



**WOODFOREST**

FINANCIAL SERVICES, INC.  
A subsidiary of Woodforest Financial Group, Inc.

August 16, 2016

Marcia E. Asquith  
Office of the Corporate Secretary  
FINRA  
1735 K Street, NW  
Washington, DC 20006-1506

RE: Request for comment  
FINRA Reg. Notice 16-29

Dear Ms. Aquith.

Thank you for this opportunity to comment. There are a couple attachments associated with these comments. Please feel free to post these attachments as well.

Changes and amendments to existing FINRA rule 3220 as well as the newly proposed rules 3221 and 3222 are long overdue. I am commenting based on my experience on three levels, all affected by these rules; a registered person, a corporate event sponsor and a charity board member.

- 1) I applaud your move to increase the gift limit to something over \$ 100. However, I recommend utilizing the same method as the IRS for allowing retirement plan contribution limits to increase over time with inflation in \$ 25 (twenty five USD) increments. By stating the formula, like the IRS, you only have to send a notice of the new level instead of going back through this process.
- 2) Since your rule is based on the value of gifts given, unless the giver tells the receiver the actual value of the gift, I do not know how the receiver would value the gift received.
- 3) As a registered person, my member firm should be able to feel free to give me whatever they like. Based on their budget constraints and responsibility to their public shareholders, I get excited about a \$ 5.00 coffee gift card. As a registered person giving gifts to clients, I feel the gift rule should apply as well.
- 4) A \$ 50 *de Minimis* threshold is long overdue. This number should inflate as described in response # 1.
- 5) I am unaware of any member firm still allowing product specific internal sales contests. In my opinion, it is time to move past this practice forever.

The Waterway  
1599 Lake Robbins Drive, Suite 200  
The Woodlands, Texas 77380

832.375.2500  
1.800.856.0869  
Fax: 281.681.2864

- 6) It is easy to understand FINRA's logic behind the entertainment restriction at training/education sessions, however the actual application of such restrictions need to be further defined. As a registered person, I have attended many of these training/education session. Most follow a similar schedule loosely defined as: travel, cocktails, dinner and speaker in the evening, breakfast, speakers/breakout sessions, lunch with speaker and travel.

If the purpose of this proposed rule is to assure these sessions are actually training or educational, then requiring the provider of the training or education session to assure some type of specific continuing education credits are earned through attendance would be a better approach. Registered persons have CE requirements to maintain their various licenses and professional designations. Acquiring CE credits through face-to-face interactions with qualified providers, in my opinion, is vastly more effective than any internet based training course. If there are 8 total hours of speakers/sessions/breakouts, etc., you should be able to earn at least six (6) hours of relevant CE.

If the purpose of this rule is to simply prevent the potential of the attendees having any fun or socializing, I recommend FINRA cease and desist with exhibitor sponsored events at their meetings. What's good for the goose.....

- 7) In my opinion, with the rules as currently proposed, you will never achieve the recordkeeping and compliance monitoring you desire. See my comments below for a better solution.
- 8) Way more than they need be. See my comments below.
- 9) Anytime there is only one place to go for guidance, you have improved the system. As proposed, the costs out weight the benefits. See my comments below.
- 10) With proposed changes, nominal.
- 11) My comments follow.

I believe FINRA has failed to deal successfully with the actual purpose of these proposed rules. I do not believe FINRA is really concerned about the prices of tickets to sporting events or costs of a dinner. I believe FINRA is concerned about the appearance of some type *quid pro quo* between a sponsor and a registered person, a registered person and a client or a member firm and a registered person.

Before continuing, please allow me to elaborate on my background. As charity board member with a financial background, I have often functioned as a fund raiser. When a corporation is approached to sponsor a specific event or venue, the charity is loath to put a specific price on the individual pieces of that sponsorship. A company might choose to sponsor The Center for the Performing Arts at The Woodlands. As such, The Center might be unable to put an independent value on the differing aspects of the sponsorship offered. However, the sponsorship might well include tickets to events throughout a

defined season. Those tickets might or might not have a “face value” associated with them. Please refer to exhibit # 1.

Some professional sports teams offering sponsorships also refrain from putting an actual dollar value on each aspect of a sponsorship. Exhibit # 2 shows Houston Astros baseball tickets our parent company gets as a result of our corporate sponsorship. No face amount shown. Exhibit # 3 shows Houston Texans football tickets our parent company receives. This sponsorship package does include face value tickets.

