

FEBRUARY 23, 2026

SEC APPROVES AMENDMENTS TO FINRA'S GIFTS RULE

AMENDMENTS INCREASE THE ANNUAL GIFT LIMIT TO \$300, PROVIDE EXEMPTIVE RELIEF AUTHORITY, CODIFY EXISTING GUIDANCE AND CLARIFY THAT THE RULE DOES NOT APPLY TO GIFTS TO INDIVIDUAL RETAIL CUSTOMERS

On February 12, 2026, the U.S. Securities and Exchange Commission ("SEC") approved the Financial Industry Regulatory Authority, Inc.'s ("FINRA") amendments to FINRA Rule 3220 (Influencing or Rewarding Employees of Others) (the "Amendments"), which is designed to avoid improprieties, such as conflicts of interest, that may arise when a member or associated person makes a gift to an employee of another person, such as an institutional customer, vendor or counterparty with the hope of strengthening the business relationship.¹

The Amendments increase the gift limit from \$100 to \$300 per person per year, provide FINRA authority to grant exemptive relief from the rule, address valuation, aggregation, supervision, and recordkeeping requirements, codify certain exceptions, including for personal gifts, bereavement gifts, items of *de minimis* value, promotional or commemorative items, and donations due to federally declared major disasters. The Amendments also clarify that the rule does not apply to gifts to individual retail customers or to gifts from a member to its own associated persons.

We highlight key aspects of the Amendments, including certain changes to gift valuation, below. FINRA will announce the effective date of the Amendments in a regulatory notice.

BACKGROUND

FINRA Rule 3220 prohibits a member or person associated with a member from, directly or indirectly, giving or permitting to be given anything of value, including gratuities, in excess of a specified dollar amount (currently \$100) per person per year to any individual where such payment is in relation to the business of the recipient's employer. The rule requires members to maintain separate records of all payments or gratuities in any amount known to the member for the period specified by SEC Rule 17a-4.

Over the years, FINRA has issued guidance addressing various interpretive questions related to FINRA Rule 3220, including Notice to Members 06-69 ("NTM 06-69") of the former National Association of Securities Dealers, Inc. ("NASD"),² Frequently Asked Questions and an interpretive letter.³

According to FINRA, the Amendments are intended to modernize FINRA Rule 3220 by addressing the fact that the current \$100 gift limit has remained unchanged since 1992 and no longer reflects economic realities. Additionally, by codifying and clarifying existing guidance, the Amendments are intended to facilitate compliance and clarify regulatory expectations.

AMENDMENTS

Increase to the Annual Gift Limit

The Amendments increase the current gift limit from \$100 to \$300 per person per year. The revised gift limit reflects reductions in purchasing power resulting from inflation since the limit was previously set, as well as approximately ten years of projected future inflation to minimize the need for subsequent revisions. FINRA plans to review the gift limit periodically.

Authority to Grant Exemptive Relief

The Amendments add new paragraph (d) to FINRA Rule 3220, which grants FINRA staff the authority to provide conditional or unconditional exemptions from any provision of the rule “for good cause shown, after taking into account all relevant factors and provided that such exemption is consistent with the purposes of the Rule, the protection of investors, and the public interest.” FINRA welcomes discussion on when a potential exemptive request may be appropriate.

New Supplementary Material

The new Supplementary Material address the following:

- **Gifts Incidental to Business Entertainment.** Pursuant to FINRA Rule 3220.01, a gift given during the course of a business entertainment event is subject to the rule’s \$300 gift limit unless it is (i) a personal gift under FINRA Rule 3220.04 or (ii) of *de minimis* value or a promotional or commemorative item under FINRA Rule 3220.06. For these purposes, the cost of the business entertainment event itself is not included in the value of the gift.
- **Valuation of Gifts.** FINRA Rule 3220.02 provides that *gifts – other than tickets for sporting or other events* – be valued at cost, exclusive of tax and delivery charges. *This represents a change from the guidance in NTM 06-69, which required the valuation of gifts at the higher of cost or market value.*

For tickets to sporting or other events, members must continue to use the higher of cost or face value.

If gifts are given to multiple recipients, members must record the names of each recipient and calculate and record the value of the gift on a pro rata, per-recipient basis for purposes of ensuring compliance with the \$300 gift limit.

- **Aggregation of Gifts.** FINRA Rule 3220.03 codifies existing guidance requiring members to aggregate all gifts given by the member and each associated person of the member to a particular recipient over the year to ensure compliance with the \$300 gift limit. Members must specify in their procedures whether they are aggregating all gifts provided by the member and its associated persons on a calendar year, fiscal year, or rolling basis starting from the first gift to any given recipient. The aggregation requirements are *not* applicable to personal gifts under FINRA Rule 3220.04 or to gifts of *de minimis* value or promotional or commemorative items under FINRA Rule 3220.06.
- **Personal Gifts.** FINRA Rule 3220.04 codifies existing guidance that gifts given for infrequent life events (*e.g.*, a wedding gift or a congratulatory gift for the birth of a child) are not subject to the rule’s \$300 gift limit or recordkeeping requirements, provided the gifts are customary and reasonable, personal in nature, and not in relation to the business of the employer of the

recipient. To assess whether a gift is personal in nature, members should consider several factors, including (i) the nature of any pre-existing personal or family relationship between the person giving the gift and the recipient and (ii) whether the associated person paid for the gift. If a member bears the cost of a gift, either directly or by reimbursing an associated person, FINRA will *presume* the gift is *not* personal in nature and instead is in relation to the business of the employer of the recipient.

