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August 23, 2022

VIA ELECTRONIC MAIL (rule-comments@sec.gov)

Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

RE: Proposed Rule Change to Adopt Supplementary Material .19 (Residential Supervisory Location) under FINRA Rule 3110 (Supervision); File No. SR-FINRA-2022-019; Release No. 34-95379

Dear Ms. Countryman,

Raymond James & Associates, Inc. (RJA) and Raymond James Financial Services, Inc. (RJFS) appreciate the opportunity to provide comments in response to the Financial Industry Regulatory Authority's (FINRA) File No. SR-FINRA-22-019: Proposed Rule Change to Adopt Supplementary Material .19 (Residential Supervisory Location) under FINRA Rule 3110 (Supervision) (the "Proposal") to the Securities and Exchange Commission (SEC).

We appreciate the accommodations provided to firms throughout the COVID-19 pandemic and are grateful for the partnership with the SEC and FINRA in addressing the challenges firms faced as a result.

Understanding that the post-pandemic world has embraced remote and hybrid work environments across industries, we genuinely appreciate the efforts that FINRA has put forth in crafting the Proposal for the financial services industry. As such, we support the recommendation to model Residential Supervisory Locations after the current primary residence and non-primary residence exclusions under FINRA Rule 3110(f)(2)(A). We hope to continue to collaborate with both the SEC and FINRA as we look toward adjusting regulatory oversight in this post-pandemic landscape. However, we do request that the SEC and FINRA consider some modifications to the Proposal, as outlined below.

I. Background Support for the Proposal

The pandemic forced the industry into a largely remote, alternative work environment. With the advances in technology over the past decades, that transition was largely seamless. Firms have long been able to conduct comprehensive supervision of associated persons electronically, allowing for real-time virtual oversight of associated persons, regardless of where they're located. The Proposal will align the Supervision rule with the multitude of changes in technology and firm cultures and allow for more modern definitions of an office of supervisory jurisdiction (OSJ), including the allowance for primary residential locations in which supervision is conducted to be classified as a non-branch location with appropriate additional safeguards and limitations.

Given the many technological and cultural industry changes that have supported new workplace arrangements, the main impact of the Proposal would be having Residential Supervisory Locations on a periodic inspection schedule rather than the annual inspection requirement of OSJs. Without this change in place when the temporary Form BR relief ends, we will need to either force all associated persons back into offices or register many private residences as OSJs. Either scenario will increase the risk of losing key talent in an extremely difficult labor market, in the branch offices, and Supervision and Compliance due to the significantly increased workloads.

Under the Proposal, an associated person's primary residence where supervisory activities are performed shall qualify as a non-branch location if the existing residential exclusions are met, along with the additional new criteria. The Proposal also provides criteria for ineligible locations.

II. Comments

The Proposal provides a major enhancement to the office registrations and classifications. The existing rule classifies locations based on the activities performed there or the supervisory roles of the persons conducting the activities. Throughout the pandemic and with a few exceptions, firms were forced to move to a remote environment and our firms were no exception. Our operations moved seamlessly to that remote environment while maintaining our ability to supervise the business of the firm electronically and virtually without compromising our clients and the protection of their investments.

We agree with the Proposal's goal of maintaining investor protection through the ineligibility criteria. However, we would like to suggest that FINRA adjust the Proposal to instead consider permitting firms to document their ineligibility criteria in their written supervisory procedures and base them on the individual firm's technological capabilities and business models. The need for a more flexible approach is particularly important for the currently proposed disqualification of supervisors with less than one year of direct supervisory experience with the firm. Given the differing situations in which a firm may designate someone as a supervisor, we are unclear as to the investor protection benefit of a blanket disqualification based on a time period. . Additionally, rigid ineligibility criteria may discourage very qualified individuals from taking on supervisory responsibilities if they are limited by the locations from where they may work.

We also ask that the SEC consider FINRA's Remote Inspections Pilot Program in conjunction with this Proposal, as both have overlapping commonalities. We respectfully request that, if found to be reasonable, both proposals are approved with an effective date of December 31, 2022, to coincide with the sunset of the current temporary relief currently in effect. Additionally, we ask that firms be given additional clarity on the expectations in advance of the implementation date. If approvals are not

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granted in advance of the expiring current relief, we ask that the temporary relief granted under Regulatory Notice 20-08 be extended until such time as the SEC has reached a decision on the Proposal and has provided firms with sufficient notice to prepare for 2023 regulatory expectations.

We believe that the Proposal will foster ongoing technological advances, which will further enhance investor protection. However, we ask that further attention be given to other factors that may negate the need for an inspection. For instance, we believe the inspection requirements should be applicable only to those locations where associated persons are meeting with customers, where customer funds and securities are held, or any other location as determined by a firm's risk-based analysis. However, locations with permissively registered persons, such as Compliance, Legal, and HR, with non-sales clerical staff, and locations where only supervisory activities are performed, do not carry the same risk of misconduct and/or customer harm as those locations with client-facing associated persons. Therefore, we request that these location types be exempt from inspection requirements and recommend that this be a considered enhancement to FINRA Rule 3110.12.

III. Conclusion

RJA and RJFS appreciate the opportunity to comment on the Proposal and again thank FINRA for its efforts toward updating the Supervision rule to align with today's business environment. We believe our comments are in line with industry peers. Given that remote supervision and branch inspections have worked well in the forced pandemic circumstances, we hope that the SEC will support the Proposal. We appreciate your consideration. Please feel free to reach out to us if you have questions or are in need of further information.

Respectfully yours,

Suzy Auletta, SVP
Chief Compliance Officer
Raymond James Financial Services, Inc.

Shawn Barko, SVP
Chief Compliance Officer
Raymond James & Associates, Inc.