FINRA’s proposed rule requires the member value the tickets, if given as a gift or as non-cash compensation (proposed rule 3220 and 3221), at “the higher of costs or face value”. As seen in exhibit # 1, there is no face value listed on the ticket. Since The Center for the Performing Arts at The Woodlands does not provide a face value nor a breakout of the various costs associated with the sponsorship package, how can the value be determined? Is there a difference in the value of the tickets shown in exhibit # 1 of a Dierks Bentley concert or a Houston Symphony concert? Probably. So who determines the value and how do they determine it? The Houston Astros tickets in 2013 were not even worth the face values shown but maybe this year they are worth something more.

In my opinion, and as found in proposed rule 3222 and accurately defined in section (a) subsection (1), FINRA’s intent is to assure there is no possibility these tickets /dinners/etc. could become *quid pro quo* for selling or promoting one specific product or service over another.

As a charity fundraiser, I am absolutely not putting a value on tickets that a sponsor obtains as part of a corporate sponsorship. How would a PGA Tour event, value the corporate signage behind the 18<sup>th</sup> hole that happens to be in every camera shot based on the pin position the PGA Tour has set up that day? Based on the TV air time, a sponsorship package that included 100 tickets might have a negative value versus what the sponsor actually paid. What about the Master’s? Based on the face value, everyone can go. But really?

So how can FINRA apply a similar standard to proposed rules 3220 and 3221 as they have in proposed rule 3222?

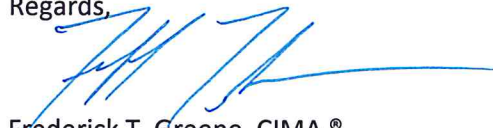
I recommend FINRA not put a value on a ticket to a sporting event or dinner or other entertainment. Instead of using a value, use a number of occurrences. How many? Two or three times in a calendar year for any tickets/dinner or other similar event of any type is plenty. This also makes compliance and recordkeeping much easier and your potential to monitor that recordkeeping easier as well. If you see a registered person going to several sporting events or dinners hosted by the same provider, throw a penalty flag. Review expense accounts to see which clients are going to dinners or sporting events and throw a penalty flag.

Another issue I have is with proposed rule 3220, supplementary material .05 personal gifts. In the first several sentences the rule seems to allow a member firm to give a personal gift for occasional life events. In the last sentence, that ability is taken away. Drop the last sentence.

My last comment revolves around rule 3221, item (b) subsection (2) item (c). As with FINRA meetings I have attended, many attendees bring a spouse or significant other along to enjoy the city or location of the event. Often, even at FINRA committee meetings, dinners are held. While I do not think it should become common occurrence, I do not believe spouses should always be excluded from these events. I believe these events could be a lot more effective if they were included. After all, it takes a special breed of person to marry anyone affiliated with any part of this industry and they can and usually do provide interesting insights insiders sometimes miss.

Thank you for allowing me to comment. I appreciate your open and honest approach to these potential changes.

Regards,



Frederick T. Greene, CIMA<sup>®</sup>  
Executive V.P., Portfolio Manager  
Financial Advisor, branch Manager



THE CYNTHIA WOODS MITCHELL

**PAVILION**

PRESENTED BY **HUNTSMAN**

ALL WEATHER EVENT • NO REFUNDS • NO EXCHANGES  
EVENT TIME, DATE AND SUPPORT ACTS SUBJECT TO  
CHANGE WITHOUT NOTICE

Visit the Woodforest Bank Club in the North Plaza!

**#SOMEHEREONABEACH**

**DIERKS BENTLEY**

**RANDY HOUSER & C&H**

**WOODLANDS PAVILION**

**PRES BY CPATM/RAIN/SHINE**

**SUN AUG 21 2016 7:00 PM**

**RESU LUXURY BOX**

**T-SEAS**

**EHMB0821**

EVENT

**XXX,XX**

PRICE

**BOX**

SEC.

**A3**

ROW

**4**

SEAT

Prices include applicable Event Admissions Tax

570302983357



**T-SEAS**

**20JUN6**

**1551**

**CN 38018**

**EHMB0821**

EVENT

**XXX,XX**

PRICE

**BOX**

SEC.

