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June 25, 2025

VIA ELECTRONIC SUBMISSION

Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1700 K Street, NW
Washington, DC 20006-1506

Re: **Regulatory Notice 25-06 - FINRA Requests Comment on Modernizing FINRA Rules, Guidance and Processes to Facilitate Capital Formation**

Dear Ms. Mitchell:

We appreciate the opportunity to provide comments on the above-referenced FINRA request for comment on modernizing FINRA rules, guidance, and processes to facilitate capital formation ("Request"). The following comments are focused on the request for comments found in Part B of the Request (Research), and in particular Rule 2241 (Research Analysts and Research Reports) and Rule 2242 (Debt Research Analysts and Debt Research Reports) (together, the "Research Rules").

We appreciate FINRA's willingness to consider ways to modernize rules that impact capital formation, and in particular, the Research Rules. We have advised FINRA member firms navigating the evolution of both the SEC and FINRA regulatory frameworks for research and research analysts, including the 2003 Global Research Analyst Settlement and its subsequent modifications (the "Global Settlement"),¹ the implementation of the Research Rules, and subsequent modifications to and proposals to modify the Research Rules, including in FINRA Regulatory Notice 17-16 (the "Desk Commentary Proposal").² FINRA's interest in reviewing the Research Rules is welcomed as part of FINRA's efforts to modernize and improve the regulatory framework applicable to its member firms.

Rather than respond to each question pertaining to research practices posed by FINRA in the Request (i.e., Questions B.1.-B.6.), the comments that follow focus on several broad themes that cut across the questions, as well as offer a few adjunct thoughts for FINRA's consideration. The topics include: (i) an overview of our view of the current state of research oversight and an executive summary of the points we will discuss in this letter (Section I); (ii) proposed revisions to the Research Rules that

¹ SEC v. Bear, Stearns & Co. Inc., et. al., No. 03 Civ. 2937 (S.D.N.Y. Mar. 15, 2010), available at <https://www.sec.gov/info/smallbus/acsec/acsec-020112-global-settlement.pdf> ("Global Settlement").

² See FINRA Regulatory Notice 17-16, FINRA Requests Comment on Proposed Limited Safe Harbor From FINRA Equity and Debt Research Rules for Desk Commentary (Apr. 12, 2017), available at <https://www.finra.org/rules-guidance/notices/17-16>.

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would recognize the different needs of institutional investors (Section II); (iii) the interaction of artificial intelligence ("AI") with the Research Rules currently and into the future (Section III); and (iv) several areas adjacent to the Research Rules that FINRA might consider urging the SEC to revisit (Section IV).

I. *Research Regulation: Current State and Executive Summary of Recommendations*

A. *Current State of Research Oversight*

As illustrated by several of our suggestions for modernization below, developments in technology have significantly improved member firms' capabilities to supervise generally, and we believe that developments in technology have mitigated the need for many of the stringent guardrails that the Research Rules require. For example, technology systems that allow for real time surveillance and recording of electronic communications have facilitated improved monitoring for improper communications between investment banking departments and research departments. Additionally, the widespread industry adoption of "Control Rooms" with advanced technology for monitoring trading and monitoring communications to centrally enforce information barriers within member firms has further supported member firm ability to detect any improper influence of investment banking over research departments, in addition to their other critical monitoring and surveillance roles. And more recently, industry-wide technology upgrades to electronic communication surveillance systems in the aftermath of SEC and other regulators' enforcement sweeps on off-channel communications have provided another potential boost to industry compliance capabilities. These and other developments should be taken into consideration in any efforts by FINRA to modernize the Research Rules.

