, pursuant to Rule 3290(b)(2), an associated person must provide updated prior written notice, and in the case of an outside securities transaction for selling compensation, obtain updated prior written approval if there is a material change to the information previously provided.

Rule 3290(b)(1)(A) and (B) permit a single prior written notice where: (1) an associated person intends to participate in an outside securities transaction in connection with a series of related securities transactions not for selling compensation; or (2) an associated person acting as portfolio manager or investment committee member (as described in Supplementary Material .02) is not selling an entity's shares for selling compensation.

Investment-Related Activity

Rule 3290(f)(3) defines “investment-related activity” as activity pertaining to financial assets, including, but not limited to, securities, crypto assets, commodities, derivatives (such as futures and swaps), currency, banking, real estate or insurance.

Under Rule 3290(f)(3)(A), the term includes, but is not limited to, acting as or being associated with a broker-dealer; issuer; insurance agent or company; investment company; investment adviser; futures commission merchant; commodity trading advisor; commodity pool operator; municipal advisor; futures sponsor; money services business; bank; savings association; or credit union.

Rule 3290(f)(3)(B) also includes within the definition an associated person’s participation in any manner in a personal investment involving a securities transaction, sometimes referred to as “buying away,” unless the transaction is excluded under Rule 3290(g)(3)(A).

Even if not expressly listed among the examples in the definition, activities pertaining to financial assets and other related roles or associations would be covered.⁴

By focusing on investment-related activities, Rule 3290 eliminates the rule-based requirement to report and assess lower-risk, non-investment-related activities, such as refereeing sports games, driving for a car service or bartending on weekends.⁵

Members’ Assessment Obligations

Pursuant to Rules 3290(c)(1) and 3290(d)(1), upon receiving written notice of a registered person’s outside activity or an associated person’s outside securities transaction, a member generally must assess, at a minimum, whether the activity:

- ▶ is properly characterized, because the member’s obligations depend on whether the activity is an outside activity, an outside securities transaction or an outside securities transaction for selling compensation;
- ▶ involves a customer of the registered or associated person;
- ▶ will interfere with or otherwise compromise the registered or associated person’s responsibilities to the member or the member’s customers; and
- ▶ will be viewed by the member’s customers or the public as part of the member’s business, based upon, among other factors, the nature of the activity and the manner in which it will be offered.

A member is not required to conduct the assessment under Rule 3290(d)(1) if it disapproves an outside securities transaction for selling compensation under Rule 3290(d)(3)(C).

These assessment factors are consistent with the existing requirements under Rule 3270 for an outside business activity. The one new factor requires the member to consider whether the activity or transaction involves a customer of the registered person or associated person.

Under Rule 3290, as under the existing rules, the member's obligations differ depending on the type of activity or transaction.

- ▶ Under Rule 3290(c)(2), for a registered person's outside activity, the member must evaluate whether to impose specific conditions or limitations on the outside activity, including where circumstances warrant, prohibiting the activity, but there is no acknowledgement or approval requirement.
- ▶ Under Rule 3290(d)(2), for an associated person's outside securities transaction not for selling compensation, the member must provide the associated person prompt written acknowledgement of the notice and may, at the member's discretion, require the associated person to adhere to specified conditions or limitations in connection with the associated person's participation in the transaction, but there is no approval requirement.
- ▶ Under Rule 3290(d)(3), for an associated person's outside securities transaction for selling compensation, the member must notify the associated person in writing of its decision to: (A) approve the proposed transaction after making a reasonable determination based on the assessment criteria; (B) approve the proposed transaction subject to specific conditions or limitations after making a reasonable determination based on the assessment criteria; or (C) disapprove the proposed transaction. Pursuant to Rule 3290(d)(4), if the member approves the proposed transaction, it must record each transaction on its books and records and supervise the associated person's participation as if the transaction were executed on behalf of the member.

Rule 3290.06 requires a member that imposes conditions or limitations on an outside activity or an outside securities transaction to reasonably supervise compliance with such conditions or limitations.