**A3**

ROW

**4**

SEAT



**ASTROS** Minute World **ASTROS** RAYS

ACCOUNT # 150899

GAME # 64 Sat., Aug 27, 2016

SECTION C ROW 3 SEAT 5

LEVEL DIAMOND CLUB

**ADMIT ONE**  
ALL TAXES INCLUDED. NO REFUNDS. NO EXCHANGES.  
SUBJECT TO THE CONDITIONS SET FORTH ON THE  
BACK HEREOF. ALL GAME TIMES AND DATES ARE  
SUBJECT TO CHANGE.



P327-GDW96972

**HOUSTON** ★ **ASTROS**

GAME # 64 Sat., Aug 27, 2016

SECTION C ROW 3 SEAT 5

LEVEL DIAMOND CLUB



**ASTROS** Minute World **ASTROS** RAYS

ACCOUNT # 150899

GAME # 64 Sat., Aug 27, 2016

SECTION C ROW 3 SEAT 6

LEVEL DIAMOND CLUB

**ADMIT ONE**  
ALL TAXES INCLUDED. NO REFUNDS. NO EXCHANGES.  
SUBJECT TO THE CONDITIONS SET FORTH ON THE  
BACK HEREOF. ALL GAME TIMES AND DATES ARE  
SUBJECT TO CHANGE.



P327-MXU955596

**HOUSTON** ★ **ASTROS**

GAME # 64 Sat., Aug 27, 2016

SECTION C ROW 3 SEAT 6

LEVEL DIAMOND CLUB



**ASTROS** Minute World **ASTROS** RAYS

ACCOUNT # 150899

GAME # 64 Sat., Aug 27, 2016

SECTION C ROW 3 SEAT 7

LEVEL DIAMOND CLUB

**ADMIT ONE**  
ALL TAXES INCLUDED. NO REFUNDS. NO EXCHANGES.  
SUBJECT TO THE CONDITIONS SET FORTH ON THE  
BACK HEREOF. ALL GAME TIMES AND DATES ARE  
SUBJECT TO CHANGE.



P327-DGV774627

**HOUSTON** ★ **ASTROS**

GAME # 64 Sat., Aug 27, 2016

SECTION C ROW 3 SEAT 7

LEVEL DIAMOND CLUB



**ASTROS** Minute World **ASTROS** RAYS

ACCOUNT # 150899

GAME # 64 Sat., Aug 27, 2016

SECTION C ROW 3 SEAT 8

LEVEL DIAMOND CLUB

**ADMIT ONE**  
ALL TAXES INCLUDED. NO REFUNDS. NO EXCHANGES.  
SUBJECT TO THE CONDITIONS SET FORTH ON THE  
BACK HEREOF. ALL GAME TIMES AND DATES ARE  
SUBJECT TO CHANGE.



P327-27PMAAFG

**HOUSTON** ★ **ASTROS**

GAME # 64 Sat., Aug 27, 2016

SECTION C ROW 3 SEAT 8

LEVEL DIAMOND CLUB

FS9 / MERCILUS / LB



**VS**



HOUSTON TEXANS

KANSAS CITY CHIEFS

**SUNDAY // SEP. 18, 2016 // NOON**  
PREGAME SHOW STARTS AT 11:30 AM

FB9 / JOHNSON / CB



**VS**



HOUSTON TEXANS

TENNESSEE TITANS

**SUNDAY // OCT. 2, 2016 // NOON**  
PREGAME SHOW STARTS AT 11:30 AM

**KIDS DAY**  
PRESENTED BY



**HISPANIC HERITAGE DAY**

SEC

ROW

SEAT

107

N

9

Enter XFINITY Gate

\$164.00

209502

FOR GAMEDAY INFORMATION VISIT  
**HOUSTONTEXANS.COM**

**SUNDAY // OCT. 2, 2016 // NOON**

DATE AND TIME ARE SUBJECT TO CHANGE.

nrg stadium

**GAME 3**



896021861454

SEC

ROW

SEAT

107

N

9

Enter XFINITY Gate

\$164.00

209502

FOR GAMEDAY INFORMATION VISIT  
**HOUSTONTEXANS.COM**

**SUNDAY // SEP. 18, 2016 // NOON**

DATE AND TIME ARE SUBJECT TO CHANGE.

nrg stadium

**GAME 2**



552894510430