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April 27, 2018

Via Email: pubcom@finra.org

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

RE: Regulatory Notice 18-08 (Proposed FINRA Rule 3290 -- Outside Business Activities and Private Securities Transactions)

Dear Ms. Mitchell,

The Cornell Securities Law Clinic (“Clinic”) submits this comment letter in opposition to certain portions of the proposal (“Rule Proposal”) to amend FINRA Rules 3270 and 3280. The Clinic is a Cornell Law School curricular offering, in which law students provide representation to public investors and public education as to investment fraud in the largely rural “Southern Tier” region of Upstate New York. For more information, please see: <http://securities.lawschool.cornell.edu/>.

The Clinic does not support proposed Rule 3290 as drafted. While we support the general concept of streamlining rules for supervision, such streamlining should not come at the expense of investor protection.

We are troubled by the language of the Rule Proposal for new Rule 3290 as to a member’s lack of responsibility after disapproval. FINRA states in Regulatory Notice 18-08 that “[if] the member disapproves [of] the activity, it has no further obligation.” While the proposed rule does not explicitly state this, and is silent on member’s obligations regarding unapproved activities, we understand FINRA to interpret silence in the Rule Proposal as meaning the member has no further obligation.

The Clinic objects to the member firm having no further obligation after disapproval of a proposed activity. At a minimum, the new Rule should make explicit that the member has the responsibility to reasonably supervise the registered person to ensure that the disapproval is not disregarded. This could include, among other things, contacting those with whom the representative proposed to engage in outside investment activity to inform them of the



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disapproval, and contacting any customer the representative had communicated with regarding the proposed investments. Without these and other reasonable obligations, the Proposed Rule would make the situation worse, not better, for investor protection.

Accordingly, the Clinic does not support FINRA's Rule Proposal.

Respectfully Submitted,

// William A. Jacobson //

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// Michaela Kyoko Kamemoto //

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