B. *Executive Summary of Recommendations*

While there are many aspects of the Research Rules that might merit review, our comments address areas that we view as most in need of attention. These are:

- **Institutional research.** The principle that institutional investors are better able to manage risk and make independent decisions could be applied more broadly to aspects of the Research Rules to improve the efficiency of providing quality research to institutional investors without losing the important component of analyst independence from investment banking and other influences. Our proposals discussed in detail below include:
 - Tailoring expansion of exemptions for institutional research;
 - Application of the desk commentary concepts to institutional research; and
 - Clarifying the interplay of Rule 15a-6 under the Securities Exchange Act of 1934 ("Exchange Act") and the Research Rules with regard to institutional research.
- **AI and research.** AI has become particularly relevant in discussions of research production and consumption. We urge FINRA to ensure that rule modernization allows for flexibility to address developments in AI and other technologies as they develop and are integrated into research practices. These include, but are not limited to:
 - Revising existing rules or proposing new ones with principles-based concepts that can adapt to market changes and technological developments, including AI;

- Anticipating how content standards and disclosure requirements will need to change to adapt to AI-generated research; and
- Considering practical implications of AI-generated research, such as whether human oversight is required or whether responsibility for research can be attributed to AI; the impact on supervision and compliance in the production of AI-generated research; and whether member firms will be able to use AI for supervision of research in the future.
- **Additional areas for consideration.** The final section of this letter outlines briefly several areas that impact FINRA member firms' research activities and merit SEC attention. These include urging the SEC to:
 - Lift its stay on effectiveness of the approved amendments to Rule 2210;
 - Revive the SEC staff's no-action relief pertaining to payment for research issued to SIFMA in 2017 and reiterated in 2019 and consider rulemaking to codify the relief; and
 - Seek further relief from the District Court for member firms subject to the Global Settlement or consider whether it can lessen the regulatory burden for those member firms and others that voluntarily adopt the Global Settlement standards.

II. Institutional Research

The distinction between institutional investors and retail investors is applied in many areas across the securities laws, including in the Research Rules. In justifying its proposal for the exemption in Rule 2242(j) from the compliance obligations of Rule 2242 for debt research reports provided to institutional investors, FINRA noted that sophisticated institutional investors could exercise independent judgment in reviewing research reports and were uniquely dependent on timely data to make investment decisions.³ We urge FINRA to consider how these arguments should be applied more broadly to reduce compliance burdens associated with research distributed to institutional investors, including equity research under Rule 2241, while preserving the critical principles of research independence from undue influence.

A. Reducing Disclosure Burdens for Institutional Research

As FINRA staff has heard from our clients and others, institutional investors do not want to receive the extensive disclosures currently included in all research reports subject to the Research Rules. While those disclosures are important for retail investors, it is unclear whether the extensive information member firms gather and present in research report disclosures is as important for institutional investors that are ingesting research reports, often as part of their own independent analysis of information aggregated from many sources and used to develop investment strategies decoupled from any single research report. Furthermore, the increased use of AI and other technology by institutional investors to consume and perform this analysis has further reduced the

³ Notice of Filing of a Proposed Rule Change To Adopt FINRA Rule 2242 (Debt Research Analysts and Debt Research Reports), Exchange Act Release 34-73623 (Nov. 18, 2014), available at https://www.finra.org/sites/default/files/rule_filing_file/NOF%20FINRA-2014-048.pdf ("FINRA further understands that these institutional investors value the timely flow of analysis and trade ideas related to debt securities, are aware of the types of potential conflicts that may exist between a member's recommendations and trading interests, and are capable of exercising independent judgment in evaluating such recommendations (and selectively incorporate research as a data point in their own analytics) and reaching pricing decisions.").

relevance of the disclosures currently required. There is a significant cost to member firms to gather, validate and publish the disclosures that institutional investors argue they do not want or need. This cost, in the context of research reports prepared for an institutional investor audience, appears to outweigh the benefit.

The regulatory burden for member firms producing research reports available only to institutional investors could be significantly lessened across the board, without loosening the controls needed to ensure independence from investment banking and other undue influence. FINRA should consider revising the Research Rules as follows, to lessen the regulatory burden while continuing to maintain research integrity.

