



February 16, 2022

VIA ELECTRONIC SUBMISSION

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

Re: File Number SR-FINRA-2022-001: Proposed Rule Change to Extend the Temporary Relief to Allow Remote Inspections Through December 31, 2022

Dear Ms. Countryman:

The Securities Industry and Financial Markets Association (“SIFMA”)¹ submits this letter in response to the Securities and Exchange Commission’s (“SEC” or “Commission”) request for comments on the Financial Industry Regulatory Authority’s (“FINRA”) proposed rule change to extend the effectiveness of Temporary Supplementary Material .17 under FINRA Rule 3110, allowing broker-dealers to complete remote inspections of branch offices for the remainder of calendar year 2022.² The relief was set to expire on June 30, 2022.³

We fully support the proposed rule change extending the temporary relief, and thank FINRA, the SEC and state securities regulators, and other stakeholders for their appreciation of the logistical, privacy, and safety concerns of returning to on-site inspections in the middle of the year and during the ongoing COVID-19 pandemic. The rise of, and risks posed by, the omicron variant delayed firms’ (and regulators’) return to office plans. At the same time, firms continue to consider hybrid work arrangements in response to a fundamental shift in workplace preferences caused by the pandemic. Without an extension of the relief, firms face significant

¹ SIFMA is the leading trade association for broker-dealers, investment banks, and asset managers operating in the U.S. 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. With offices in New York and Washington, D.C., SIFMA is the U.S. regional member of the Global Financial Markets Association (GFMA).

² FINRA, *Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Extend the Effectiveness of Temporary Supplementary Material .17 (Temporary Relief to Allow Remote Inspections for Calendar Years 2020 and 2021, and Through June 30 of Calendar Year 2022) Under FINRA Rule 3110 (Supervision)*, 87 FR 4072 (proposed Jan. 20, 2022).

³ *Id.*

logistical challenges of standing up an on-site inspection program and inspecting the multitudes of home offices that would qualify as branch offices were this and related relief not available.⁴ This would raise safety concerns, including the risk of spreading the COVID-19 virus further, as well as privacy concerns of inspectors visiting homes.

As firms have been conducting remote inspections effectively for nearly two years, the benefits of extending relief outweigh any concerns. In fact, firms of all sizes enhanced their inspection programs and supervision during the pandemic with technologies and controls, such that the ability to conduct remote inspections on a risk-basis should be a permanent feature of a modernized supervisory regime – we believe without any detriment to investor protection. We look forward to continued discussions on ways to modernize the supervisory regime.

Again, we thank you for your thoughtful consideration of the challenges and risks of returning to on-site inspections in 2022 by extending the relief and we fully support FINRA’s rule proposal.

Sincerely,

Bernard V. Canepa

Bernard V. Canepa
Managing Director and Associate General Counsel

⁴ See FINRA, Regulatory Notice 20-08, *Pandemic-Related Business Continuity Planning, Guidance, and Regulatory Relief* (Mar. 9, 2020) (suspending the requirements to update the Forms U4 and BR for temporary relocations due to COVID-19).