



June 11, 2025

VIA ELECTRONIC SUBMISSION

Ms. Jennifer Piorko Mitchell
Office of the Corporate Secretary
Financial Industry Regulatory Authority, Inc. (FINRA)
1735 K Street, NW
Washington, DC 20006

Re: [Regulatory Notice 25-04](#): FINRA Requests Comment on a Broad Review to Modernize Rules Regarding Member Firms and Associated Persons

Dear Ms. Mitchell:

On behalf of the Insured Retirement Institute (IRI)¹As the leading trade association for the retirement income industry, we appreciate the opportunity to comment on FINRA Regulatory Notice 25-04 (Notice 25-04), representing a broad review of its regulatory requirements applicable to member firms and associated persons.²

IRI's members include the entire supply chain of insured retirement strategies—life insurers, asset managers, broker-dealers, banks, and marketing organizations—who collectively serve millions of Americans planning for a secure and dignified retirement. As such, we have a strong interest in ensuring that regulatory frameworks governing financial professionals remain effective, transparent, and appropriately tailored to diverse and evolving business models.

IRI strongly supports FINRA's purpose, mission, and regulatory authority, and commends FINRA's ongoing efforts to streamline and update regulations to reflect current business practices and technological advancements. FINRA's modernization initiative is critical to furthering its investor protection and market integrity mission by identifying opportunities to make its rules more efficient and effective. These updates should reflect the contemporary market environment, align with existing non-FINRA regulatory requirements, and support future evolution in financial services. We offer the following recommendations for consideration.

Hypothetical Illustrations and Assumed Rates

FINRA currently reviews Registered Index-Linked Annuity (RILA) illustrations under FINRA Rule 2210 (Communications with the Public),³ prohibiting the use of assumed hypothetical rates for non-variable products. However, our members believe these illustrations should be evaluated under FINRA Rule 2211 (Communications with the Public About Variable Life Insurance and Variable Annuities)⁴. Rule 2211 permits the use of hypothetical illustrations to demonstrate how variable contract performance might affect cash values and death benefits,

¹ The Insured Retirement Institute (IRI) is the leading association for the entire supply chain of insured retirement strategies, including life insurers, asset managers, broker-dealers, banks, marketing organizations, law firms, and solution providers. IRI members account for 90 percent of annuity assets in the U.S., include the foremost distributors of protected lifetime income solutions, and are represented by financial professionals serving millions of Americans. IRI champions retirement security for all through leadership in advocacy, awareness, research, diversity, equity, and inclusion, and the advancement of digital solutions within a collaborative industry community.

² FINRA Request for Comment, *Broad Review to Modernize Rules Regarding Member Firms and Associated Persons*, Regulatory Notice 25-04 (Mar. 12, 2025).

³ [FINRA Rule 2210 \(Communications with the Public\)](#)

⁴ FINRA Rule [2211. \(Communications with the Public About Variable Life Insurance and Variable Annuities\)](#).

provided such illustrations adhere to guidelines that prohibit projections or predictions of investment results. Specifically, Rule 2211(b)(5)(A)(i) allows these illustrations, provided they mirror the required disclosures in the prospectus.⁵

FINRA has indicated that applying Rule 2211 to RILAs would necessitate an SEC rule change explicitly including RILAs. Nonetheless, distributors require these illustrations for effective product comparisons under Regulation Best Interest (Reg BI)⁶ and related regulatory obligations.

Brokerage Payments to Doing Business As (DBA) Entities

Allowing brokerage payments directly to DBA entities, which are often set up by independent financial professionals and insurance agents to operate their businesses, would simplify administrative processes, reduce confusion, and better reflect contemporary business structures. It would also align with the practices of advisory payments, which can be paid directly to DBA entities. This flexibility ensures smoother operational management and streamlines the process of paying compensation to financial professionals.

Gift Rule Adjustments for Inflation

The current FINRA gift limit of \$100 has remained unchanged for many years.⁷ Regularly adjusting this threshold for inflation would maintain the rule's relevance, reduce compliance challenges, and prevent the inadvertent violation of limits due to economic changes. In addition, we agree with FINRA's new proposal that clarifies that individual retail customers of a broker-dealer are not in the category of clients of institutional customers.⁸

Fingerprinting Requirements for Overseas Personnel

International operations are increasingly common, yet the existing fingerprinting requirements create logistical challenges. Many countries prohibit fingerprinting their citizens based on local laws and regulations (e.g., the European Union's General Data Protection Regulation, or "GDPR"), even with consent. FINRA should work with the SEC to address Rule 17f-2 of the Securities Exchange Act of 1934⁹ and permit firms to follow these local laws without fear of enforcement from the SEC. Designating approved overseas vendors or refining the definition of an "associated person exempt from registration" would further significantly ease these burdens and enhance compliance capabilities for global operations.