- *Institutional communications.* FINRA should consider whether debt and equity research reports prepared for and distributed to institutional investors could be regulated like other “institutional communications” with an overlay of information barrier controls, rather than the full Research Rules rubric. The general principle that institutional investors make their own educated decisions about the quality of information they rely on to develop investment strategies is already reflected in the more limited regulatory framework in Rule 2242, which exempts member firms from many of the requirements of Rule 2242 for debt research reports distributed to institutional investors. FINRA might consider exempting from the content and disclosure requirements of the Research Rules debt and equity research reports distributed to institutional investors that comply with the content, oversight and disclosure requirements of Rules 2210. As institutional communications, institutional research would still be subject to the requirements of Rule 2210, including covering these communications under written policies and procedures.
- *Create an institutional exemption under Rule 2241.* In lieu of replacing the content and disclosure requirements of the Research Rules with the existing institutional communication standards and requirements found in Rules 2210, FINRA might consider revisions to Rule 2241 that would mirror for equity research the exemption from many of the requirements found in Rule 2242 for debt research. Specifically, Rule 2241 could be revised to track Rule 2242(j), which modifies certain requirements for debt research distributed to institutional investors. Under the Rule 2242(j) exemption, member firms remain subject to key provisions of Rule 2242, including the requirement to maintain written policies and procedures on distribution of research to institutional investors and compliance with the antifraud provisions of the securities laws. The arguments that FINRA made to support an institutional exemption under Rule 2242(j) could also be applied to support an institutional exemption under Rule 2241. As FINRA noted when adopting Rule 2242, the institutional exemption would allow sophisticated market participants that are capable of assessing risks and identifying conflicts of interest to receive the timely flow of analysis that they rely on.⁴ FINRA added that institutional debt research would still be subject to key protections under Rule 2242, including appropriate separations between research departments and investment banking departments and provisions that required consent from institutional investors to receive research that is subject to less protections under the rule.⁵ We agree with FINRA that

⁴ Order Approving a Proposed Rule Change, as Modified by Amendment No. 1 Thereto, To Adopt FINRA Rule 2242 (Debt Research Analysts and Debt Research Reports), Exchange Act Release No. 34-75472 (July 16, 2015), available at https://www.finra.org/sites/default/files/rule_filing_file/SR-FINRA-2014-048-approval-order.pdf. (“FINRA stated in the Notice and Amendment Notice that it believes an institutional exemption is appropriate to allow more sophisticated institutional market participants that can assess risks associated with debt trading and are aware of conflicts that may exist between a member’s recommendations and trading interests, to continue to receive the timely flow of analysis and trade ideas that they value.”).

⁵ See *id.* (“FINRA noted that institutional debt research still would remain subject to several provisions of the rules, including the required separation between debt research and investment banking and the requirements for conflict management policies and procedures to insulate debt analysts from pressure by traders and others. In addition, FINRA

institutional investors are sophisticated enough to exercise independent judgment in reviewing debt research reports, and it therefore stands to reason that they are sophisticated enough to exercise independent judgment in reviewing equity research reports as well. For this same reason, we also urge FINRA to consider simplifying the institutional investor qualification in Rule 2242(j)(1) to accept that a “qualified institutional buyer” that has provided institutional representations found in Rule 2111 is eligible to receive debt research reports (and with parallel amendments to Rule 2241, equity research reports) in reliance on the exemption. A carve out for institutional research similar to 2242(j) under 2241, and parallel amendments to streamline eligible institutional investors, could allow the most sophisticated market participants to access the equity research they need while still benefiting from appropriate safeguards.

- *Streamline disclosure requirements.* The Research Rules require detailed disclosures of conflicts of interest and other material information. Even if FINRA determines to retain all disclosure for research reports for institutional investors, available technology could be used to streamline investor access to disclosures. Currently, FINRA allows the use of hyperlinks for certain research, including electronic reports and compendium reports covering multiple subject companies. Any changes to the Research Rules should allow for use of hyperlinks in all research reports, even if received in paper or PDF formats.

