



August 16, 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: Release No. 34-98046; File No. SR-FINRA-2023-007
Proposed Revisions to FINRA Rule 3110**

Dear Ms. Countryman:

Cetera Financial Group (“Cetera”) offers the following comments with respect to the above-referenced rule proposal from the Financial Industry Regulatory Authority Inc. (“FINRA”).¹ The proposed rule would add Supplementary Material .18 to FINRA Rule 3110 and implement a pilot program (the “Pilot”) which would allow FINRA member firms to conduct required branch office inspections remotely under specified circumstances. FINRA has submitted a series of modifications to the original proposal on this issue, culminating in the current version which is referred to as 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 a large number of branch offices that are subject to the inspection requirements in FINRA Rule 3110, and will likely seek to participate in the Pilot as part of our overall supervision program. Adoption of this FINRA proposal will be very significant to Cetera and many other FINRA member firms that maintain large numbers of branch locations.

Cetera has previously submitted written comments with respect to the proposed Pilot², and we have been supportive of both the spirit and specific provisions in the proposal. It represents a significant step forward in recognizing technological and other advancements made by both FINRA and member firms in supervision and oversight of activities conducted by FINRA member firms, and offers them a greater ability to make reasoned choices about how supervision can be best and most efficiently conducted. The changes set forth in Amendment No. 1 are reasonable and appropriately balance the goals of enhancing investor protection and promoting efficiency for FINRA members. We strongly endorse adoption of the Pilot without further change or delay.

¹ Proposal to Adopt Supplementary Material .18 (Remote Inspections Pilot Program), 88 FR 53569, August 8, 2023.

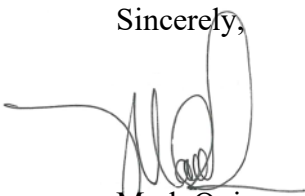
² Letters from Cetera Financial Group to Vanessa A. Countryman dated September 6, 2022, and to Sherry R. Haywood dated December 7, 2022 and May 25, 2023.

We would also note that the Pilot was first proposed by FINRA more than two years ago. Its provisions have been modified on multiple occasions, particularly with respect to limitations on which firms and branch locations are eligible to participate. The changes have not been universally endorsed by interested parties, but we believe that on balance they have resulted in a proposal that a broad consensus of constituencies will support. That being said, the Pilot has now been under consideration for a long time, and there is no assurance that it will be adopted in either its current form or at all. This is important, because in response to the COVID-19 pandemic, FINRA adopted Supplementary Material .17 to FINRA Rule 3110. Supplementary Material .17 temporarily allowed FINRA member firms to conduct branch inspections remotely. The temporary relief provided by Supplementary Material .17 has been extended on several occasions, but is currently scheduled to expire on December 31, 2023, slightly more than four months from now.

It is our understanding that the vast majority of branch inspections by FINRA member firms have been conducted remotely since March, 2020. Cetera and other FINRA member firms maintain tens of thousands of branch locations, it will take them at least a few months to re-engage their in-person branch inspection programs. If the Pilot is adopted, it will also take a significant period of time for participating firms to review its terms and design and implement compliance programs. We strongly urge the Commission to take action to approve the Pilot in its current form as quickly as possible, but if for some reason there are delays in the review process, we request that the temporary relief afforded by Supplementary Material 3110.17 be extended until at least June 30, 2024.

Thank you for your consideration. 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.

Sincerely,

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

Mark Quinn
Director of Regulatory Affairs
Cetera Financial Group