- **Bereavement Gifts.** Proposed Rule 3220.05 codifies existing guidance stating that bereavement gifts (*e.g.*, appropriate flowers or a food platter for the mourners) that are customary and reasonable are not considered to be in relation to the business of the employer of the recipient and, therefore, are not subject to the rule's gift limit restrictions or recordkeeping requirements.
- **De Minimis Gifts and Promotional or Commemorative Items.**
 - FINRA Rule 3220.06(a) codifies existing guidance that gifts of a *de minimis* value (*e.g.*, pens, notepads, or modest desk ornaments) or promotional items of nominal value that display the member's logo (*e.g.*, umbrellas, tote bags, or shirts) are not subject to the rule's gift limit restrictions or recordkeeping requirements, so long as the value of the gift or promotional item is "substantially below" the \$300 limit.
 - FINRA Rule 3220.06(b) codifies existing guidance that customary and reasonable *solely decorative* items commemorating a business transaction (*e.g.*, Lucite tombstones, plaques, or other similar items) are not subject to the rule's gift limit restrictions or recordkeeping requirements. If an item is not purely decorative, the gift limit restrictions will apply.
- **Donations Due to Federally Declared Major Disasters.** FINRA Rule 3220.07 codifies existing guidance that donations by a member or an associated person to any person, principal, proprietor, employee, agent, or representative of another person to provide assistance to the individual for losses sustained in a natural event that the President has declared to be a major disaster (*e.g.*, wildfire, hurricane, tornado, earthquake, or flood) are not considered in relation to the business of the employer of the recipient and are not subject to the rule's gift limit restrictions or recordkeeping requirements.
- **Supervision and Recordkeeping.** FINRA Rule 3220.08 codifies existing guidance that FINRA Rule 3110 (Supervision) requires a member to have a supervisory system reasonably designed to comply with FINRA Rule 3220. Systems and procedures must be reasonably designed to ensure that payments and gratuities in relation to the business of the employer of the recipient given by the member and its associated persons to employees of another person are (i) reported to the member; (ii) reviewed for compliance with FINRA Rule 3220; and (iii) maintained in the member's records. FINRA Rule 3220.08 further requires that such procedures be reasonably designed to ensure that an associated person who is giving a payment or gratuity is *not* responsible for determining whether such payment or gratuity is in relation to the business of the recipient's employer.
- **Gifts to a Member's Associated Persons or Individual Retail Customers.** FINRA Rule 3220.09 clarifies that the rule does not apply to gifts from a member to its own associated persons, or to gifts from a member or an associated person to individual retail customers.

Conforming Changes to Non-Cash Compensation Rules

The Amendments make conforming changes to the gift limits in FINRA's non-cash compensation rules, which prohibit members and their associated persons from directly or indirectly accepting or making payments or offers of payments of any non-cash compensation to any person in connection with the sale of certain securities. Specifically, the Amendments raise the dollar limits from \$100 to \$300 in FINRA Rule 2310 (Direct Participation Programs), FINRA Rule 2320 (Variable Contracts of an Insurance Company), FINRA Rule 2341 (Investment Company Securities) and FINRA Rule 5110 (Corporate Financing Rule – Underwriting Terms and Arrangements).

Effective Date of the Amendments

FINRA will announce the effective date of the Amendments in a regulatory notice.

Conclusion

FINRA members should carefully review the Amendments against their existing gift policies and procedures and make updates as appropriate, including with respect to gift limits and gift valuation. Firms are encouraged to review their supervisory systems and internal controls to ensure proper gift reporting, approval and recordkeeping, as applicable.



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- ¹ Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, to Amend FINRA Rule 3220 (Influencing or Rewarding Employees of Others), Securities Exchange Act of 1934 (“Exchange Act”) Release No. 104830 (Feb. 12, 2026), 91 FR 7570 (Feb. 18, 2026) (File No. SR-FINRA-2025-003), available [here](#).
 - ² [NASD NTM 06-69 \(Gifts and Gratuities\)](#) (December 2006).
 - ³ *See, e.g.,* [Gifts/Business Entertainment/Non-Cash Compensation FAQs](#) (Jul. 29, 2020); [FINRA Interpretive Letter to Amal Aly, SIFMA \(Reasonable and Customary Bereavement Gifts\)](#) (Dec. 17, 2007).