



August 15, 2023

VIA ELECTRONIC SUBMISSION

Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: *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); Release No. 34-97398; File No. SR-FINRA-2023-006 (the “Proposed Rule Change”)*

Dear Ms. Countryman:

The Securities Industry and Financial Markets Association (“SIFMA”)¹ submits this rebuttal to the North American Securities Administrators Association’s (NASAA’s) continued recommendation that Residential Supervisory Locations (“RSLs”) be inspected annually.² As set forth in detail in SIFMA’s December 20, 2022 letter in File No. SR-FINRA-2022-019, an annual inspection requirement of an RSL is unnecessary and would yield little benefit to investor protection.³ We reiterate that if an annual inspection was required on top of the already stringent requirements for an RSL, the industry would find very little benefit to the proposed rule change. This would result in less flexible work arrangements for

¹ SIFMA is the leading trade association for broker-dealers, investment banks, and asset managers operating in the United States and global capital markets. On behalf of our industry’s nearly one million employees, we advocate for legislation, regulation, and business policy affecting retail and institutional investors, equity and fixed income markets, and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (“GFMA”).

² FINRA, 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), 88 FR 44173 (July 11, 2023), <https://www.federalregister.gov/documents/2023/07/11/2023-14523/self-regulatory-organizations-financial-industry-regulatory-authority-inc-notice-of-filing-of>; NASAA Comment Letter, <https://www.sec.gov/comments/sr-finra-2023-006/srfinra2023006-236179-492902.pdf>

³ SIFMA Comment Letter, <https://www.sec.gov/comments/sr-finra-2022-019/srfinra2022019-20153234-320719.pdf>

supervisors, potentially impacting the ability to recruit and retain qualified supervisors that are an essential part of effective supervisory programs.

FINRA has more than adequately justified its reasoning for the proposed periodic inspection requirement in its July 25, 2023 letter.⁴ NASAA's position rests on an outdated rule that does not take into account the technological advances made in the intervening years in the supervisory programs of firms of all sizes, such that an annual inspection yields little benefit.

We appreciate your consideration of our comments, and I am happy to answer any questions.

Very truly yours,



Bernard V. Canepa
Managing Director &
Associate General Counsel

⁴ FINRA Response to Comments, <https://www.sec.gov/comments/sr-finra-2023-006/srfinra2023006-235699-491502.pdf>