

MEMO# 31024

January 12, 2018

ICI Files Comment Letter Supporting FINRA's Proposal Relating to Remote Inspections of Qualifying Offices

[31024]

January 12, 2018 TO: Broker/Dealer Advisory Committee
Principal Underwriters Working Group RE: ICI Files Comment Letter Supporting FINRA's Proposal Relating to Remote Inspections of Qualifying Offices

As we previously informed you, FINRA recently proposed revising its branch office inspection requirements to permit the remote inspection of “qualifying offices.”^[*] As defined in the proposal, qualifying office could include the personal residences of mutual fund wholesalers and regional distributors. Because of this, the Institute drafted a comment letter supporting the proposal. The draft letter was provided to members for feedback.

Based on members’ feedback, the letter was revised to address two issues. The first was to recommend that FINRA clarify that, so long as no more than three representatives list the office location on their Form U-4 as their office of employment, the office can be treated as a qualifying office. This clarification was necessary because the proposal limits the number of representatives who may be “designated to the location.” Our letter requests that FINRA confirm that “designated to the location” means designating the location as the office of employment on the associated person’s Form U-4.

The second issue is addressed in new footnote 7. This footnote states that, while we support FINRA’s proposal, we also support FINRA relieving members from having to conduct *any* inspections of qualifying locations.

The Institute’s letter was filed with FINRA yesterday and a copy is attached. The Institute appreciates the feedback we received from members on the draft.

Tamara K. Salmon
Associate General Counsel

[Attachment](#)

endnotes

[*] See Institute [Memorandum No. 30993](#) (December 22, 2017). This memorandum summarized FINRA's proposal, included a link to it, and included, as an attachment, the Institute's draft comment letter.

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