



April 28, 2025

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

Re: Request for Comment on Regulatory Notice 25-05

Dear Ms. Mitchell,

I am the owner of a Registered Investment Advisory firm and a registered representative of an unaffiliated FINRA member firm. I appreciate the opportunity to provide comments on the newly proposed Rule 3290 outlined in FINRA Regulatory Notice 25-05.

The trust our clients place in us — particularly their confidence that their personal information and financial goals will remain confidential — is fundamental to the fiduciary relationship we uphold. Protecting that confidentiality is critical to our role as fiduciaries and advisors.

Advisor-client confidentiality, specifically the protection of clients' non-public personal information, is safeguarded under federal law, including Regulation SP. In addition, many state privacy laws offer stronger protections for advisory client information.

The proposed Section 3290, subsection (d)(4), states:

For an approved outside securities transaction for selling compensation, the member shall record each transaction on the books and records of the member and supervise the person's participation in the transaction as if executed on behalf of the member.

Regulatory Notice 25-05 interprets "outside securities transactions" to include securities orders placed by advisors on behalf of their clients — requiring broker-dealer supervision of these transactions "as if executed on behalf of the member." In practice, this would compel advisors to share extensive client information with an unaffiliated broker-dealer.

This approach directly conflicts with federal and state privacy laws and violates the trust advisory clients have in their advisors. It would expose sensitive financial information to third parties who have no direct role in managing the client's assets, undermining both legal protections and the ethical obligations advisors have to safeguard client confidentiality.

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Moreover, the proposed Rule would impose additional regulatory oversight on advisors associated with FINRA-member firms — oversight that does not apply to advisors without FINRA licenses. There is no evidence that this additional layer of broker-dealer supervision provides any meaningful benefit or enhanced protection to advisory clients but rather adds an unjustified regulatory burden without corresponding value.

For these reasons, I respectfully urge FINRA not to adopt proposed Rule 3290 as set forth in Regulatory Notice 25-05.

Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Cline Reasor', with a stylized flourish extending to the right.

Cline Reasor
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