Rule 3290 does not restrict a member's ability to establish broader internal reporting or approval requirements, or to limit, condition, or prohibit any outside activity or outside securities transaction based on the member's own risk management considerations. Nor does Rule 3290 alter a member's supervisory obligations under applicable federal law or under Rule 3110, including its responsibility to investigate and respond appropriately to "red flags" suggesting an undisclosed outside activity or securities transaction, undisclosed compensation or other misconduct.⁶

Exclusions

Rule 3290 does not apply to the following activities and transactions:

Activity on Behalf of a Member or Affiliate

Rule 3290(g)(1) excludes activity conducted on behalf of a member or its affiliate. This exclusion includes, for example, investment advisory activity conducted for a dually registered broker-dealer and investment adviser, and investment advisory, insurance or banking activity conducted at an affiliate of the member. Rule 3290(f)(1) defines an “affiliate” as any entity that controls, is controlled by, or is under common control with a member.

Immediate Family Transactions

Rule 3290(g)(2) excludes securities transactions among immediate family members where the associated person receives no selling compensation. Rule 3290(f)(2) defines “immediate family” by reference to Rule 3240(c). Under that definition, “immediate family” means parents, grandparents, a mother-in-law or father-in-law, a spouse or domestic partner, a brother or sister, a brother-in-law or sister-in-law, a son-in-law or daughter-in-law, children, grandchildren, a cousin, an aunt or uncle, or a niece or nephew. The term also includes step and adoptive relationships, as well as any other person who resides in the same household as the registered person and whom the registered person financially supports, directly or indirectly, to a material extent.

Specified Personal Investments

Rule 3290(g)(3) excludes the following personal investments:

- ▶ securities transactions subject to or delineated in Rule 3210 (e.g., securities held at other members, as well as transactions in certain securities, such as mutual funds, Section 529 plans and variable annuities);⁷
- ▶ personal investments in non-securities; and
- ▶ the purchase, sale, rental or lease of a main home and up to two secondary homes that are:
 - solely owned by the associated person or the associated person and immediate family;
 - owned by the associated person as a sole proprietorship;
 - owned by a corporation, LLC, partnership, limited partnership, or other entity that is solely owned by the associated person or the associated person and immediate family; or
 - owned by a trust with the associated person or the associated person and immediate family as the sole beneficiaries.

Rule 3290(f)(4) defines a “secondary home” as property used for residential purposes by the associated person for at least part of the year.

Special Treatment

Activity at an Unaffiliated Registered Investment Adviser

Rule 3290 significantly changes the treatment of an associated person's activity at an unaffiliated investment adviser registered with the SEC or a state securities commission.

Under current FINRA guidance issued in the 1990s, certain outside investment advisory activities are treated as private securities transactions subject to a member's supervision and recordkeeping obligations. Under Rule 3290.03, activity at an unaffiliated SEC- or state-registered investment adviser is considered an outside activity of a registered person, rather than an outside securities transaction.

Accordingly, under Rules 3290(a) and (c), a registered person must provide prior written notice of the activity, and the member must perform the assessment required for outside activities. The member is no longer required under Rule 3290 to supervise or maintain records of the investment advisory activity itself, although it must maintain records demonstrating its compliance with Rule 3290. As mentioned above, if the member imposes conditions or limitations on the activity, however, the member must reasonably supervise the registered person's compliance with those conditions or limitations.

This treatment applies only to activity at an investment adviser registered with the SEC under Section 203 of the Investment Advisers Act or a state securities commission (or any agency or office performing like functions). As noted above, it does not alter a member's responsibility to investigate and respond appropriately to "red flags" suggesting undisclosed activity or other misconduct.

Notwithstanding the elimination of supervision and recordkeeping obligations for unaffiliated registered investment adviser activity, members retain full discretion to impose conditions or limitations on such activity, including subjecting it to member supervision, based on their assessment of the associated risk. Nothing in Rule 3290 limits a member's ability to impose additional oversight of outside activities at its discretion.

Upon Rule 3290's effective date, the guidance in *Notices to Members 94-44* and *96-33* regarding the treatment of outside investment advisory activities as private securities transactions subject to member supervision and recordkeeping obligations is superseded.

