

FINRA Reviews Rules on Outside Business Activities and Private Securities Transactions

On May 15, 2017, FINRA issued Regulatory Notice 17-20 (RN-17-20) to request comment on the effectiveness and efficiency of its rules on outside business activities (OBA) and private securities transactions as part of a new retrospective rule review.

RN-17-20 outlines the general retrospective rule review process and seeks responses to several questions related to firms' experiences with OBA and private securities transactions rules. FINRA noted that its staff will follow a similar process to previous retrospective rule reviews. In general, the review process consists of an assessment and action phase. RN 17-20 is part of the "assessment phase" of FINRA's rule review process. RN 17-20 does not suggest amendments to FINRA's OBA and private securities transactions rules. During the Assessment phase:

- FINRA will evaluate the efficacy and efficiency of the rule or rule set as currently implemented, including FINRA's internal administrative processes.
- FINRA will seek input from affected parties and experts, including its advisory committees, subject-matter experts inside and outside of the organization, and other stakeholders, including industry members, investors, interested groups and the public.
- FINRA staff will assess issues including the existence of duplicative, inconsistent or ineffective regulatory obligations; whether market or other conditions have

changed to suggest there are ways to improve the efficiency or effectiveness of a regulatory obligation without loss of investor protections; and potential gaps in the regulatory framework.

RN 17-20 can be found at:

http://www.finra.org/sites/default/files/notice_doc_file_ref/Regulatory-Notice-17-20.pdf. Comments are due June 29, 2017.