Political Law

Compliance and Investigations Update

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Raising the Limit: FINRA Amends Gift Rule (Rule 3220)

The In February 2026, the Securities and Exchange Commission (SEC) approved and the Financial Industry Regulatory Authority (FINRA) adopted amendments to FINRA Rule 3220 (Influencing of Rewarding Employees or Others), to (i) increase the gift limit, (ii) incorporate and codify certain existing FINRA guidance and interpretations, (iii) alter FINRA's approach to valuing certain gifts and (iv) create a mechanism for FINRA to provide exemptive relief. The amended rule becomes effective March 30, 2026.

The amended rule and rulemaking do not disturb the long-standing FINRA guidance that ordinary and usual business entertainment in the presence of an employee of the broker-dealer (such as an occasional meal, sporting event, theater production or comparable entertainment event) is not subject to the gift limit and is permissible, provided that the entertainment "is neither so frequent nor so extensive as to raise any question of propriety."[1] The rule previously imposed a $100-per-year limit on gifts that a FINRA registered broker-dealer (or its associated persons) could provide to an individual in relation to the broker-dealer's business with that individual's employer. Key changes under the amendments are:

- **An increased gift limit to $300.** The annual gift limit has increased from $100 to $300 per person, per year, to reflect inflation. While gifts given incidental to a business entertainment event are subject to the $300 gift limit, unless exempt (as described below), the cost of the business entertainment event itself is not included in the value of the gift.
- **Codification of existing FINRA guidance and interpretations.** The amendments incorporate certain historical FINRA guidance interpreting the rule into the rule's supplementary material:
  - **Exemptions:** The rule expressly exempts the following gifts from the $300 gift limit and recordkeeping requirements: (i) gifts of a de minimis value (*e.g.*, pens, notepads, modest desk ornaments) or promotional items of nominal value that display the broker-dealer's logo (*e.g.*, umbrellas, tote bags, shirts); (ii) customary and reasonable solely decorative items commemorating a business transaction (*e.g.*, deal toys); (iii) certain personal gifts for infrequent life events, such as weddings or the birth of a child (such personal gifts must be paid for by an individual and may not be reimbursed by the broker-dealer); (iv) customary and reasonable bereavement gifts; and (v) donations related to federally declared major disasters.
- **Updated valuation methodology.** Gifts, other than tickets to sporting or other events, are valued at cost, exclusive of tax and delivery charges. This is a departure from prior FINRA guidance that required the valuation of gifts at the higher of cost or market value, exclusive of tax and delivery charges. Tickets to sporting or other events are valued at the higher of cost or face value, consistent with prior FINRA guidance.

[1] Gifts/Business Entertainment/Non-Cash Compensation FAQs.

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- **Periodization options for aggregation of gifts.** The amended rule codifies existing FINRA guidance requiring the aggregation of gifts given by a broker-dealer and its associated persons to a particular recipient over the course of a year for purposes of the $300 gift limit, but gives broker-dealers the option of measuring years on a calendar year, fiscal year or rolling basis.
- **Procedures for compliance.** Broker-dealers must maintain a supervisory system and procedures reasonably designed to comply with the rule, including specifying whether the broker-dealer will aggregate gifts on a calendar year, fiscal year or rolling basis.
- **Exemptive relief.** The amendments authorize FINRA staff to grant conditional or unconditional exemptions from the rule for demonstrated good cause.

Related Developments

The Municipal Securities rulemaking Board (MSRB) is beginning the process to make conforming amendments to rule G-20, applicable to municipal advisors and broker-dealers and their associated persons.

Next Steps

- Broker-dealers will want to review their policies and procedures to ensure they conform with the updated rule and specify how the broker-dealer will handle the annual aggregation requirement.
- When reviewing their policies, broker-dealers should also remember that most rules targeting gifts to government officials do not have the same distinction between gifts and entertainment or a de minimis exception as high as FINRA's.

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