

settlement of securities transactions.<sup>57</sup> The Proposed Rule Change is consistent with Section 17A(b)(3)(F) of the Act for the reasons stated below.

As noted in Section II above, the Net Debit Cap is a risk management tool utilized by DTC. By limiting the settlement net debit any Participant can incur at any point during the processing day to an amount below DTC's liquidity resources, DTC uses the Net Debit Cap to protect the DTC settlement system in the event of a Participant default. This ensures that DTC maintains sufficient financial resources to complete settlement in the event of a failure to settle by the largest Participant or Affiliated Family of Participants. As noted in Section III above, DTC filed an Impact Study accompanying the Proposed Rule Change. The Commission has reviewed and analyzed the filing materials, including the Impact Study. An increase of the Net Debit Cap would not impact DTC's ability to meet its liquidity obligations because, as discussed in Part III, the proposed Net Debit Cap increase would continue to be supported by sufficient DTC qualifying liquid resources, as the floating amount will always be lower than DTC's total available liquidity.<sup>58</sup> Because the increase in Net Debit Cap should improve transaction processing while still ensuring that DTC has sufficient liquidity resources in the event of default, the Commission finds that the Proposed Rule Change should enhance DTC's ability to provide prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act.

The Proposed Rule Change is consistent with removing impediments to and perfecting the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions. As described above, DTC employs Debit Caps as a risk management tool to regulate the total settlement obligation that any Participant or Affiliated Family may incur. As DTC does not process transactions that would result in a Participant exceeding its Net Debit Cap, such transactions remain pending until the Participant's Net Debit Balance is sufficiently reduced to permit processing. By raising the Net Debit Cap, a greater number of transactions could be processed without requiring the Participant to first reduce its Net Debit Balance.<sup>59</sup>

The Commission has reviewed and analyzed the the Impact Study. The Impact Study demonstrates that an increase of the Net Debit Cap would elicit an immediate reduction in the number of SPPs required to complete transactions. A higher Net Debit Cap should reduce blockages from transactions pending due to a Participant reaching their Net Debit Cap and reduce the need to submit SPPs. Accordingly, the proposal is designed to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act.<sup>60</sup>

#### *B. Consistency With Rule 17Ad-22(e)(7)(i)*

Rule 17Ad-22(e)(7)(i) requires that, among other things, DTC establish, implement, maintain and enforce written policies and procedures reasonably designed to, as applicable, effectively measure, monitor, and manage the liquidity risk that arises in or is borne by the covered clearing agency, including measuring, monitoring, and managing its settlement and funding flows on an ongoing and timely basis, and its use of intraday liquidity by maintaining sufficient liquid resources at the minimum in all relevant currencies to effect same-day, and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of foreseeable stress scenarios, that includes, but is not limited to, the default of the participant family that would generate the largest aggregate payment obligation for DTC in extreme but plausible market conditions.<sup>61</sup>

As discussed in Part II, the Net Debit Cap restricts a Participant's net debit settlement obligation to an amount that can be satisfied with DTC's liquidity resources at any point during its processing day. As outlined in Part III, the proposed increase in the Net Debit Cap would be capped by DTC's available qualifying liquid resources when considering the Participants Fund, LOC, and Debt Issuance collectively, and it would not alter the current methods for monitoring settlement flows and net debit obligations. This should enable DTC to maintain sufficient liquid resources to meet its payment obligations under a wide range of foreseeable stress scenarios, including the default of the Individual Participant or Affiliated

Family causing the largest aggregate payment obligation for DTC in extreme but plausible market conditions.