B. Applying Desk Commentary Concepts to Institutional Research

We appreciate FINRA’s prior efforts to create a limited safe harbor from the Research Rules for desk commentary.⁶ Since the Desk Commentary Proposal was considered, member firms now consume information even more quickly and have further developed technology to analyze, assess and quickly disseminate research to institutional clients. These developments have made the concepts explored in the Desk Commentary Proposal even more germane now and action on a safe harbor for institutional communications that are desk commentary, with appropriate regulatory controls, even more important. As described briefly below, applying certain desk commentary concepts to institutional research could reduce compliance costs for member firms while maintaining key investor protections. Below we identify areas that FINRA should consider.

- *Institutional communications.* Similar to the discussion above on institutional research generally, FINRA should consider whether desk commentary distributed to institutional customers should be excluded from the definition of “research report” under the Research Rules entirely and treated like other “institutional communication” under FINRA Rule 2210.
- *Content.* The proposed safe harbor under the Desk Commentary Proposal would have been limited to a narrow range of content, including content that contained brief and time-sensitive observations; content that included no ratings, price targets, or earnings estimates; and content that focused on trading ideas, market color, or economic updates. FINRA could consider revisions to the Research Rules, rather than adopting a safe harbor, to adopt a tiered content model, where communications that are limited in content and length and are provided only to institutional investors are excluded from the Research Rules and are instead

noted that no institutional investor will be exposed to this less-protected institutional research without either negative or affirmative consent, as applicable.”).

⁶ See FINRA Regulatory Notice 17-16, FINRA Requests Comment on Proposed Limited Safe Harbor From FINRA Equity and Debt Research Rules for Desk Commentary (Apr. 12, 2017), available at <https://www.finra.org/rules-guidance/notices/17-16>.

subject to the content, review and supervision standards applicable to institutional communications.

- *Safe harbor for certain formats.* The Desk Commentary Proposal was limited to content that was delivered quickly (e.g., via email or chat) and not archived as formal research. FINRA could allow certain formats of institutional research (e.g., short-form memos, chat-based insights) to qualify for reduced compliance requirements if they meet desk commentary-like criteria. Given advances in technology, content delivery, and compliance tools for retaining and supervising communications, desk commentary that is only for institutional investors could be treated the same as all other institutional communications. Under Rule 2210 and other applicable FINRA rules, institutional communications must be retained, reviewed and supervised as part of a member firm's overall communication supervision program.
- *Guidance for multimedia research content.* Investors today want to consume research content in many different media. FINRA could consider applying desk-commentary principles to non-written content from research analysts that is delivered in multimedia formats, such as short form videos, virtual analyst avatars, webinars, podcasts, prerecorded webcasts or formats compatible with social media (i.e., YouTube, TikTok). In response to investor demand, member firms have grappled with ways to package and distribute research content in formats that are more extemporaneous and digestible to the audience but still are fully compliant with applicable Research Rules. Such communications would already be subject to the protection for communications to the public under Rule 2210. FINRA should consider whether the existing requirements under Rule 2210 are sufficient for such content, or whether and how desk commentary principles, along with appropriate disclosures and other guardrails under the Research Rules, could apply to such forms of communication of research content.

C. Interplay Between Rule 15a-6 Under the Exchange Act and FINRA Research Rules

Rule 15a-6 and related SEC guidance interact in various ways with the Research Rules, including by imposing certain restrictions on the distribution of research produced by foreign broker-dealers to U.S. investors. These interactions at times result in confusion as to applicable standards, particularly with research produced by global firms. FINRA should consider providing relief from certain provisions of the Research Rules for research reports prepared by non-U.S. broker-dealers that are distributed through U.S. broker-dealers pursuant to Rule 15a-6 and related SEC guidance to better align the Research Rules with the Rule 15a-6 rubric, alleviating the current disjointed application of Rule 15a-6 and the Research Rules.

