



Via Electronic Mail: rule-comments @sec.gov

May 25, 2023

Sherry R. Haywood
Assistant Secretary
United States Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: File No. SR-FINRA-2023-007: Proposed Revisions to FINRA Rule 3110 - Remote Inspection Pilot Program

Dear Ms. Haywood:

We submit the following comments on behalf of Cetera Financial Group (“Cetera”) with regard to proposed changes to FINRA Rule 3110. The proposed changes would create a pilot program under which FINRA member firms could elect to perform branch office inspections remotely rather than in person, as required under the current rule. We will refer to the prospective rule changes as the “Proposal.”

Cetera is the corporate parent of four FINRA member firms, with more than 2,000 branch locations. We have submitted comments with respect to earlier versions of the Proposal, and we write today to support its adoption. As noted in our earlier comments, the Proposal contains provisions with which we disagree or would modify, but it strikes a reasonable balance among the competing interests that it seeks to satisfy. The objective is to modernize FINRA rules that most interested parties agree are out of date and no longer consistent with the way FINRA member firms conduct oversight and supervision of their securities business. The COVID-19 pandemic forced FINRA and member firms to adapt to an environment in which in-person inspections were not feasible, and demonstrated that member firms can conduct remote branch inspections with results that are substantively equivalent to those conducted in person.

The Proposal includes significant safeguards that are designed to maintain or enhance investor protection. It requires FINRA member firms to conduct and document risk-based assessments of their branch locations and inspection programs to determine which branches to inspect in person and at what times. It further requires member firms to keep detailed records of inspection findings, and to provide real-time data to FINRA regarding the results. Importantly, participation in the pilot program is voluntary for member firms, and firms that meet criteria indicating a lack of ability or willingness to meet FINRA other standards would be ineligible to participate. The Proposal does not in any way diminish the overall responsibility of FINRA member firms to conduct effective oversight, underlining the primary objective of enhancing investor protection.

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We also note that current FINRA rules allow member firms to conduct branch inspections remotely through December 31, 2023.¹ Given the pending expiration of the temporary relief afforded by FINRA Rule 3110.17, we urge the Commission to take action to approve the Proposal as quickly as possible.

We appreciate the opportunity to submit comments on this important matter. If you have questions or we may offer any further information, please let me know.

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

¹ Proposed Rule Change to Extend the Effectiveness of Temporary FINRA Rule 3110.17, SR-FINRA-2022-030 (Oct. 31, 2022), <https://www.finra.org/sites/default/files/2022-10/sr-finra-2022-030.pdf>.