For the reasons above, the Commission finds that the Proposed Rule Change is consistent with Rule 17Ad-22(e)(7)(i) under the Act.<sup>62</sup>

#### **V. Conclusion**

On the basis of the foregoing, the Commission finds that the Proposed Rule Change is consistent with the requirements of the Act, and in particular, with the requirements of Section 17A of the Act<sup>63</sup> and the rules and regulations promulgated thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act<sup>64</sup> that proposed rule change SR-DTC-2025-019, be, and hereby is, APPROVED.<sup>65</sup>

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>66</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

[FR Doc. 2026-02117 Filed 2-2-26; 8:45 am]

**BILLING CODE 8011-01-P**

#### **SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-104738; File No. SR-MIAX-2026-04]**

#### **Self-Regulatory Organizations; Miami International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 307, Position Limits, and Rule 309, Exercise Limits, Regarding Position and Exercise Limits on Options Overlying Certain Crypto Assets**

January 29, 2026.

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 28, 2026, Miami International Securities Exchange, LLC ("MIAX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit

<sup>62</sup> *Id.*

<sup>63</sup> 15 U.S.C. 78q-1.

<sup>64</sup> 15 U.S.C. 78s(b)(2).

<sup>65</sup> In approving the Proposed Rule Change, the Commission considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>66</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>57</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>58</sup> See Notice of Filing, *supra* note 4, at 61207-08. See also Settlement Guide, *supra* note 3, at 71.

<sup>59</sup> See Settlement Guide, *supra* note 3, at 71.

<sup>60</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>61</sup> 17 CFR 240.17Ad-22(e)(7)(i).

comments on the proposed rule change from interested persons.

### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits in connection with the following options overlying Exchange-Traded Fund Shares: Fidelity Wise Origin Bitcoin Fund ("FBTC"), ARK 21Shares Bitcoin ETF ("ARKB"), VanEck Bitcoin ETF ("HODL"), Fidelity Ethereum Fund, iShares Ethereum Fund,<sup>3</sup> Bitwise Ethereum ETF, Grayscale Ethereum Trust, Grayscale Ethereum Mini Trust.

The text of the proposed rule change is available on the Exchange's website at <https://www.miaxglobal.com/markets/us-options/all-options-exchanges/rule-filings> and at MIAX's principal office.

### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

#### A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The Exchange proposes to amend Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits,<sup>4</sup> in connection with the following options overlying Exchange-Traded Fund Shares: Fidelity Wise Origin Bitcoin Fund ("FBTC"), ARK 21Shares Bitcoin ETF ("ARKB"), VanEck Bitcoin ETF ("HODL"), Fidelity Ethereum Fund, iShares Ethereum Fund, Bitwise Ethereum ETF, Grayscale Ethereum Trust, Grayscale Ethereum Mini Trust (collectively "the Crypto Assets"). This is a filing based on a similar proposal submitted by Nasdaq ISE, LLC ("ISE")

<sup>3</sup> In Exchange Rules 307 and 309, the Exchange refers to the iShares Ethereum Trust ETF as the iShares Ethereum Fund.

<sup>4</sup> The Exchange notes that all the rules of Chapter III of MIAX, including Rules 307 and 309, are incorporated by reference into the rulebooks of MIAX Emerald, LLC, MIAX Pearl, LLC and MIAX Sapphire, LLC.

and noticed by the Securities and Exchange Commission ("Commission").<sup>5</sup>

##### Background

In November 2024, the Exchange filed a proposal which was noticed for immediate effectiveness by the Commission to list and trade options on Fidelity Wise Origin Bitcoin Fund ("FBTC") and ARK 21Shares Bitcoin ETF ("ARKB").<sup>6</sup> On July 30, 2025, the Exchange filed to allow the Exchange to list and trade options on the VanEck Bitcoin ETF ("HODL").<sup>7</sup> In April 2025, the Exchange filed a proposal which was noticed for immediate effectiveness by the Commission to list options on the Fidelity Ethereum Fund,<sup>8</sup> the iShares Ethereum Fund,<sup>9</sup> and the Grayscale Ethereum Trust, the Grayscale Ethereum Mini Trust, and the Bitwise Ethereum ETF.<sup>10</sup> These aforementioned notices

<sup>5</sup> See Securities Exchange Act Release No. 104648 (January 7, 2026) (SR-ISE-2026-01) (Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Remove Restrictions on Certain Crypto Assets) ("ISE Filing").

