



April 27, 2023

Submitted electronically through <http://www.sec.gov/rules/sro.shtml>

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: **Proposed Rule Change to Adopt Supplementary Material .19 (Residential Supervisory Location) under FINRA Rule 3110: File Number SR-FINRA-2023-006**

Dear Ms. Countryman:

Fidelity Investments (“Fidelity”)¹ appreciates the opportunity to provide additional comments² to the Securities and Exchange Commission (“SEC” or “Commission”) on its approval of the proposed rule change to adopt new Supplemental Material .19 (Residential Supervisory Location (“RSL”)) as set forth in SR-FINRA-2023-006 (the “Proposal”).

I. Fidelity strongly supports the Proposal

Fidelity continues to strongly support the Proposal and changes to the branch office definition under FINRA Rule 3110. We greatly appreciate FINRA’s continued willingness to modernize its longstanding branch office definition.

The Proposal, including the additional “Ineligible Locations and Firms”, will offer substantial relief to firms, without compromising investor protection and market integrity. The Proposal will be notably impactful to inspections of private residences of supervisory personnel. While these types of locations continue to proliferate due to increased preference for and acceptance of flexible work arrangements, there is little benefit to registering them as branches or Offices of Supervisory Jurisdiction.

Annual inspections, particularly if they need to be conducted in person, of private residences with employees conducting limited supervisory functions result in expenses and

¹ Fidelity is one of the world’s largest providers of financial services, including investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing and many other financial products and services to more than 30 million individuals and institutions, as well as through 13,500 financial intermediary firms. Fidelity submits this letter on behalf of Fidelity Brokerage Services LLC, National Financial Services LLC, and Fidelity Distributors Company LLC.

² See FINRA Residential Supervisory Location comment letter located at (<https://www.sec.gov/comments/sr-finra-2022-019/srfinra2022019-20137300-307863.pdf>)



productivity losses that are disproportionate relative to the supervisory benefits realized. The additional restrictions added in the Proposal will limit the use of the RSL to those individuals, locations and situations where the supervisors are able to supervise effectively. Moreover, the additional restrictions should address any concerns regarding the lack of annual on-site inspections of these offices. Business activities, including supervision, are typically conducted, and books and records are maintained, through a firm's electronic systems, which are subject to ongoing supervisory and surveillance reviews. The resources needed to conduct annual inspections can be better deployed reviewing higher risk activities.

II. Conclusion

We urge the SEC to consider this Proposal with an effective date prior to the expiration of the relief provided under FINRA Rule 3110.17. If the Staff requires additional time to review the Proposal, we request an extension of the relief provided under FINRA Rule 3110.17. We appreciate that FINRA and the SEC have continued to work with the industry to evaluate and consider changes to rules.

Fidelity is happy to provide further information, participate in any direct outreach efforts the Division undertakes, or respond to questions you may have about our comments.

Sincerely,



Gail Merken
Chief Compliance Officer
Fidelity Brokerage Services LLC



Janet Dyer
Chief Compliance Officer
National Financial Services LLC



John McGinty
Chief Compliance Officer
Fidelity Distributors Company LLC

CC: The Honorable Gary Gensler, Chair
The Honorable Hester M. Peirce, Commissioner
The Honorable Caroline A. Crenshaw, Commissioner
The Honorable Mark T. Uyeda, Commissioner
The Honorable Jaime Lizárraga, Commissioner
Haoxiang Zhu, Director, Division of Trading and Markets
Robert Cook, FINRA
Bob Colby, FINRA