Capital Client Group, Inc.
333 South Hope Street
Los Angeles, California 90071-1406

capitalgroup.com

June 11, 2025

By Electronic Transmission

Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1700 K Street, NW
Washington, DC 20006

Re: FINRA Regulatory Notice 25-04

Dear Ms. Mitchell:

We appreciate the opportunity to comment on FINRA's review of its rules and guidance. We strongly support FINRA's efforts to assess and modernize its rules.

Capital Client Group, Inc., a registered broker-dealer, is part of The Capital Group Companies, Inc., one of the oldest and largest privately held investment management organizations in the United States with more than 90 years of investment experience. Through our investment adviser affiliates, we actively manage equity and fixed income investments across all market sectors in various collective investment vehicles and institutional client separate accounts. The vast majority of these assets consist of the American Funds family of mutual funds as well as other U.S. regulated investment companies for which Capital Client Group serves as principal underwriter and distributor.

Align FINRA Rule 2210 with the SEC Marketing Rule

We support the comments by the Investment Company Institute related to FINRA's review of its rules.[1] In our role as distributor of Capital Group managed funds and strategies, we have extensive experience with FINRA and SEC advertising rules. One of the challenges we have experienced over time is the difference between FINRA Rule 2210 and SEC advertising rules. This challenge has become more acute with the implementation of the SEC's Marketing Rule[2] and the industry's shift from brokerage to advisory relationships. Today, many of our distribution partners are dually registered, and thus our advertising material may be used in both brokerage and advisory relationships. Having inconsistent and conflicting standards has caused us to either use the more restrictive standard (generally FINRA) or create different versions of the same content. Applying

[1] *See* Letter to Jennifer Piorko Mitchell, FINRA from Erica L. Evans, Investment Company Institute (June 10, 2025).
[2] Rule 206(4)-1 under the Investment Advisers Act of 1940 ("Marketing Rule").

the restrictive standard deprives financial advisors and their clients of information that can help them make better investment decisions. Creating different versions of the same material results in inefficiencies and additional expense. We believe harmonizing Rule 2210 and related guidance with the Marketing Rule could solve these challenges. Specifically, FINRA should permit related performance information to be used with retail investors, as permitted by the Marketing Rule. Related performance can be helpful to existing and prospective investors in understanding a firm's investment process and results for similar strategies. For example, we have received requests from retirement plan fiduciaries to review the performance of related accounts, and in some cases provide it to plan participants, because they feel it is relevant to an investment decision.

Permit targeted returns

FINRA should revisit its proposal that would permit performance projections and targeted returns to be included in sales material.[3] We believe that targeted returns can be valuable for both institutional and retail investors to understand intended outcomes and the volatility and risks associated with an investment strategy. Furthermore, this information can help investors better assess how a particular strategy can fit within a broader portfolio. Institutional investors often request information on performance targets for these reasons. We also believe it is important for investors to understand the limitations of the information and the risks associated with the investment. The general requirement of Rule 2210 that communications be fair, balanced, not misleading and provide a sound basis to evaluate claims, helps provide the appropriate investor protections for illustrations with targeted returns. Furthermore, we believe that targeted returns of an investment strategy are similar in nature to price targets in research reports, which are currently permitted under 2210.[4] In both cases, the target is an estimate based on a range of possible outcomes.

Improve the 2210 filing process

We also support changes to the process for filing member communications under Rule 2210. While we have had a positive experience with the FINRA review process, we believe there are some areas that could be improved. As the ICI notes in its letter, it is common industry practice to re-file communications to address comments and receive a "clean" letter from FINRA. FINRA should clarify its rules to permit the use of material if another member has received a clean letter or attests that they have addressed any comments provided by FINRA staff on the prior filing. We also suggest that materials resubmitted to address FINRA comments be subject to a reduced filing fee. In our experience filings that are resubmitted generally have few changes that are less burdensome to review than the full content in the initial submission.

Revise the requirement to display member firm name in all communications with the public

The requirement to include the name of the FINRA firm publishing the communication should be revisited for certain types of material. Including the member firm name on signage and non-clickable web or mobile pages can be impractical. If the material includes the firm's logo or the name of a product offered by the firm, we do not believe adding the name of the broker dealer offering the product is helpful to investors. The brand name and/or logo of the firm or product

[3] Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change To Amend FINRA Rule 2210 (Communications With the Public) To Permit Projections of Performance of Investment Strategies or Single Securities in Institutional Communications, SEC Release No. 34–98977, 88 Fed. Reg. 82482 (Nov. 24, 2023), available at: https://www.govinfo.gov/content/pkg/FR-2023-11-24/pdf/2023-25881.pdf

[4] See FINRA Rule 2210(d)(1)(F)(iii)

provides enough information for the investor to identify the firm offering the product and assess the firm and the investment strategy.

Update Rule 5130

FINRA should consider changes to Rule 5130 to clarify that (1) collective investment trusts ("CITs") established under section 3(c)(11) of the Investment Company Act of 1940 and (2) investment companies organized under the laws of a jurisdiction outside of the United States are exempt from the Rule's requirements. Rule 5130 restricts the sale of initial equity public offerings ("IPOs") to certain restricted persons including FINRA members and broker-dealer personnel. The rule exempts purchases by certain types of pooled accounts in which a member may have a beneficial interest, including certain common trust funds and registered investment companies established under the 1940 Act ("RICs").

In recent years many retirement plans have shifted from investments in RICs to CITs. This has resulted in our affiliated investment advisers managing more assets in these vehicles. When our affiliated advisers invest in an IPO, they allocate shares among the various vehicles they manage, including CITs. The investment banks offering IPO shares to the advisers often require representations that the advisers will not allocate shares to a restricted person or an account where a restricted person is a beneficial owner as defined by Rule 5130. This poses challenges since a retirement plan sponsored by a FINRA member firm or a broker-dealer employee could hold shares of a CIT managed by our affiliated advisers which may invest in IPO shares. We experience similar challenges when allocating IPO shares to investment companies established outside the U.S.

Accordingly, we believe Rule 5130 should be revised to exempt CITs and non-U.S. investment companies. Both types of funds should be treated the same as RICs because they are pooled vehicles with diverse holdings and multiple beneficial owners. Exposure to an IPO through a broadly diversified fund that is also subject to fiduciary duties and oversight obligations, and for CITs, prohibited transaction rules under the Employee Retirement Security Act of 1974, does not raise the conflicts 5130 was designed to address (allocating IPO holdings to a member's own associated persons at the expense of clients). We believe it is important for funds managed by our affiliated advisers to have exposure to IPO investment opportunities which have the potential to benefit investors.

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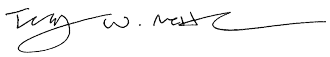
If you have any questions regarding our comments or would like to discuss further, please feel free to contact AJ Aguilar at AJ.Aguilar@capgroup.com or Timothy W. McHale at Timothy_McHale@capgroup.com.

Sincerely,

AJ Aguilar
Vice President and Chief Compliance Officer
Capital Client Group, Inc.



Timothy W. McHale
Secretary
Capital Client Group, Inc.