<sup>6</sup> See Securities Exchange Act Release No. 101717 (November 21, 2024), 89 FR 94828 (November 29, 2024) (SR-MIAX-2024-43) (Self-Regulatory Organizations; MIAX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 402, Criteria for Underlying Securities, Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits To Allow the Exchange To List and Trade Options on the Fidelity Wise Origin Bitcoin Fund and the ARK 21Shares Bitcoin ETF).

<sup>7</sup> See Securities Exchange Act Release No. 103612 (July 30, 2025), 90 FR 37578 (August 5, 2025) (SR-MIAX-2025-36) (Self-Regulatory Organizations; Miami International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 402, Criteria for Underlying Securities, Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits To Allow the Exchange To List and Trade Options on the VanEck Bitcoin Trust).

<sup>8</sup> See Securities Exchange Act Release No. 102821 (April 9, 2025), 90 FR 16339 (April 17, 2025) (SR-MIAX-2025-20) (Self-Regulatory Organizations; Miami International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 402, Criteria for Underlying Securities, Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits To Allow the Exchange To List and Trade Options on the Fidelity Ethereum Fund).

<sup>9</sup> See Securities Exchange Act Release No. 102832 (April 10, 2025), 90 FR 16380 (April 17, 2025) (SR-MIAX-2025-19) (Self-Regulatory Organizations; Miami International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 402, Criteria for Underlying Securities, Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits To Allow the Exchange To List and Trade Options on the iShares Ethereum Trust).

<sup>10</sup> See Securities Exchange Act Release No. 102846 (April 11, 2025), 90 FR 16272 (April 17, 2025) (SR-MIAX-2025-21) (Self-Regulatory Organizations; Miami International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Exchange Rule 402, Criteria for Underlying Securities, Exchange Rule 307, Position Limits, and

permitted the Exchange to trade the Crypto Assets subject to a 25,000 contract position and exercise limit.

In August 2025, the Exchange filed a proposal which was noticed for immediate effectiveness by the Commission to amend the position and exercise limits for options on the iShares Bitcoin Trust ETF,<sup>11</sup> Grayscale Bitcoin Trust ETF ("GBTC"), Grayscale Bitcoin Mini Trust ETF ("BTC"), and the Bitwise Bitcoin ETF ("BITB")<sup>12</sup> to eliminate the 25,000 contract position and exercise limits. On November 14, 2025, the Exchange's proposal to permit certain options on Exchange-Traded Fund Shares that meet certain generic requirements to be listed as a Commodity-Based Trust was deemed approved.<sup>13</sup> As amended, Exchange Rule 402(i)(6) specifies that the Exchange may list and trade options on a Commodity-Based Trust that meets the generic listing standards for Commodity-Based Trust Shares of the applicable primary listing market, except that the Commodity-Based Trust holds a single crypto asset. Further, a Commodity-Based Trust that meets the requirements of Exchange Rule 402(i)(6) must also satisfy the following requirements: (A) the total global supply

Exchange Rule 309, Exercise Limits To Allow the Exchange to List and Trade Options on the Grayscale Ethereum Trust, the Grayscale Ethereum Mini Trust, and the Bitwise Ethereum ETF).

<sup>11</sup> See Securities Exchange Act Release No. 103644 (August 5, 2025), 90 FR 38521 (August 8, 2025) (SR-MIAX-2025-37) (Self-Regulatory Organizations; Miami International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits To Allow the Exchange To Increase the Position and Exercise Limits for iShares Bitcoin Trust ETF).

