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## INVESTOR COMMUNICATIONS

### REGULATORY HELPFUL HINTS

#### *Investor Outreach is a Regulatory Communication*

#### **FINRA RULE 2210 (Section d). Communications with the Public - Content Standards:**

[http://finra.complinet.com/en/display/display\\_main.html?rbid=2403&element\\_id=10648](http://finra.complinet.com/en/display/display_main.html?rbid=2403&element_id=10648)

#### Purpose

FINRA Rule 2210 outlines the regulatory rules that govern investor outreach and “Section(d)” (see Appendix A for full text of Section(d)) provides guidance in terms of the type and quality of content that meets regulatory standards.

The purpose of Rule 2210(d) is to provide a basic regulatory framework for the quality of investor information which all capital seekers should use when making investor outreach. Therefore, the guidance is relatively general so that it can be relevant across all issuance types and it’s guiding principal is related to presenting “fair and balanced” information which “must provide a sound basis for evaluating the facts in regard to any particular security or type of security, industry, or service”.

#### Covered Topics

There are several areas which the guidance specifically addresses and any capital seeker should make sure that their materials follow the guidance offered in these areas in order to avoid any potential regulatory issues. These guidelines, though short, are broad enough to help ensure that all materials presented to investors are presented in a manner that gives the investor balanced information such that they can make a reasonable investment decision.

The basic concept for the guidelines is that if an investor has accurate information which is not misleading then the investor will have the information that they need in order to make an informed investment decision. The regulators are not in the business of opining on whether an investment is a good investment, they are in the business of trying to make sure that investors have the information that they need to make their own decisions.



FINRA RULE 2210(d)  
Basic Ideas with Applicable FINRA Text

Investor Communications Basic Ideas Include:	RULE 2210(d)
Fair and Balanced Information	“All member communications must be based on principles of fair dealing and good faith, must be fair and balanced”
Omission is Bad as Commission	“No member may omit any material fact or qualification if the omission, in light of the context of the material presented, would cause the communications to be misleading”
True and Accurate Information	“No member may make any false, exaggerated, unwarranted, promissory or misleading statement or claim in any communication. No member may publish, circulate or distribute any communication that the member knows or has reason to know contains any untrue statement of a material fact or is otherwise false or misleading”
Risks Must be Fairly Integrated	“Members must ensure that statements are clear and not misleading within the context in which they are made, and that they provide balanced treatment of risks and potential benefits. Communications must be consistent with the risks of fluctuating prices and the uncertainty of dividends, rates of return and yield inherent to investments”
Returns Must have Modeling Support	“Communications may not predict or project performance, imply that past performance will recur or make any exaggerated or unwarranted claim, opinion or forecast; provided, however, that this paragraph (d)(1)(F) does not prohibit: (i) A hypothetical illustration of mathematical principles, provided that it does not predict or project the performance of an investment or investment strategy;” and, “A price target contained in a research report on debt or equity securities, provided that the price target has a reasonable basis, the report discloses the valuation methods used to determine the price target, and the price target is accompanied by disclosure concerning the risks that may impede achievement of the price target.”
Information Must be Readable	“Information may be placed in a legend or footnote only in the event that such placement would not inhibit an investor’s understanding of the communication”



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## Result

The result of following FINRA Rule 2210(d) is that investors will receive the information that they require to make an informed investment decision which is the goal of an institutional quality private placement. In addition, the capital seeker will have protected themselves from investor and/or regulatory retribution should there be unforeseen troubles at the capital seeker.

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For Your  
Capital Raise

## About Deer Isle Group:

Deer Isle Group (“Deer Isle”) with its subsidiaries, Deer Isle Capital, a registered broker/dealer, and Deer Isle Financial, is a differentiated investment bank that provides “as needed” financial/strategy and closing advisory as well as proprietary technology solutions that give access to 10,000+ institutional investors. Our business is built upon providing investors and capital seekers/issuers the right tools in order to ensure a transparent, smooth and efficient capital solution. Our strength in these factors has helped drive our proven execution capabilities.

Deer Isle’s successful track record includes having raised over \$5 billion in private placement capital since our founding in 2007.



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**APPENDIX I**  
**FINRA Rule 2210(d)**

**(d) Content Standards**

**(1) General Standards**

(A) All member communications must be based on principles of fair dealing and good faith, must be fair and balanced, and must provide a sound basis for evaluating the facts in regard to any particular security or type of security, industry, or service. No member may omit any material fact or qualification if the omission, in light of the context of the material presented, would cause the communications to be misleading.

(B) No member may make any false, exaggerated, unwarranted, promissory or misleading statement or claim in any communication. No member may publish, circulate or distribute any communication that the member knows or has reason to know contains any untrue statement of a material fact or is otherwise false or misleading.

(C) Information may be placed in a legend or footnote only in the event that such placement would not inhibit an investor's understanding of the communication.

(D) Members must ensure that statements are clear and not misleading within the context in which they are made, and that they provide balanced treatment of risks and potential benefits. Communications must be consistent with the risks of fluctuating prices and the uncertainty of dividends, rates of return and yield inherent to investments.

(E) Members must consider the nature of the audience to which the communication will be directed and must provide details and explanations appropriate to the audience.

(F) Communications may not predict or project performance, imply that past performance will recur or make any exaggerated or unwarranted claim, opinion or forecast; provided, however, that this paragraph (d)(1)(F) does not prohibit:

(i) A hypothetical illustration of mathematical principles, provided that it does not predict or project the performance of an investment or investment strategy;

(ii) An investment analysis tool, or a written report produced by an investment analysis tool, that meets the requirements of [Rule 2214](#); and

(iii) A price target contained in a research report on debt or equity securities, provided that the price target has a reasonable basis, the report discloses the valuation methods used to determine the price target, and the price target is accompanied by disclosure concerning the risks that may impede achievement of the price target.

