STAN HARLEY

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Re: *Comments on the Effectiveness and Efficiency of Its Rules on Outside Business Activities and Private Securities Transactions sent to pubcom@finra.org*

The rules are apparently justified to "protect the investing public from potentially problematic or risky activities that are unknown to the firm but could be perceived by the investing public as either part of the firm's business or having the firm's imprimatur. The rules seek to protect the firm from the concomitant reputational and litigation risks." In keeping with these purposes, the rules provide a regulatory framework for firms to be informed of such activities and decide either yea or nay as to the employee's participation in either.

Both of these two rules strike me as just another "solution" looking for a "problem." What – *very specifically* – is the "problem" these two restrictive rules correct? If an individual – who also happens to be an employee of a financial firm – seeks to engage in another activity for compensation or charity, what business is it of the public – or the firm? The firm does not "own" the employee. The firm is not a king or queen that owns its subjects (employees); it is simply a talent pool for which the synergistic effect of its members serves to make a profit and, at the same time, serve the interests of investing public who seek to engage in the investment process.

It would seem the rule on outside business activities exists for the benefit of the financial firm alone. Perhaps some firms may be concerned about employees deriving income from other sources; if those employees were making more money at some other business activity the employer may fear these employees are either not working hard enough at the firm or may have interests in leaving the firm for greener pastures. That is, of course, a risk that any firm in any industry may face. The present regulatory framework allowing employers to have the right to govern any outside business activity has been couched as "protecting investors" but in reality there is no risk to investors. The real argument here should be employee-focused and not employer-focused or "investor-focused." Employees should have the unfettered right to engage in any activity of their own choosing without interference. Every individual has the right to privacy and the right to pursue "life, liberty, and the pursuit of happiness" in a manner of his or her own choosing.

With respect to the governing of employee private security transactions I also believe strongly this rule, too, should be shelved. If an employee wants to buy or sell shares in an ETF or XYZ company who cares? Why should any employer have any permissive say over that? Moreover, what about the time delays involved? Security transactions are normally time sensitive – any delay by the "approving authority" at the firm could prove financially catastrophic for the employee. Incidentally, the investing public is already protected by the requirement for anyone acquiring more than 5% of a public company's share to file a Schedule 13D with the SEC. That is protection enough.

In summary, <u>I believe strongly that both of these rules should be eliminated</u>. We are now in a new era of deregulation. These two rules serve no one's interest and deny the employee's right to pursue his or her economic endeavors without outside interference.

Sincerely,

Stan Harley, owner
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