<sup>12</sup> See Securities Exchange Act Release No. 103749 (August 14, 2025), 90 FR 41426 (August 25, 2025) (SR-MIAX-2025-38) (Self-Regulatory Organizations; Miami International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Change To Amend Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits To Allow the Exchange To Increase the Position and Exercise Limits for Grayscale Bitcoin Trust ETF, Grayscale Bitcoin Mini Trust ETF, and the Bitwise Bitcoin ETF).

<sup>13</sup> See Securities Exchange Act Release Nos. 104210 (November 14, 2025), 90 FR 52727 (November 21, 2025) (SR-MIAX-2025-07) (Self-Regulatory Organizations; BOX Exchange LLC, Cboe Exchange, Inc., Cboe BYX Exchange, Inc., Cboe BZX Exchange, Inc., Cboe EDGX Exchange, Inc., Miami International Securities Exchange, LLC, MIAX PEARL, LLC, MIAX Sapphire, LLC, Nasdaq ISE, LLC, New York Stock Exchange LLC, NYSE American LLC, NYSE Arca, Inc., NYSE National, Inc., and NYSE Texas, Inc.; Notice of Deemed Approval of Various Proposed Rule Changes); and 104451 (December 4, 2025), 90 FR 60208 (December 23, 2025) (SR-MIAX-2025-49) (Self-Regulatory Organizations; Miami International Securities Exchange, LLC; Notice of Filing of a Proposed Rule Change To Amend Exchange Rule 402, Criteria for Underlying Securities, To Permit Options on Commodity-Based Trust Shares).

of the underlying crypto asset held by the Commodity-Based Trust has an average daily market value of at least \$700 million over the last 12 months; and (B) the crypto asset held by the Commodity-Based Trust underlies a derivatives contract that trades on a market with which the Exchange has a comprehensive surveillance sharing agreement, whether directly or through common membership in the Intermarket Surveillance Group. Position and exercise limits for options on Commodity-Based Trusts that list and trade pursuant to Exchange Rule 402(i)(6) would be determined pursuant to Exchange Rules 307 and 309, respectively, as is the case for other options on other ETFs.

#### Proposal

The Crypto Assets all qualify for listing pursuant to Exchange Rule 402(i)(6). As such, similar to other options listed pursuant to Exchange Rule 402(i)(6), the Crypto Assets should be subject to the position limits set forth in Exchange Rule 307, and subject to the exercise limits set forth in Exchange Rule 309. To that end, the Exchange proposes to remove the 25,000 position and exercise limit restrictions for the Crypto Assets. With this proposal, Crypto Assets that qualify to be listed pursuant to Exchange Rule 402(i)(6) would be treated similar to all other options for purposes of position and exercise limits.

#### 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>14</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>15</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>16</sup> requirement that

the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange's proposal to permit the Crypto Assets, which qualify for listing pursuant to Exchange Rule 402(i)(6), to be subject to the position limits set forth in Exchange Rule 307 and subject to the exercise limits set forth in Exchange Rule 309 similar to all other options is consistent with the Act as this treatment promotes just and equitable principles of trade.

#### B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In this regard and as indicated above, the Exchange notes that the rule change being proposed is very similar in nature to the ISE Filing.<sup>17</sup>

The Exchange's proposal does not burden intra-market competition because the Crypto Assets that qualify to be listed pursuant to Exchange Rule 402(i)(6) would be treated similar to all other options for purposes of position and exercise limits.

The Exchange does not believe that the proposed rule change will impose any burden on inter-market competition as the proposal is not competitive in nature. The Exchange expects that all option exchanges will adopt substantively similar proposals, such that the Exchange's proposal would benefit competition. For these reasons, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

#### C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments were neither solicited nor received.

### III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the

proposed rule change has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>18</sup> and Rule 19b-4(f)(6) thereunder.<sup>19</sup>

