

May13, 2025
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 25-05: Outside Business Activities and Private Securities Transactions

Dear Ms. Mitchell,

Thank you for the opportunity to comment on FINRA Regulatory Notice 25-05, which proposes a revised framework for Outside Business Activities (OBAs) and Private Securities Transactions (PSTs). I write on behalf of TOBIN, a boutique, woman-owned broker-dealer, to offer our direct perspective. While we appreciate the stated objective of modernizing and reducing unnecessary burdens, we are concerned that the proposal fails to meaningfully address investor risks and does not alleviate the challenges boutique firms face, particularly concerning the supervision of outside investment adviser (IA) activities.

TOBIN has deliberately chosen not to supervise registered representatives who conduct investment advisory activities through unaffiliated Registered Investment Advisers. We have demurred on this activity because of the regulatory uncertainty and onerous obligations imposed by FINRA's rules, which require us to supervise business that is entirely outside our core services and infrastructure. These IA activities are already regulated by the SEC or state securities authorities and often involve products or strategies unrelated to the broker-dealer. In today's broader regulatory environment - where federal agencies are retreating from active oversight and other bodies such as states, professional associations, and compliance vendors are stepping in to fill the vacuum - it is appropriate to question why FINRA and its member firms must assume exclusive and redundant oversight roles. Requiring firms like ours to assume oversight for such activities creates a chilling effect on firm growth and participation, and runs counter to the trend toward dispersed, purpose-aligned regulatory frameworks. In light of emerging regulatory constructs such as Project 2025 that question FINRA's very future, this proposal appears particularly tone-deaf in doubling down on centralized enforcement on the backs of member firms.

In FINRA's retrospective review of these rules in 2018, a majority of commenters opposed the requirement for broker-dealers to supervise unaffiliated IA activities. This proposal completely disregards that consensus by retaining the status quo. The updated proposal should explicitly exclude unaffiliated IA activities from OBA supervision requirements or, at a minimum, provide a safe harbor for those with no nexus to the firm's investors or compensation structures.

Additionally, we urge FINRA to ensure that private securities transactions subject to recording and supervision requirements are limited to those that present real investor protection risks. The proposal's limited carveout for a representative's "main home or dwelling unit" raises concern that other personal real estate investments—such as second homes or vacation properties—may unintentionally fall within the scope of reportable activity. This ambiguity is problematic, particularly for small firms, as it could lead to over-disclosure and the misapplication of compliance resources. We respectfully request that FINRA clarify that personal investments in second homes, savings accounts, or other non-securities-related financial holdings for personal use are explicitly excluded from disclosure requirements under the final rule.

In summary, we urge FINRA to:

- Exclude outside, unaffiliated investment adviser activities from the scope of OBAs subject to firm supervision.
- Provide safe harbors for unaffiliated IA activities and limited PSTs that have no connection to the firm's clients or infrastructure.
- Ensure that the new rule focuses supervisory obligations on activities that truly pose investor protection concerns.

TOBIN is deeply committed to compliance and investor protection. As a boutique firm that has experienced biased, disproportionate and prolonged scrutiny from FINRA Enforcement, we are particularly attuned to how overly broad rule proposals can be weaponized against firms that operate with integrity but outside the dominant industry mold. We ask that FINRA recognize the disproportionate burdens that small and boutique broker dealers bear under current rules. The proposed rule, as written, once again adopts a one-size-fits-all approach that fails to consider the variety of firm models that exist across the industry. FINRA's final rule must provide clarity and focus on substantive risk, not create a regulatory minefield for firms that are already operating in good faith within tightly controlled business models. A revised framework that reflects real-world risk and modern business models will better serve the industry and investors alike.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Jm h h', is written over a faint, circular blue stamp.

Justine Tobin
Executive Representative, Owner and Head Honcho
Tobin & Company Securities LLC
CRD #137918

cc: FINRA Small Firm Advisory Committee