

FORESIDE

Three Canal Plaza
Suite 100
Portland, ME
04101

tel 866.251.6920
fax 207.553.7151

www.foreside.com

April 13, 2018

Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

Dear Ms. Mitchell:

We are pleased to comment on the Regulatory Notice 18-08 regarding FINRA's proposed changes to the current Rules 3270 - Outside Business Activities ("OBAs") and 3280 - Private Securities Transactions ("PST") (collectively, the "Rules").

The Foreside family of companies ("Foreside" or the "Firm") includes affiliated limited purpose broker-dealers. As the principal underwriter of investment companies or as placement agent for alternative investments, the Firm primarily facilitates dealer agreements, reviews fund advertising, acts as a paying agent for 12b-1 and other fund-related payments and performs other similar back office functions. The Firm may also hold the securities licenses of certain employees of a sponsor/investment adviser or third-party marketer engaged in marketing registered or privately placed products. These Registered Representatives ("Representatives") may engage in the marketing of registered or privately placed products to financial intermediaries, investment advisers and accredited or qualified investors that are primarily institutions. The Firm may also hold certain securities licenses of personnel employed by the Firm's parent company.

Representatives do not open or maintain customer accounts, accept any customer funds for investment, or handle purchase, redemption or exchange requests. Representatives do not handle monies for investment nor are accounts established at the Firm. Investment monies are either wired or mailed directly to the issuer, if applicable, the adviser, or to a third-party agent of the issuer. As a limited purpose broker-dealer, the Firm does not maintain shareholder accounts, does not process transactions, does not give investment advice and does not accept money for investment, and therefore a lot of the potential conflicts that the Rules were designed to mitigate do not arise.

We are very pleased that FINRA is proposing a risk-based approach with respect to assessing OBAs and PSTs. Such an approach will dramatically save costs and reduce a firm's administrative and regulatory burden. In addition, consolidating the Rules will permit firms to more easily assess whether an activity may be investment or non-investment related. Furthermore, limiting supervisory responsibilities to the selling of private placements away from the member helps firms focus on situations presenting the highest potential risk.

We encourage FINRA to publish guidance on how to assess certain potential OBA or PST scenarios, particularly in regards to potential "grey areas" where an

activity has qualifications of both an OBA and PST. This would be helpful both in terms of firms understanding their obligations, and in terms of regulators, being more uniform in their review of compliance with these rules. For example:

1. Please confirm that the revised Rule 3290 would not require a firm to supervise or record a PST that is not for compensation.
2. Are passive investments in an entity considered a personal securities investment? Under what circumstances would they be considered an OBA or a PST?
3. Under what circumstances are rental properties considered an OBA?
4. Under what circumstances is real estate ownership an OBA or PST?
5. What is the status of an issuer-exempt private offering by insiders?

In our view, FINRA's proposal strikes an appropriate balance between ensuring that FINRA's members are not unnecessarily burdened administratively and providing members with the guidance and ability to focus on scenarios that present higher risk to firms and the investing public. We commend FINRA for its proposal and we strongly urge its adoption.

Thank you for your time and consideration.

Sincerely,



Nanette K. Chern
Chief Compliance Officer



Susan K. Moscaritolo
Chief Compliance Officer