

July 30, 2020

VIA ELECTRONIC MAIL

Vanessa Countryman  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

**Re: File Number SR-FINRA-2020-019: Proposed Rule Change to Temporarily  
Extend the Time to Complete Office Inspections under FINRA Rule  
3110 (Supervision)**

Dear Ms. Countryman,

Russell Investments<sup>1</sup> submits this letter to the Securities and Exchange Commission (the “Commission”) in response to the Financial Industry Regulatory Authority’s (“FINRA”) request for public comment on the proposed amendment to FINRA Rule 3110.16 providing a temporary extension to complete on-site branch office inspections to March 31, 2021.

While Russell Investments appreciates and fully supports FINRA’s efforts to relieve the regulatory challenges of firms during the current pandemic, we believe the proposed amendment in its current form does not adequately address the longer-term impact of the COVID-19 crisis. We further believe that the proposed amendment fails to acknowledge and address the success of, and changes to, remote working practices among member firms.

**It is our belief that FINRA’s Rule 3110.16 be amended to permanently provide for virtual inspections of certain remote locations in lieu of on-site office inspections.**

The vast majority of Russell Investments’ employees are in a work from home environment due to the COVID-19 pandemic. Like many states, Washington State, where most of the compliance team conducting the branch office inspections are based, has seen a resurgence of COVID-19 cases and

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<sup>1</sup> Russell Investments is an investment management company headquartered in Seattle, Washington which operates globally with other offices in various financial centers around the globe, including London, Paris, Tokyo, Sydney, Toronto, Shanghai and New York. Russell Investments operates two registered broker-dealers that are registered with the SEC and members of FINRA: Russell Investments Implementation Services, LLC and Russell Investments Financial Services, LLC.

remains under a modified ‘stay at home’ order. Under the order, workplaces must ensure the safety of their employees by establishing social distancing procedures, providing cleaning supplies and requiring employees to wear face coverings at all times. The order additionally restricts non-essential travel. Further, New York, New Jersey and Connecticut, where many of our representatives’ home-based businesses are located, have imposed travel restrictions on visitors from over 30-states, including Washington State, requiring those visitors to quarantine for 14-days. Based on these restrictions, we believe FINRA’s current requirement to conduct on-site branch inspections of the remote offices, which are frequently in the homes of our registered representatives, poses an unnecessary health risk for those traveling as well as those living in the home where the office is located. We are supportive of the proposal to extend the date to complete branch inspections but believe the proposal does not go far enough and does not take into consideration the likely extended nature of the pandemic and other means by which branch inspections can be conducted.

Russell Investments Financial Services, LLC acts as the principal underwriter and distributor of certain affiliated mutual funds and our registered representatives engage with institutional clients and distribution partners of those funds. We currently have 80 home-based registered representatives located throughout the U.S. These registered representatives do not conduct trading activity, place trade instructions, or maintain books and records related to the business. We have successfully implemented processes and controls that enable us to monitor incoming correspondence (email and hardcopy), review and approve client presentations, meeting agendas and other activities in our work from home environment. Preparation to conduct a branch inspection includes a review of documents in our electronic systems, social media platforms, and interviews with their supervising manager. Our current compliance monitoring and supervisory procedures support year-round oversight of all Registered Representatives; including the current virtual environment. These existing compliance procedures would support and allow for an extension of the existing requirement for on-site branch inspections or relief to conduct these inspections virtually, to ensure the safety of our employees and that of the general public. This process would not change in a virtual review environment.

Clients and broker-dealers have come to rely on technology in a variety of ways including opening accounts, communications, video conferencing, and for supervision. We believe technological advancements offer firms greater visibility into the activities of their registered representatives who are in home-based offices and conducting remote compliance reviews of these offices do not impede the process and would provide the same level of client protections that in person reviews provide.

**The ability to conduct virtual inspections of remote locations would provide efficiencies of time, significant reductions in cost, safeguard the health and well-being of our staff, while maintaining visibility of the registered representatives activities and the supervisory oversight that is required by the SEC and FINRA.**

Russell Investments appreciates the opportunity to respond to the proposed amendment to FINRA's Supervisory Rule 3110.16. We are hopeful that in light of current unprecedented concerns and in anticipation of future remote-working practices within the industry, the Commission and FINRA would permit firms with home-based representatives, who perform limited activities and no trading, to conduct branch inspections on a virtual basis.

Regards,  
RUSSELL INVESTMENTS



Brad Jung, President  
Russell Investments Financial Services, LLC



Richard Smirl, President  
Russell Investments Implementation Services, LLC