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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 25-07: Modernizing FINRA Rules, Guidance, and Processes for the Organization and Operation of Member Workplaces

Dear Ms. Mitchell,

As the founder and a principal of one of the only 100% woman-owned broker-dealers in the United States, I appreciate the opportunity to comment on FINRA Regulatory Notice 25-07. Tobin & Company Securities LLC ("TOBIN") is a boutique broker dealer that has served issuers and sponsors and safeguarded investors with uncompromising diligence and deep regulatory engagement for over twenty years. I submit the following comments, on seven different topics, with the hope that we can, together, modernize and strengthen the industry through thoughtful, pragmatic reform.

FINRA's stated intent to modernize workplace rules is timely and welcome. However, true modernization requires more than adjusting forms or timelines—it requires FINRA to reconsider how its expectations, processes, and assumptions apply across firms of vastly different sizes, structures, and scopes. For boutique firms like TOBIN, the cumulative burden of unclear rules, outdated procedures, open-ended enforcement, and rules built for large institutions creates a regulatory environment that is inefficient at best, and inequitable at worst. The following points highlight areas where modernization is most urgently needed, from our perspective.

1. Reevaluate the RSL Annual Inspection Rule for Retail Communications

While FINRA's amendment of the Supervision Rule and the launch of the voluntary three-year remote inspections pilot program is a good step forward, TOBIN is frustrated that it must inspect certain RSLs (one that approve retail communications) once per year. Our firm and its principals approve retail communications for private placements under strict procedures. This does not equate that RSL to serving retail brokerage accounts nor interacting with investors. The requirement to inspect the associated office every year—just because someone approved a piece of templated marketing—is just silly. We urge FINRA to distinguish between actually supervising communications with retail customers at a location versus simply approving professional communications in retail private placements. A review of digital marketing content does not create risk that justifies full inspections on an annual basis.

2. Permit Use of Personal Service Entities (PSEs) for Compensation

We echo Finalis' comments to the notice supporting the ability to pay registered persons through personal service entities. This structure is widely accepted in other professions and industries and, when properly disclosed and managed, should not trigger heightened scrutiny. Many of our registered representatives prefer to be paid through their PSEs in order to manage tax filings and liabilities. FINRA's rules must evolve to reflect lawful business structuring, not penalize it.

3. Rein in Open-Ended, Prolonged Investigative and Enforcement Actions

I speak up frequently and repeatedly about FINRA Enforcement and our experience with this department. Our firm has suffered prolonged investigation and interrogation by FINRA Enforcement; we have since learned that this happens to other firms, as well. FINRA truly needs be modernized so that FINRA Enforcement officers do not wield the free rein to unharness enforcement disparities and unfairness in investigations of member firms. FINRA Enforcement investigations should be limited in term and should not be permitted to remain open for an indeterminate period. Further, inquiries by Corporate Finance should not be permitted to remain open for years. If no further material is requested after three months from the last active request or fulfillment, then the matter should be automatically closed. It's crazy that these requests stay open for months, even years, on end. Clearly, if the case wasn't important enough to focus on for three months, then it should not remain open, endlessly, for the member firm to worry about or to have to manage for FINRA.

In a related topic, TOBIN is currently undergoing a FINRA cycle exam that began in February and, as of today, remains open. It was scheduled to conclude in July. The reason it is still ongoing? Two rounds of examiner turnover—one caused by internal personnel changes, the other by family leave. Each transition brought new scope, different questions, and shifting strategies. This lack of continuity creates enormous disruption. We second Robert Mann's comment urging FINRA to shorten the length of time it takes to complete cycle exams. Let's modernize how FINRA engages with its members, and make those processes efficient and effective.

4. Embrace Partnership, Not Presumption of Guilt

We endorse Dennis O'Keefe's statement: "You want to reduce regulation? Treat advisory practices like partners instead of possible criminals." It is simply cruel to operate under a presumption of misconduct, especially for firms like ours that maintain clean records and operate within strict bounds. Modernization must include cultural reform within FINRA itself—one that respects member firms as professional collaborators, not regulatory targets.

5. Fix the CRD Filing System

CRD remains clunky and difficult to navigate, even after so-called improvements. FINRA keeps relocating filing portals—like the submission path for Rule 5123 filings—without clear notice or rational organization. These changes disrupt compliance efforts and signal a lack of user-centered thinking. We need a stable, logical interface that firms can rely on to meet filing and other regulatory obligations without guesswork.

6. Recognize Structural Disadvantages for Small and Boutique Firms

Most FINRA rules are created with large, full-service broker-dealers in mind. They presume significant infrastructure, broad departmental segmentation, and centralized operations. Boutique firms like ours simply do not fit that model. While we are no less committed to compliance, rules built for large institutions often become unworkable or disproportionate when applied to smaller firms. For example, requiring documentation systems, supervisory hierarchies, and workflows designed for teams of dozens can be wholly impractical for firms with five or fewer professionals. Modernization efforts should explicitly account for these operational differences and ensure that FINRA's regulatory design is scalable, risk-sensitive, and accessible across firm sizes.

7. Eliminate the Burden of Unwritten Rules

It is exhausting for boutique firms like ours to operate under a set of unwritten rules that are often enforced through retrospective interpretation, informal guidance, or the enforcement process itself. This practice creates a tiered system of understanding—one that favors firms with larger size, legacy access or embedded networks.

- If FINRA does not want member firms to sell certain products - like conservation easements - then FINRA should state that clearly in writing, not leave firms to intuit these preferences by undergoing invasive, retaliatory investigations after deciding to conduct these offerings.
- If the generally accepted cap on total underwriting compensation under Rule 5110 is 8%, that should be codified. Why must firms discover this and the embedded components mid-process through the corporate financing review? Just write it in the rule, right?
- If retail investors' phone numbers and email addresses must be recorded in sales blotter data, then make that a rule requirement, not something that FINRA Enforcement asks for on every single offering and investor over a five-year period. Especially if FINRA Enforcement has no intention of actually contacting the investors and is instead deploying a weaponized request. If it's a rule, then write the rule down.
- Similarly, if Rule 3220 does not apply to gifts between firms and associated persons, that exclusion should be clearly written into the rule. Why does this have to be a secret and a "common misunderstanding?" This is just incomprehensible to me that FINRA is okay with having its representatives actually say this. And to not codify this nuance.

The FINRA regulatory framework too often functions like a coffee clutch—where the real rules are shared quietly among insiders, rather than published clearly for all firms to follow. Boutique firms like ours cannot afford to rely on hearsay or conference chatter to stay compliant. FINRA should want to eliminate this ambiguity and ensure that every member firm, regardless of size or influence, has access to the complete and enforceable version of the rules. Clarity, transparency, and written rules are essential for equity and efficiency across the membership.

Conclusion

TOBIN is recognized as a broker-dealer that operates lawfully, intelligently, and with deep regulatory fluency. Our compliance record, internal controls, and operational standards are well known to regulators and respected across the industry. We do not need to prove our integrity—it is a matter of record. What we are asking for is regulatory infrastructure that respects firms like ours and enables us to meet our obligations efficiently and constructively.

FINRA's mission and ours are aligned: to uphold investor confidence and market integrity. We are committed to being part of that solution.

We appreciate the opportunity to comment and stand ready to support a more functional and modern culture and framework.

Respectfully submitted,

Justine Tobin
Executive Representative and Founder
Tobin & Company Securities LLC

cc: FINRA Small Firm Advisory Committee