- *Third-Party Research and Rule 15a-6.* FINRA should consider excluding from the Research Rules research reports prepared by foreign broker-dealers for which U.S. broker-dealers "accept responsibility" under the standards laid out in the SEC's adopting release for Rule 15a-6 (the "Rule 15a-6 Adopting Release").⁷
 - Specifically, Rule 15-6 allows a U.S. broker-dealer to accept responsibility for reports prepared by a foreign broker-dealer by taking reasonable steps to satisfy itself regarding the key statements in the research, including reviewing the research in question, comparing it with other public information readily available regarding the issuer, and making certain that neither the facts nor the analysis appear inconsistent

⁷ Registration Requirements for Foreign Broker-Dealers, 54 Fed. Reg. 30013, note 116 (July 18, 1989), available at <https://www.sec.gov/files/rules/final/34-27017.pdf> ("Rule 15a-6 Adopting Release").

with outstanding information regarding the issuer.⁸ Research for which such responsibility is accepted can be provided to any recipient in the United States, not limited to “major U.S. institutional investors,” although prepared by a non-U.S. broker-dealer.

- Reconciling this requirement with the principles of “third-party research” and “global research” found in the Research Rules and related materials is challenging. In particular, the review standard in Rule 2241(h) for “third-party research” that is distributed by a member firm is similar, but not directly parallel to the “accept responsibility” standard in the Rule 15a-6 Adopting Release. FINRA should clarify that the requirements for review and approval, as well as disclosures, will not apply to “third-party research” prepared by foreign broker-dealers and distributed by member firms to institutional investors.⁹ In addition, FINRA should consider whether the Research Rules actually provide any additional investor protection to institutional investors, given that the SEC has articulated a standard for review and responsibility of foreign broker-dealer research a member firm distributes.

III. AI and Research

The rapid development of AI, including large language models (“LLMs”) and other generative AI (“GenAI”) tools, currently impacts many aspects of the securities industry and in the future likely will impact every aspect of the securities industry. Therefore, regulators and the entities and individuals they regulate must take a holistic approach to this new way of gathering, analyzing and using information. We appreciate FINRA’s efforts to address developments in financial technology (“FinTech”) in the securities industry and its role as a thought leader on the topic of AI, including its report on AI in the securities industry¹⁰ (released long before the recent GenAI boom) and its latest guidance on regulatory obligations associated with member firm use of AI.¹¹

LLMs and GenAI are becoming particularly relevant in connection with research activities of member firms due to the immediate impact of these new technologies on both production of research reports and the ways that research reports are ingested and used by institutional investors. FINRA should consider how the use of LLMs both to create and consume research will impact member firms and the investing public. Any modernization of the Research Rules should be sufficiently flexible to adapt as research itself adapts to the use of AI.¹²

As a general matter, in revising existing rules or proposing new rules, FINRA should draft principles-based rules that are technology neutral and can continue to be applied through changes in the markets and in light of the accelerating pace of technological developments that will impact research,

⁸ See *id.*

⁹ See Rule 15a-6 Adopting Release; SEC, Frequently Asked Questions Regarding Rule 15a-6 and Foreign Broker-Dealers, Question 5 (Apr. 14, 2014), available at <http://www.sec.gov/divisions/marketreg/faq-15a-6-foreign-bd.htm>.

¹⁰ See Artificial Intelligence (AI) in the Securities Industry, FINRA (June 2020), available at <https://www.finra.org/sites/default/files/2020-06/ai-report-061020.pdf>.

¹¹ FINRA Regulatory Notice 24-09, FINRA Reminds Members of Regulatory Obligations When Using Generative Artificial Intelligence and Large Language Models (June 27, 2024), available at <https://www.finra.org/sites/default/files/2024-06/regulatory-notice-24-09.pdf>.

