

September 2, 2022

VIA Electronic Mail (rule-comments@sec.gov)

Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 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:

The Huntington Investment Company (“HIC”) appreciates the opportunity to provide the Security and Exchange Commission (the “Commission” or “SEC”) with comments on the Financial Industry Regulatory Authority’s (“FINRA”) proposal to adopt Supplementary Material 3110.19 related to the classification of certain offices as Residential Supervisory Locations (“RSL”). HIC supports this proposal and hopes the following comments will assist the SEC in their review.

HIC’s Business Model and Supervisory Structure



HIC is a bank broker dealer and SEC-registered RIA owned by Huntington Bancshares and affiliated with Huntington National Bank. HIC’s home office is in Columbus, OH, and there are 945 registered representatives (“RR”) that operate within our parent company’s eleven (11) state footprint, largely within the bank branch environment. There are 778 registered branch locations and twenty (20) Offices of Supervisory Jurisdiction (“OSJ”).

Given that model and the geographic dispersion of RRs and associated persons, HIC’s supervisory staff operates from a number of different locations with certain principal functions, such as new account opening and trade review, occurring centrally. In addition, regional supervisory staff perform many of their day-to-day supervisory functions via established technology, systems, and processes that do not require a close physical presence and frequently permit a work-from-home arrangement.

As a result, while COVID did necessitate a shift to a largely remote, alternative work environment, the transition was fluid and seamless.

HIC’s Hybrid Work Model

HIC has maintained and likely will continue to maintain a hybrid work environment post-COVID. HIC agrees that these hybrid models “will endure irrespective of the state of the pandemic.” HIC believes that attracting and retaining top talent will be directly impacted by a firm’s ability to provide alternative

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work arrangements and that prospective employees have a “growing expectation for workplace flexibility.”

HIC will continue to leverage the real-time virtual oversight of associated persons and RRs that technology has enabled. This includes but is not limited to the use of DocuSign for client attestations and new account opening, electronic books and records including branch and client files, electronic check receipt processing, the prohibition of at-home printing, and electronic disclosure delivery capabilities. HIC has also established protocol to ensure certain colleagues are physically present at the home office location(s) to disposition mail. HIC believes that the flexibility and strength of this program, demonstrated by necessity during the pandemic, is further evidence that physical presence is not as necessary to effective supervision as perhaps was previously understood.



Residential Supervisory Locations

Accordingly, HIC supports Proposed Rule 3110.19(a) defining Residential Supervisory Locations as non-branch locations that exempt firms from conducting annual OSJ inspections but would subject RSLs to periodic reviews. As noted previously, pre-pandemic, HIC was already operating in a largely electronic environment which enabled remote supervision. While the pandemic further limited in-person supervisory functions, HIC was fully prepared to maintain effective supervisory oversight, ensuring client protection, in a work-from-home environment.

HIC believes it has the tools in place to be able to continue to supervise in a remote environment. The virtual supervision of associated persons and RR activity includes but is not limited to electronic review of correspondence, electronic client file reviews, electronic trade and account reviews, electronic trend and pattern analysis, electronic review of client attestations via tools including DocuSign, electronic disclosure delivery review, as well as virtual meetings with staff. With these tools in place, HIC believes this rule proposal will lessen the burden of OSJ inspections without reducing the effectiveness of OSJ supervision.

While HIC is in support of any part of the proposal that can provide flexibility for the RR and the client, HIC has reservations about the logistics of adhering to an in-home OSJ inspection requirement. Specifically, HIC is concerned about the potential for misunderstanding, Human Resource (“HR”) issues, or challenges with the exam itself, that may arise from announced or unannounced inspections of a colleague’s residential space. Addressing these issues, specifically employee relations, legal, and HR concerns, could pose a burden to certain firms. HIC will be continuing to review with our own internal legal and HR partners how to effectively and safely conduct both announced and unannounced inspections in a colleague’s home environment, keeping at the forefront the safety of all parties.

With those reservations in mind, given the successes that firms, including HIC, have seen with remote inspection throughout the pandemic, HIC supports the approval of this proposal generally, but also recommends a reexamination of the in-person requirement for OSJ exams so that firms may conduct certain exams remotely. Firms could then take a risk-based approach to the examination, understanding that certain OSJ supervisory functions or other factors may lead the firm to perform an in-person inspection rather than virtual or electronic.

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Additional Comment on Proposal Improvements



While not specifically addressed in this proposal, HIC would additionally like to voice its support of the *Proposed Rule Change to Adopt Supplementary Material .18 (Remote Inspections Pilot Program) under FINRA Rule 3110 (Supervision)* and recommends it for consideration for a permanent rule adoption. With the technological enhancements described above, HIC believes that a remote inspection program can maintain its effectiveness and ensure investor protection, particularly as many of the risk factors associated with branches and RR activities can be reviewed and collected through electronic means. In fact, a review of HIC's 2022 branch exams identified approximately 90% of HIC's exam findings were discovered through electronic means. HIC has concluded that the remote inspection program is as effective, or in some cases more effective, than in-person exams.

Conclusion

In conclusion, HIC supports FINRA's proposal and applauds their continued effort to modernize their rules to keep pace with rapidly changing trends in both our industry and the workplace. HIC also agrees and supports the comments made by the Securities Industry and Financial Markets Association ("SIFMA"). We appreciate you taking into consideration both our comments and theirs and should you have any questions or wish to discuss HIC's comments further, please feel free to contact Johanna Mears at [REDACTED], Casey Bell at [REDACTED], or Serina Shores at [REDACTED].

Sincerely,

The Huntington Investment Company Compliance Team

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