
August 1, 2023

Submitted Electronically

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

Re: File Number SR-FINRA-2023-006, Notice of Filing of Amendment No. 1 and Order Instituting Proceedings to Determine Whether to Approve or Disapprove the Proposed Rule Change, as modified by Amendment No. 1, to Adopt Supplementary Material .19 (Residential Supervisory Location) Under FINRA Rule 3110 (Supervision)

Dear Ms. Countryman:

Wells Fargo & Company¹, together with its affiliates and subsidiaries (collectively, “Wells Fargo”), welcomes the opportunity to comment in support of the Financial Industry Regulatory Authority’s (FINRA) filing of SR-FINRA-2023-006 (“the Proposal”) with the U.S. Securities and Exchange Commission (SEC). Wells Fargo’s comments are offered from the perspectives of our Wealth & Investment Management (WIM) division² and our Corporate and Investment Banking (CIB) division.³ While Wells Fargo supports the Proposal, including the modifications contained in Amendment No. 1, it is also important to ensure that firms have sufficient time to prepare for the sunset of the on-site inspection relief in Rule 3110.17 and the compliance date of any final Residential Supervisory Location (RSL) rule. Consequently, we urge the SEC to approve the Proposal expeditiously while working with FINRA on an extension of Rule 3110.17, which is set to expire on December 31, 2023. Extending this relief will allow broker-dealers to continue to satisfy on-site inspection obligations via remote inspections while working to implement new policies and procedures to comply with the RSL rule.

¹ Wells Fargo (NYSE: WFC) is a leading financial services company that has approximately \$1.9 trillion in assets. It proudly serves one in three U.S. households and more than 10% of small businesses in the U.S., and is a leading middle-market banking provider in the U.S. In the communities we serve, the company focuses its social impact on building a sustainable, inclusive future for all by supporting housing affordability, small business growth, financial health, and a low-carbon economy.

² Wells Fargo Wealth & Investment Management (WIM) is a division within Wells Fargo & Company. WIM provides financial products and services through various bank and brokerage affiliates of Wells Fargo & Company and is one of the largest wealth managers in the U.S., with more than \$1.8 trillion in client assets. WIM provides personalized wealth management, brokerage, financial planning, lending, private banking, trust, and fiduciary products and services to affluent, high-net worth, and ultra-high-net worth clients. WIM operates through advisors in Wells Fargo Advisors, independent brokerage offices, and digitally through Intuitive Investor® and WellsTrade®, as well as through advisors in The Private Bank and other banking centers.

³ Wells Fargo Corporate & Investment Banking (CIB) is a division within Wells Fargo & Company. CIB delivers a suite of capital markets, banking and financial products and services to corporate, commercial real estate, government and institutional clients globally. Products and services include corporate banking, investment banking, treasury management, commercial real estate lending and servicing, equity and fixed income solutions, as well as sales, trading, and research capabilities.

Wells Fargo supports the Residential Supervisory Location Proposal, as modified by Amendment No. 1, and encourages the SEC to approve the Proposal.

The Proposal's risk-based approach would preserve work-location flexibility for broker-dealer supervisors without sacrificing investor protection. Therefore, it is reasonable to permit broker-dealers to inspect the private residences of supervisors on a periodic basis, as opposed to annually.

Wells Fargo specifically appreciates the proposed amendment to the ineligibility criteria for experienced supervisors. The proposed amendment to Rule 3110.19(c)(1), if adopted, would better preserve eligibility for supervisors of FINRA member firms that have accrued one year of experience at a broker-dealer or investment adviser that is an affiliate or subsidiary of the member firm. Wells Fargo assessed the initial experience-based ineligibility as too restrictive for experienced supervisors.⁴ However, we understand the concerns related to supervisors acclimating to a new member firm's systems and culture. In the future, we encourage regulators to reassess the ineligibility criteria for experienced supervisors that are switching to a new supervisory role at an unaffiliated broker-dealer.

We remain committed to having a constructive dialogue with regulators focused on the modernization of the definitions of "branch office" and "office of supervisory jurisdiction" ("OSJ") contained in Rule 3110(f) to reflect changing workplace dynamics and technologies utilized by both retail and institutional broker-dealers to supervise associated persons. It is encouraging that FINRA's comment letter, submitted on July 25, 2023, expresses a willingness to "consider the OSJ and branch office definitions more broadly."⁵ While supportive of the adoption of the Proposal with the changes outlined by Amendment No. 1, we also remain confident that certain functions excluded from the Proposal, including "order execution or market making" and "structuring of public offerings or private placements" can be undertaken and effectively supervised from a residential location, subject to appropriate risk management and supervisory policies and procedures.⁶

Wells Fargo appreciates the attention and long-term commitment of FINRA and the SEC to addressing the wide variety of issues that arose at the onset of the pandemic. We encourage the SEC to expeditiously approve the Proposal, as amended by Amendment No. 1. If you would like to discuss these issues further or need additional information, please contact John Vahey, Wells Fargo Public Policy, at john.vahey@wellsfargo.com.

Sincerely,

Jim McHale
Executive Vice President
Head of WIM Compliance

Peter Macchio
Executive Vice President
Head of CIB Compliance

⁴ See Wells Fargo Comment on SR-FINRA-2022-019 (August 23, 2022), [srfinra2022019-20137301-307864.pdf](https://www.sec.gov/comments/2022019/20137301-307864.pdf) (sec.gov).

⁵ See FINRA Comment on SR-FINRA-2023-006 (July 25, 2023), <https://www.finra.org/sites/default/files/2023-07/SR-FINRA-2023-006-response-to-comments.pdf> (finra.org).

⁶ The proposed definition of "residential supervisory location" (RSL) references the FINRA definition of "office of supervisory jurisdiction" in Rule 3110. However, the RSL definition excludes certain functions, including 3110(f)(1)(A) "order execution or market making" and Rule 3110(f)(1)(B) "structuring of public offerings or private placements."