



Securities Arbitration Clinic  
St. Vincent DePaul Legal Program, Inc.  
St. John's University School of Law  
8000 Utopia Parkway  
Queens, NY 11439  
Tel (718) 990-6930  
Fax (718) 990-1961  
[www.stjohns.edu/law/sac](http://www.stjohns.edu/law/sac)

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Via Email to [pubcom@finra.org](mailto:pubcom@finra.org)  
Jennifer Piorko Mitchell  
Office of the Corporate Secretary  
FINRA  
1700 K Street, NW  
Washington, DC 20006

**Re: FINRA Regulatory Notice 25-05, Outside Activities**

Dear Ms. Mitchell,

Thank you for the opportunity to provide feedback in response to FINRA's request for comment on a proposal to reduce unnecessary burdens and simplify requirements regarding associated persons' outside activities. We write this comment on behalf of the Securities Arbitration Clinic at St. John's University School of Law. The Clinic is part of the St. Vincent de Paul Legal Program, Inc., a not-for-profit legal services organization. The Clinic represents underserved investors with small dollar claims and is committed to investor protection and education. We have had numerous investors seek the help of the Clinic due to financial losses related to brokers' outside activities. Accordingly, the Clinic has a strong interest in ensuring that investors' interests are protected as FINRA works to enhance efficiencies for members.

The Clinic generally supports the proposal to streamline current Rules 3720 and 3280 into a single new Rule 3290. We recommend that FINRA incorporate or provide easy access to the helpful flow charts in Attachment B of the Notice as part of the new rule and highlight these charts as part of any accompanying guidance.

In addition, the Clinic appreciates the distinction made in the Notice between outside investment-related activities that may pose a greater risk to the investing public and members

(e.g., selling crypto assets, fixed annuities, commodities, or private placements away from the member) and lower-risk activities that create white noise (e.g., refereeing sports games, driving for a car services, or bartending on weekends). We do not object to the elimination of the reporting and assessment of the lower-risk activities. However, we believe that the proposed definition of “investment-related activity” excludes some outside activity that could be viewed by investors as being undertaken as part of a broker’s work at the member firm, including financial planning, tax advice, business advice, and broker-customer business relationships. For example, if a broker is also acting as an investor’s accountant, the investor may perceive tax advice as part of or connected to the broker’s investment advice. Additionally, if the broker is providing business advice or engaging in a business relationship with a customer, such as providing or facilitating investment in a customer’s business, the customer may perceive those actions as implicit investment advice related to the business activity.<sup>1</sup> Therefore, we recommend that the definition of “investment-related activity” be expanded to encompass these types of activities to avoid potential confusion or conflicts related to the nature of the activity in question, particularly for small or unsophisticated investors.

We appreciate the opportunity to provide feedback on the proposed changes to simplify the outside activities rules while maintaining a focus on investor protection.

Respectfully Submitted,

St. Vincent De Paul Legal Program, Inc.  
Securities Arbitration Clinic  
St. John’s University School of Law

*Elissa Germaine, Esq.*  
Elissa Germaine, Supervising Attorney

*Christine Lazaro, Esq.*  
Christine Lazaro, Supervising Attorney

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<sup>1</sup> Such a relationship may also create a closer than arm’s length relationship that raises concerns similar to a broker being named as a trustee or beneficiary, as addressed by FINRA Rule 3241.