Portfolio Managers and Investment Committee Members

Rule 3290.02 provides that specified activity as a portfolio manager or investment committee member is treated as an outside activity of a registered person rather than an outside securities transaction of an associated person. This treatment applies to activities limited to acting as portfolio manager or investment committee member for registered investment companies (e.g., mutual funds, exchange traded funds, unit investment trusts, registered closed-end funds), unregistered investment companies, business development companies, real estate investment trusts and entities that are recognized as tax exempt.

This treatment does not apply to an associated person's activity involving the purchase or sale of the entity's shares, unless the activity is otherwise excluded under Rule 3290.

Contractual Arrangements

Rule 3290.04 provides that an associated person's activity pursuant to a contract between a member and another entity, such as a banking or insurance networking arrangement, is not subject to Rule 3290 if the activity is conducted on behalf of the member and is within the scope of the associated person's relationship with the member.

Gramm-Leach-Bliley Act and Regulation R Activity

Rule 3290.05 provides that securities activity qualifying for an exception from broker or dealer registration under the Gramm-Leach-Bliley Act or SEC Regulation R is treated as an outside activity rather than an outside securities transaction, unless it is covered by the contractual arrangement provision in Rule 3290.04.

Formal Allocation Agreements

If a person associated with more than one member engages in an approved outside securities transaction involving selling compensation, Rule 3290.01 permits the members to enter into a written allocation agreement under which at least one member assumes responsibility for compliance with applicable securities laws, regulations and FINRA rules regarding the proposed activity, including supervision and recordkeeping requirements.

Recordkeeping

Under Rule 3290(e), a member must maintain records demonstrating its compliance with Rule 3290 and preserve those records for the period and in the manner specified in Exchange Act Rule 17a-4(e)(1).

Exemptive Relief

Rule 3290(h) permits a member to apply for exemptive relief under the Rule 9600 Series. For good cause shown, FINRA staff may grant a conditional or unconditional exemption from any provision of Rule 3290 after considering all relevant factors to the extent that such exemption is consistent with the purposes of the rule, investor protection and the public interest.

Rule 9610 is amended to add Rule 3290 to the rules for which a member may seek exemptive relief.

Endnotes

- 1 See [FINRA Forward: A Year of Progress](#) (April 2026).
- 2 See Securities Exchange Act Release No. 106381 (September 15, 2026), 91 FR 59259 (September 18, 2026) (Order Approving a Proposed Rule Change, as Modified by Partial Amendment No. 1, To Adopt FINRA Rule 3290 (Outside Activities Requirements)) (“Approval Order”).
- 3 See *Notice to Members 94-44* (May 1994); *Notice to Members 96-33* (May 1996).
- 4 Although consulting, marketing, accounting, legal and tax advice standing alone would not be covered (e.g., assistance with tax returns), such services that are concomitant to investment-related activity would be covered. For example, recommending the sale of a security for a loss for tax purposes or recommending the purchase of an investment in a tax-advantaged account would be considered investment-related activity.
- 5 FINRA notes that Rule 3290 does not alter existing Form U4 disclosure obligations. Question 13 (“Other Business”) in Form U4 requires disclosure about outside activities.
- 6 See Approval Order, 91 FR 59265, 59268, 59274–75; letter from Matthew E. Vitek, associate general counsel, FINRA, to Vanessa Countryman, secretary, SEC, at 13 & nn. 37–38 (May 1, 2026).
- 7 Rule 3210 applies to accounts opened or maintained by an associated person at another member or financial institution in which the associated person has a beneficial interest. Rule 3210.03 delineates transactions and accounts not subject to the rule (“The requirements of this Rule shall not apply to transactions in unit investment trusts, municipal fund securities as defined under MSRB Rule D-12, qualified tuition programs pursuant to Section 529 of the Internal Revenue Code and variable contracts or redeemable securities of companies registered under the Investment Company Act, as amended, or to accounts that are limited to transactions in such securities, or to Monthly Investment Plan type accounts or accounts pursuant to Section 530A of the Internal Revenue Code.”).

©2026. FINRA. All rights reserved. Regulatory Notices attempt to present information to readers in a format that is easily understandable. However, please be aware that, in case of any misunderstanding, the rule language prevails.