



April 28, 2023

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: File No. SR-FINRA-2023-006; Residential Supervisory Location

Dear Ms. Countryman:

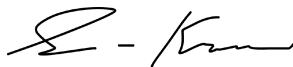
Citigroup Global Markets Inc., (“CGMI”) appreciates this opportunity to provide the Securities and Exchange Commission (the “Commission” or “SEC”) with comments in response to the Financial Industry Regulatory Authority Inc.’s (“FINRA”) File No. SR-FINRA-2023-006: Proposed Rule Change to Adopt Proposed Rule Change to Adopt Supplementary Material .19 (Residential Supervisory Location or RSL) under FINRA Rule 3110 (Supervision). CGMI supports the proposal for all of the reasons outlined in the comment letter provided by SIFMA, and wishes to emphasize the following points included therein.

CGMI commends the efforts of FINRA, the SEC, and state regulators for their focus and dialogue on this important issue. The pandemic accelerated trends in remote workforce practices that were already present and which firms will continue to grapple with in planning for the future. Given the current and anticipated state of hybrid work and the expiration of temporary relief at year’s end, CGMI encourages swift adoption of the Proposal and the related FINRA proposal for a Remote Office Inspection Pilot program.

CGMI shares the concern expressed in the SIFMA letter that a supervisor who is investigated for failure to supervise under state securities laws would be ineligible to work at a RSL. Form U4 does not require disclosure of investigations by state securities regulators for failing to supervise, making this new disqualifying criteria difficult to comprehensively or efficiently track for compliance. Moreover, if a supervisory investigation, which can be launched at any time by any state regulator pursuant to divergent procedural rules, can disqualify an RSL, firms could be required to make frequent and burdensome changes to their supervisory systems. Finally, the fact that the mere initiation of an investigation, as opposed to some adjudicated finding, can be the basis for ineligibility seems problematic from an individual fairness and notice standpoint. We support the suggestion made by SIFMA that, rather than lose RSL eligibility, a state investigation for failure to supervise should be considered by a firm’s preexisting obligations under Rule 3110 to maintain a reasonably designed supervisory system and to conduct an appropriate risk assessment.

CGMI agrees that this Proposal is one step in the right direction and encourages further dialogue among the SEC, FINRA, the North American Securities Administrators Association (“NASAA”), and other stakeholders on how rules and regulations can adapt to workforce mobility in our industry. We appreciate the opportunity to provide our views on this matter and would be happy to answer any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read "S. Kursman".

Scott C. Kursman
Managing Director & Chief Compliance Officer
Citigroup Global Markets, Inc.