¹² For example, FINRA recently issued targeted guidance on FINRA member supervisory obligations under Rule 2210 in the use of AI chatbots and AI-generated communications. See FINRA’s Frequently Asked Questions About Advertising Regulation, Questions B.4 (Supervising Chatbot Communications) and D.8 (AI Created Communications), available at <https://www.finra.org/rules-guidance/guidance/faqs/advertising-regulation>.

including as mentioned earlier, AI. With respect to the interaction between AI and the Research Rules, below we identify a few areas that we urge FINRA to consider.

- *Content standards.* Should content standards become more principles-based to adapt to GenAI, and if so, how?
- *Disclosure requirements.* How will disclosures change? Should disclosures differentiate between or be different depending on whether content is created by GenAI, by humans, or both?
- *Primarily responsible.* The definition of “research analyst” in FINRA Rules 2241 and 2242 includes the associated person “primarily responsible for” the preparation of the “substance” of a research report. Will member firms be able to attribute responsibility for content to AI or will there always have to be “a human in the loop”? Who will be responsible when third-party platforms use AI to aggregate portions of multiple firms’ research reports?
- *Ability to influence.* Similarly, how will the catch-all provision in FINRA Rule 2241(c)(4)(I) requiring disclosures related to any personnel with the “ability to influence the content of a research report” apply in the future to AI-generated content that is included in a research report?¹³
- *Workforce impact.* How will AI impact research departments and their personnel?
- *AI tools in supervision and compliance.* How will member firms in the future use AI in supervision and compliance generally and for supervision of research, information barriers and oversight for compliance with the Research Rules? Will AI be used in the future, for instance, for automated compliance checks, flagging potential conflicts or regulatory issues in research drafts, and electronic supervision tools for wall crossing, chaperoning contacts between research and other areas of member firms, and the creation of automated audit trails to satisfy oversight requirements?

IV. Additional Areas for Consideration

As part of FINRA’s larger efforts to seek industry comments on areas in which regulatory modernization is needed, we would like to take the liberty of mentioning a few issues that are adjacent to, but not squarely within, the issues for which comment was sought in Regulatory Notice 25-06. These are not directly within FINRA’s control, but they do impact FINRA and its member firms.

A. Rule 2210 Amendments

FINRA’s proposed amendments to Rule 2210, and in particular the proposal to permit the use of hypothetical projections subject to certain requirements, were approved by the SEC in July 2024, pursuant to the delegated authority of the Division of Trading and Markets.¹⁴ Two days after the approval was published in the Federal Register, the SEC issued a stay, pursuant to its Rules of

¹³ See FINRA Rule 2241(c)(4)(I) (a member must disclose in any research report “any other material conflict of interest of the research analyst or member that the research analyst or an associated person of the member with the ability to influence the content of a research report knows or has reason to know at the time of the publication or distribution of a research report.”)

¹⁴ Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, To Amend FINRA Rule 2210, Exchange Act Release No. 34-100561 (July 19, 2024), available at <https://www.finra.org/sites/default/files/2024-07/approval-order-2023-016.pdf>.

Practice, stating the SEC intended to review the delegated action.¹⁵ We urge FINRA to pursue discussions with the SEC and urge the SEC to remove the stay as soon as possible to allow FINRA rules to more closely align with the SEC's Rule 206(4)-1 under the Investment Advisers Act regarding communications that project performance and provide targeted returns.¹⁶

In the future, FINRA might consider further amendments to even more closely align Rule 2210 and SEC Rule 206(4)-1. Industry participants have long struggled with the asymmetry between broker-dealer and investment adviser advertising rules. As noted by commenters to the proposal (including Morgan Lewis), the proposed amendments to Rule 2210 did not change FINRA's prohibition on the use of hypothetical, backtested, or related performance, and only allowed projections to be provided to qualified purchasers and institutional investors, still conflicting with what and how the SEC regulates the use of such content.¹⁷