A proposed rule change filed under Rule 19b-4(f)(6)<sup>20</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>21</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange states that waiver of the operative delay will allow the Exchange to treat options on Crypto Assets in the same manner as all other options that qualify for listing pursuant to Exchange Rule 402(i)(6). The Exchange also states that the proposal does not significantly affect the protection of investors or the public interest because options on Crypto Assets that qualify for listing pursuant to Exchange Rule 402(i)(6) are subject to the position and exercise limits set forth in Exchange Rules 307 and 309, respectively. Finally, the Exchange notes that another exchange filed a notice for immediate effectiveness, substantively similar in relevant part, with the Commission, which notice is effective.<sup>22</sup> For these reasons, and because the proposal does not raise new or novel regulatory issues, the Commission believes that waiver of the operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposal operative upon filing.<sup>23</sup>

At any time within 60 days of the filing of this proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of

<sup>18</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>19</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

<sup>20</sup> 17 CFR 240.19b-4(f)(6).

<sup>21</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>22</sup> See *supra* note 5.

<sup>23</sup> For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>14</sup> 15 U.S.C. 78f(b).

<sup>15</sup> 15 U.S.C. 78f(b)(5).

<sup>16</sup> *Id.*

<sup>17</sup> See *supra* note 5.

investors, or otherwise in furtherance of the purposes of the Act.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### *Electronic Comments*

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-MIAX-2026-04 on the subject line.

##### *Paper Comments*

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-MIAX-2026-04. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR-MIAX-2026-04 and should be submitted on or before February 24, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>24</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

[FR Doc. 2026-02115 Filed 2-2-26; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104746; File No. SR-FINRA-2026-001]

### **[Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change To Adopt FINRA Rule 3290 (Outside Activities Requirements)]**

**DATES:** January 29, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act" or "Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 22, 2026, the Financial Industry Regulatory Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### **I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

FINRA is proposing to adopt FINRA Rule 3290 (Outside Activities Requirements) and to delete existing FINRA Rules 3270 (Outside Business Activities of Registered Persons) and 3280 (Private Securities Transactions of an Associated Person). The amended requirements focus on outside activities appropriately within members' purview that potentially present heightened risks for members and the public. In so doing, the amended requirements bolster members' review of these activities while reducing unnecessary burdens.

The text of the proposed rule change is available on FINRA's website at <http://www.finra.org> and at the principal office of FINRA.

#### **II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

In its filing with the Commission, FINRA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

#### *A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change*

##### 1. Purpose

##### **Existing Rules**

Proposed new FINRA Rule 3290 would replace existing Rules 3270 and 3280. Current Rule 3270 prohibits a registered person from being an employee, independent contractor, sole proprietor, officer, director or partner of another person, or being compensated, or have the reasonable expectation of compensation, by any other person as a result of any business activity outside the scope of the relationship with his or her member ("outside business activity" or "OBA"), unless he or she has provided prior written notice to the member.

Once notified pursuant to Rule 3270, the member must consider whether the proposed OBA will: (1) interfere with or otherwise compromise the registered person's responsibilities to the member or the member's customers or (2) be viewed by customers or the public as part of the member's business based upon, among other factors, the nature of the proposed activity and the manner in which it will be offered. Based on the member's review of such factors, the member must evaluate the advisability of imposing specific conditions or limitations on a registered person's OBA, including where circumstances warrant, prohibiting the activity.

The member also must assess whether a registered person's activity properly is characterized as an OBA or whether it should be treated as a "private securities transaction" ("PST") subject to the requirements of current Rule 3280. A PST is a securities transaction outside the regular course or scope of an associated person's employment with a member.

Rule 3280 provides that, prior to participating in any PST, an associated person (which includes both registered and non-registered persons) must provide written notice to the member with which he or she is associated, describing in detail the proposed transaction and the associated person's proposed role, and indicating whether the associated person has received or may receive selling compensation in connection with the transaction. If the PST does not involve selling compensation, the member must provide prompt written acknowledgement of the notice and may, at its discretion, require the associated person to adhere to specified conditions in connection with the

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>24</sup> 17 CFR 200.30-3(a)(12), (59).