Narrowing the Definition of "Complaint"

FINRA's broad definition of "complaint," which uses the undefined term "grievance," currently sweeps in for reporting purposes routine service inquiries or simple misunderstandings.¹⁰ Defining "grievance" to capture only

⁵ FINRA Rule 2211(b)(5)(A)(i): Hypothetical illustrations using assumed rates of return may be used to demonstrate the way a variable life insurance policy operates. The illustrations show how the performance of the underlying investment accounts could affect the policy cash value and death benefit. These illustrations may not be used to project or predict investment results as such forecasts are strictly prohibited by the Rules. The methodology and format of hypothetical illustrations must be modeled after the required illustrations in the prospectus.

⁶ 17 CFR § 240.15l-1, Regulation Best Interest.

⁷ [FINRA Rule 3220 \(Influencing or Rewarding Employees of Others\)](#) (the Gifts Rule).

⁸ SR-FINRA-2025-003, Proposed Rule Change to Amend FINRA Rule 3220 (Influencing or Rewarding Employees of Others), available at: <https://www.finra.org/rules-guidance/rule-filings/sr-finra-2025-003>.

⁹ 5 USC 78q(f)(2)), and Exchange Rule 17f-2 thereunder, as amended, the SEC requires firms to submit fingerprints for all partners, directors, officers and employees, unless they are exempt under those same provisions.

¹⁰ FINRA Rule 4513(b).

substantive complaints will allow firms to allocate resources more effectively and address genuine consumer concerns.

Marketing Regulatory Review Requirements

Firms frequently encounter uncertainty around the requirements for reviewing non-brokerage marketing materials. Greater clarity and specificity in these guidelines would streamline internal compliance processes, reduce inadvertent non-compliance, and enable firms to allocate compliance resources more effectively.

Automating Non-Automated Customer Account Transfer Service (ACATS). Transfers

Non-ACAT transfers are time-consuming, manually intensive, and prone to operational risk.¹¹ Collaboration between FINRA and industry professionals and specialists to establish an automated, standardized process would substantially improve the accuracy, timeliness, and customer satisfaction of transfer activities.

Documentation for Reasonably Available Alternatives (RAAs) and Form CRS (Customer Relationship Summary) Delivery

There remains considerable ambiguity around documentation standards for RAAs and the Reg BI's Form CRS delivery requirements.¹² First, the SEC's Adopting Release for Reg BI made clear that Firms "are not required to prepare and maintain documentation regarding the basis for each specific recommendation, including an evaluation of a recommended securities transaction or investment strategy against similar available alternatives."¹³ We do not believe such documentation should be required for RAA. Guidance regarding the Firm's RAA process, which is part of a Firm's policies and procedures, could be helpful. Similarly, guidance regarding documentation for the delivery of the Form CRS could alleviate firms' administrative burdens.

Statement Delivery Modernization

The modernization of statement delivery should address outdated trade confirmation requirements, reconsider the frequency of statements, allow the consolidation of statements for household accounts, and expand electronic delivery options. Furthermore, amending Rule 2231 to permit statement delivery to authorized Powers of Attorney (POA) for vulnerable or senior investors would strengthen investor protections and improve customer experience.¹⁴

Registrations and Principal Registrations

The Series 24 principal registration requirements may no longer fully align with current senior executive roles.¹⁵ Reviewing and possibly revising these requirements or introducing a new executive-level examination would better reflect senior management responsibilities and align regulatory oversight with modern organizational structures, whereby an executive may be promoted into a role suddenly requiring registration after having previously not held or let lapse licenses. This creates the requirement that an individual with vast experience is

¹¹ FINRA Rule 11870 governs customer account transfers, including those not handled through the [Automated Customer Account Transfer Service \(ACATS\)](#). If ACATS isn't used, the transfer process is handled manually, following similar procedures but potentially taking longer. The rule applies to both whole account transfers and transfers of specifically designated assets.

¹² 17 CFR § 275.204-5 (Delivery of Form CRS).

¹³ 84 FR 33382.

¹⁴ [FINRA Rule 2231 \(Customer Account Statements\)](#).

¹⁵ See [Series 24 – General Securities Principal Exam](#).

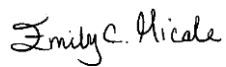
required to become licensed because they are in senior management, with certain individuals having to take three or more exams over a short period of time, simply because they were promoted into a new role.

IRI appreciates FINRA's consideration of these recommendations. We believe these rule modifications and modernizations will foster regulatory clarity, reduce compliance burdens, and enable firms to serve their clients more effectively.

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If you have questions about any of our comments or if we can be of any further assistance in connection with FINRA's request for comments on the broad review related to FINRA's rule modernization initiative, please feel free to contact the undersigned.

Respectfully submitted,

A handwritten signature in black ink that reads "Emily C. Micale". The signature is written in a cursive, flowing style.

Emily Micale
Director, Federal Regulatory Affairs
Insured Retirement Institute

emicale@irionline.org