



July 31, 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: Adoption of Revisions to FINRA Rule 3110 - Amendment No. 1

Dear Ms. Countryman:

I write to offer comments on behalf of Cetera Financial Group (“Cetera”) with respect to the above-noted rule proposal from the Financial Industry Regulatory Authority Inc. (“FINRA”).¹ The proposed rule would add Supplementary Material to FINRA Rule 3110 and revise the method for classifying certain branch locations of FINRA member firms. FINRA has submitted a series of modification to the original proposal on this issue, culminating in a filing denominated as Amendment No. 1, and our comments herein will be limited to changes incorporated in Amendment No. 1.

Cetera is the corporate parent of four FINRA member firms with nearly 9,000 registered representatives, doing business in all fifty states. We have large numbers of branch offices and supervisory personnel who may operate from locations that are physically separate from both the offices of the individuals whose activities they supervise and the home office of the firm. As a result, Cetera would likely seek to utilize the new designation of Residential Supervisory Locations (“RSLs”). The effects from adoption of the FINRA proposal will be significant to Cetera and many other firms that are similarly situated.

Amendment No. 1 would add three new requirements to the previous version of the FINRA proposal. They include changes to the eligibility criteria for individuals with less than one year of supervisory experience with the firm or an affiliate, limits on the period of time in which a location would be deemed ineligible in circumstances where it is alleged that an individual supervisor failed to reasonably supervise another individual, and would add a requirement for the firm to conduct and document a risk-based assessment for locations classified as RSLs.

We endorse the requirement for member firms to develop and document a risk-based assessment before designating a locations as an RSL. This approach is both logical and proportional. However,

¹ Proposal to Adopt Supplementary Material .19 (Residential Supervisory Location), 88 FR 44173, July 11,2023.

the provision requiring that an individual supervisor be employed by the firm or an affiliate for a year prior to making their location eligible to be an RSL is arbitrary and not reasonably related to the objectives it seeks to accomplish. As noted in our comments on an earlier version of this proposal,² we are not aware of any similar provision in existing FINRA rules. Once an individual passes the necessary qualifications examinations, they can begin their duties immediately. We do not see any substantive reason for a distinction in this case.

Despite the reservations noted above, we believe that the version of the rule proposal set forth in Amendment No. 1 represents a reasonable balance of all competing factors, and will provide benefits to both FINRA member firms and the investing public. We urge the Commission to act swiftly to approve it.

If you have questions or we may offer any further information with respect to our comments or this topic in general, please let me know. My thanks for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Quinn', with a long horizontal stroke extending to the left.

Mark Quinn
Director of Regulatory Affairs
Cetera Financial Group

² Letter from Cetera Financial Group to Sherry R. Haywood, Assistant Secretary, SEC. April 27, 2023.