B. Payment for Research

In its 2017 no-action letter to SIFMA (the "SIFMA Letter"), SEC staff advised that it would not recommend enforcement action if a broker-dealer accepted cash payments for research from an investment manager that was required by the Markets in Financial Instruments Directive II ("MiFID II") to pay for research out of its own money rather than client commissions (or "soft dollars").¹⁸ The SEC staff subsequently issued an extension of this relief that also clarified certain soft dollar practices did not have to rely on the relief found in the no-action letters.¹⁹ The SEC staff's decision to allow the SIFMA Letter to expire in July 2023 upended established research arrangements between broker-dealers and investment managers (particularly global investment managers). We encourage FINRA to work with the SEC staff to consider reinstating this no-action relief, as well as potentially recommending to the Commission that it codify (and even extend to all investment managers) the relief for member firms seeking to receive hard dollar payments for research in line with the SIFMA Letter and historic practices.

We note that while the United Kingdom and the European Union both are moving to provide optionality in payments for research to include client commissions, it is still expected that a subset of institutional clients will still pay for research with their own money. The form of payment for research—whether hard dollars (the institutional clients' own money) or soft dollars (client commissions in some form)—in no true way changes a broker's relationship with its client receiving the research, the character of the research services, or logically, how the broker and those services should be regulated.

¹⁵ Letter from J. Matthew DeLesDernier, Dep. Sec., SEC, to Meredith Cordisco, Assoc. Gen. Counsel, FINRA (July 26, 2024), available at <https://www.finra.org/sites/default/files/2024-07/SR-FINRA-2023-016-notice-of-review-stay.pdf>.

¹⁶ We are aware that, at its June 2025 quarterly meeting, FINRA's Board approved FINRA proceeding with filing with the SEC for approval amendments to Rule 2210 to better align the regulatory requirements for broker-dealers and investment advisers related to performance projections in written communications to investors.

¹⁷ See Morgan Lewis, Comment Letter on Proposed Rule Notice of Filing No. 1 and Order Instituting Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change, as Modified by Amendment No. 1, To Amend FINRA Rule 2210 (Mar. 25, 2024), available at <https://www.sec.gov/comments/sr-finra-2023-016/srfinra2023016-450559-1152522.pdf>.

¹⁸ See SIFMA, SEC No-Action Letter (Oct. 26, 2017), available at <https://www.sec.gov/divisions/investment/noaction/2017/sifma-102617-202a.htm> ("This letter was extended on November 4, 2019 and expired on July 3, 2023 in accordance with the terms of that extension.").

¹⁹ See SIFMA, SEC No-Action Letter (Nov. 4, 2019), available at <https://www.sec.gov/investment/sifma-110419> ("This letter's temporary position on adviser status expired on July 3, 2023, in accordance with its own terms. Statements or positions that are independent of the temporary adviser status position are not expired.").

C. Global Settlement

The Global Settlement was entered into between the SEC and a limited number of member firms, but its principles inform research regulations globally. The Global Settlement is proscriptive, and while the principles of research independence from undue influence remain as important today as they were more than 20 years ago when the Global Settlement was negotiated, as described above, the infrastructures and technologies now in place to ensure such independence are more sophisticated than any that could have been imagined at that time. As FINRA considers modifications to the Research Rules to anticipate future evolution of research preparation and dissemination, FINRA may wish to consider ways that it can support the SEC in seeking modifications to the Global Settlement to more closely align with principles-based regulation and the technologies and practices that currently and in the future will provide the framework for implementing effective research regulation.

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We appreciate the opportunity to submit this comment letter. If you have any questions regarding this comment letter, please feel free to contact me at (202) 739-5746 or amy.kroll@morganlewis.com.

Respectfully submitted,

A handwritten signature in black ink, reading "Amy Natterson Kroll". The signature is written in a cursive, flowing style.

Amy Natterson Kroll