

Attachment A

Below is the text of the proposed rule change. Proposed new language is underlined.

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3200. RESPONSIBILITIES RELATING TO ASSOCIATED PERSONS

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3290. Outside Activities Requirements

(a) Obligations of a Registered Person for Outside Activity

A registered person who intends to participate in an investment-related activity outside the scope of such person's relationship with the member that is not in connection with a securities transaction ("outside activity") shall provide prior written notice to the member regarding such outside activity. In the case of a material change to the outside activity, a registered person shall provide updated prior written notice to the member. For any such notice, the registered person shall describe in detail the proposed outside activity and the person's proposed role therein.

(b) Obligations of an Associated Person for Outside Securities Transactions

(1) Notice of Outside Securities Transaction

An associated person who intends to participate in an investment-related activity outside the scope of such person's relationship with the member that is in connection with a securities transaction ("outside securities transaction") shall provide prior written notice to and, in the case of an outside securities transaction for selling compensation, obtain prior written approval from the member regarding each such transaction, except that:

(A) An associated person who intends to participate in an outside securities transaction that is in connection with a series of related securities transactions not for selling compensation may provide a single prior written notice to the member.

(B) An associated person acting in a capacity described in Supplementary Material .02 of this Rule who is not selling an entity's shares for selling compensation may provide a single prior written notice to the member.

(2) Material Change

In the case of a material change to the information provided pursuant to paragraph (b)(1) of this Rule, an associated person shall provide updated prior written notice to and, in the case of an outside securities transaction for selling compensation, obtain updated prior written approval from the member.

(3) Contents of Notice

For any such notice provided pursuant to paragraph (b)(1) of this Rule, the associated person shall describe in detail the proposed transaction, series of related transactions, the person's proposed role therein and whether the person will receive selling compensation.

(c) Obligations of a Member for a Registered Person's Outside Activity

Upon receipt of written notice from a registered person pursuant to paragraph (a) of this Rule, the member shall:

(1) Assess, at a minimum, whether the outside activity:

(A) is an outside securities transaction;

(B) involves a customer of the member;

(C) will interfere with or otherwise compromise the registered person's responsibilities to the member or the member's customers; and

(D) will be viewed by the member's 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.

(2) Based on the member's review of such factors, evaluate the advisability of imposing specific conditions or limitations on a registered person's outside activity, including where circumstances warrant, prohibiting the activity.

(d) Obligations of a Member for an Associated Person's Outside Securities Transactions

Upon receipt of written notice from an associated person pursuant to paragraph (b) of this Rule, the member shall:

(1) Assess, at a minimum, whether the securities transaction:

(A) is a securities transaction for selling compensation;

(B) involves a customer of the member;

(C) will interfere with or otherwise compromise the associated person's responsibilities to the member or the member's customers; and

(D) will be viewed by the member's 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.

(2) For an outside securities transaction not for selling compensation, provide the associated person prompt written acknowledgement of such notice and, at the member's discretion, require the associated person to adhere to specified conditions in connection with the associated person's participation in the transaction. A single written notice and a single written acknowledgement may be used in the case of a series of related outside securities transactions not for selling compensation.

(3) For an outside securities transaction for selling compensation, make a reasonable determination based on the above assessment of whether to approve, approve subject to specific conditions or limitations, or disapprove each proposed securities transaction and notify the associated person in writing of such determination.

(4) For an approved outside securities transaction for selling compensation, the member shall record each transaction on the books and records of the member and supervise the person's participation in the transaction as if executed on behalf of the member.

(e) Recordkeeping. A member shall keep a record of its compliance with the obligations under this Rule and preserve this record for the period of time and accessibility specified in SEA Rule 17a-4(e)(1).

(f) Definitions. For purposes of this Rule:

(1) "Affiliate" means any entity that controls, is controlled by, or is under common control with a member.

(2) "Investment-related activity" means pertaining to financial assets, including securities, crypto assets, commodities, derivatives (such as futures and swaps), currency, banking, real estate or insurance.

(A) The term includes, but is not limited to, acting as or being associated with a broker-dealer; issuer; insurance agent or company; investment company; investment adviser; futures commission merchant; commodity trading advisor; commodity pool operator; municipal advisor; futures sponsor; bank; savings association; or credit union.

(B) The term also includes an associated person's participation in any manner in a personal investment involving a securities transaction, sometimes referred to as "buying away," other than transactions indicated in paragraph (g)(3)(A) of this Rule. A personal investment involving a securities transaction shall include any securities transaction for which an associated person has a beneficial interest. This shall include those by or on behalf of:

(i) a spouse or domestic partner of the associated person;

(ii) a child of the associated person or of the associated person's spouse or domestic partner, provided that the child resides in the same household as or is financially dependent upon the associated person; or

(iii) any other person who resides in the same household as the associated person and is financially dependent upon the associated person.

(3) "Selling compensation" means any compensation paid directly or indirectly from whatever source in connection with or as a result of the purchase, sale or exchange of a security, including, though not limited to, commissions; finder's fees; securities or rights to acquire securities; rights of participation in profits; tax benefits; dissolution proceeds, as a general partner or otherwise; or expense reimbursements.

(g) Exclusions. This Rule shall not apply to an associated person's (including a registered person's):

(1) non-broker-dealer activity on behalf of a member or its affiliate (e.g., investment advisory activity conducted for a dually registered broker-dealer/investment adviser or investment advisory, insurance or banking activity conducted at an affiliate of the member);

(2) securities transactions among immediate family members (as defined in Rule 5130) for which the associated person (including a registered person) receives no selling compensation;

(3) the following personal investments:

(A) securities transactions subject to or delineated in Rule 3210;

(B) personal investments in non-securities; and

(C) the purchase, sale, rental or lease of a main home or dwelling unit or personal-use rental property, as defined for purposes of the Internal Revenue Code.

••• Supplementary Material: -----

.01 Formal Allocation Agreement. For purposes of this Rule, if a member approves an associated person's participation in an outside securities transaction involving selling compensation and that person is associated with more than one member, the members may develop a written allocation arrangement whereby at least one member agrees to be responsible for compliance with respect to all applicable securities laws and regulations and FINRA rules regarding the proposed activity, including those requiring supervision and recordkeeping.

.02 Portfolio Managers and Investment Committee Members. An associated person shall not be considered to be participating in an outside securities transaction to the extent the associated person's activities are limited to acting as portfolio manager or investment committee member for registered investment companies (e.g., mutual funds, exchange traded funds, unit investment trusts, or registered closed-end funds), unregistered investment companies, business development companies, real estate investment trusts and entities that are recognized as tax exempt. This exception shall not include an associated person's activities related to purchasing or selling such entities' shares (unless otherwise excluded under paragraph (g) of this Rule).