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Via Electronic Submission

Financial Industry Regulatory Authority (FINRA)
Office of the Corporate Secretary
Attention: Jennifer Piorko Mitchell
1735 K Street, NW
Washington, DC 20006-1506

Comment on FINRA Regulatory Notice 25-04: Broad Review to Modernize Rules

Dear Ms. Mitchell,

As the founder and principal of one of the only woman-owned broker-dealers in the United States, I welcome the opportunity to comment on FINRA Regulatory Notice 25-04. Tobin & Company Securities is a boutique broker dealer that has served issuers and sponsors and safeguarded investors with uncompromising diligence and deep regulatory engagement. I submit the following comments, on six different topics, with the hope that we can, together, modernize and strengthen the industry through thoughtful, pragmatic reform.

1. Gifts and Gratuities Rule Must Reflect Modern Business Standards

FINRA Rule 3220 is outdated. The $100 limit - first established all the way back in 1992 when the SEC approved an increase from $50 - fails to account for inflation, cost of living, or modern business practices. FINRA acknowledged the need to revisit this standard in Regulatory Notice 14-15, published April 8, 2014, and again in Regulatory Notice 16-29 in 2016. Despite those public signals, no action has been taken.

Firms remain in regulatory limbo, expected to adhere to a dollar ceiling that is inconsistent with the realities of relationship-based business development. A modernized rule, indexed to inflation or reviewed regularly, would eliminate ambiguity and better serve its original purpose: to prevent improper influence, not penalize routine, modest business hospitality that any rational investor would expect.

2. Redundant Complaint Filings for Arbitration Are Inefficient and Illogical

Under current rules, firms must file a separate complaint under FINRA Rule 4530 when a FINRA-administered arbitration is initiated. This requirement is redundant and irrational. FINRA already possesses the full record in its role as administrator.

Duplicative reporting serves no supervisory purpose and reflects regulatory bloat rather than necessity. Rule 4530 should be revised to exempt any arbitration already administered by FINRA from redundant complaint filings. The current practice adds friction, wastes time, and provides no benefit to investor protection or regulatory oversight.

3. Advertising Review Requires Consistency - LLR Models Could Help

Firms experience inconsistent application of FINRA Rule 2210, with interpretations often varying by analyst. Some communications are cleared with minimal edits, while others - nearly identical in substance - receive contradictory feedback. This unpredictability erodes firms' ability to build robust compliance infrastructure and frustrates the very goal of protecting investors.

FINRA should adopt Large Language Models (LLMs) to help standardize baseline interpretations—especially for routine submissions. While human oversight must remain, AI-supported review could promote fairness, increase processing speed, and reduce the growing disconnect between regulatory theory and practice.

4. Enforcement Must Be Rationalized to Ensure Fairness

FINRA enforcement can appear erratic, opaque, and, at times, inequitable. The same infraction may result in dramatically different outcomes depending on the examiner, region, or even the perceived profile of the firm. More troublingly, the burden of enforcement often falls more heavily on firms led by women and people of color—despite comparable facts and circumstances. The perception is widespread, and in many cases, deeply rooted in lived experience.

Equally concerning is FINRA Enforcement's apparent resistance to transparency and responsiveness. We have been told—directly—that firms are not entitled to transcripts of their own On-the-Record (OTR) interviews. If that is untrue—and it appears to be—why is it communicated with such certainty? And if transcripts are accessible, why is that information not provided automatically, as a matter of fairness and due process? These omissions erode trust and suggest an enforcement culture more invested in control than clarity.

Even basic responsiveness has become elusive in FINRA Enforcement. Over the past six months, our firm requested FINRA Enforcement's input on a matter of significance. We were ignored—without acknowledgment, without engagement—until last week, when I escalated the matter through the chain of command. That is not oversight; that is institutional silence. It is corrosive.

FINRA has the tools and institutional weight to lead by example. Carefully deployed algorithmic audits could identify enforcement disparities and impose greater objectivity on examination outcomes. Most importantly, FINRA must establish a baseline expectation that communication with member firms—especially in matters involving reputational or legal risk—be timely, transparent, and fair. Enforcement should not feel arbitrary. It should feel principled, consistent, and evenhanded.

5. Projections Should Be Permissible for Institutional and Accredited Retail Investors

Currently, FINRA Rule 2210(d)(1)(F) expressly prohibits any communication that "predict[es] or project[s] performance, imply[s] that past performance will recur or make any exaggerated or unwarranted claim, opinion or forecast". The rule allows few narrow exceptions—such as hypothetical illustrations of mathematical principles, certain investment analysis tools under Rule 2214, and price targets in research reports.

This blanket prohibition is no longer appropriate. Institutional and accredited retail investors expect—and can analyze—financial models detailing underwriting assumptions, revenue projections, capital stack outcomes, and stress scenarios. Prohibiting disclosure handicaps broker-dealers and their issuer clients and creates an uneven playing field, especially when issuers who chose not to deploy broker-dealers in their offerings face no such constraints.

While FINRA has signaled on multiple occasions that it would revisit this prohibition, no formal changes have been made. In the meantime, firms operate under unclear, inconsistent guidance, often relying on analyst discretion or informal back-channel approvals.

Crucially, Rule 2210 already governs against misleading or unsubstantiated statements. We propose that:

- Projections - along with reasonable basis analysis, transparent assumptions, and clarifying disclaimers - be permitted in materials directed to institutional and accredited retail audiences;
- FINRA formalize guidance allowing these disclosures under a defined "projection-eligible" framework, aligned with the SEC's current marketing rule; and
- Broker-dealers be held accountable for the validity of any disclosed projections, through supervisory review and recordkeeping requirements.

This update would reconcile FINRA with the realities of today's capital-raising environment, enhance transparency, and remain faithful to investor protection through principle-based regulation.

6. Insurance Accessibility and FINRA's Opportunity for Leadership

E&O insurance is a structural blind spot in our industry - and a daily source of stress for small and independent firms. Coverage is often exorbitantly priced, inconsistently available, and written with exclusions that render it useless in real-world scenarios. I know this firsthand. So do my peers. So do hundreds of small firm principals who would gladly pay for protection they can trust, but simply can't find it.

By contrast, the architecture profession offers a compelling example of institutional leadership. The American Institute of Architects (AIA), together with AIA Trust, has provided clear expectations and consistent guidance to its members. As a result, architects enjoy wide access to meaningful, affordable coverage. Insurance is not feared - it is foundational.

FINRA has an opportunity here - not to impose mandates, but to lead. It should convene stakeholders, promote model coverage standards, and engage with underwriters to create space for firms of all sizes to secure real protection. Investor confidence is strengthened when firms are covered. Our industry's health overwhelming depends on making that possible.

Conclusion

These proposed reforms reflect lived experience, not theory. They are grounded in operational necessity and an unwavering commitment to investor protection. I urge FINRA to approach these areas with seriousness and resolve. The industry deserves regulatory leadership that is principled, logical, modern, and fair.

Respectfully submitted,

Justine Tobin
Executive Representative and Founder
Tobin & Company Securities LLC
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cc: FINRA Small Firm Advisory Committee