



January 12, 2018

Ms. Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1735 K Street, N.W. Washington, DC 20006-1506
pubcom@finra.org

RE: FINRA Regulatory Notice 17-38: Remote Branch Office Inspections

Dear Ms. Mitchell:

In response to Notice to Members 17-38, we would like to thank FINRA for the opportunity to comment on the current office inspection requirements under Rule 3110 and the proposed option to conduct remote inspections of qualifying offices. We support FINRA's efforts to improve inspection requirements from both a practical and cost savings perspective and we offer the following comments for consideration.

Manning & Napier Investor Services, Inc. (MNBD) is a small firm and limited purpose broker-dealer focused primarily on mutual fund distribution. Our captive MNBD sales force currently only markets and sells our proprietary mutual fund. We do not hold customer accounts and our reps do not accept customer funds. Clients are instructed to send all mail, including account paperwork, directly to the fund's transfer agent or to our main office (OSJ). All required records are retained at the main office.

We have reps located across the U.S., working out of both registered and unregistered offices (home offices). The majority of our registered offices are registered solely because they do not fall under the current carve out from registration for personal residences. These are rented office spaces, often housing a single rep, that are not advertised to the public. Like reps working out of a home office, the reps located out of these rented spaces conduct business electronically via email and over the phone. They may utilize shared conference space within the office building for meetings, but do not meet with clients or prospects in their individual office space.

For these locations, the periodic onsite inspection is not one of substance and serves mainly to comply with the rules requirements, in this context purely administrative. There is little to physically inspect, with the majority of an auditor's time spent interviewing the onsite rep. This interview could certainly be completed over the phone or by video conference. With proper controls in place, relevant to each firm's business, these locations can look and feel just like unregistered home offices. Therefore, I would support

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FINRA expanding the definition of qualifying office under the current proposal to include certain types of registered offices that are not held out to the public, where no client/prospect meetings take place.

In summary, we strongly support FINRA's proposal and with further expansion to the definition of qualifying office, we believe allowing for remote inspections will greatly benefit member firms. Small firms in particular will be able to leverage the cost savings to focus compliance resources on areas of greater risk, without increasing the risks that the inspection rules are designed to prevent. We appreciate the opportunity to comment and FINRA's consideration of our comments.

Sincerely,
MANNING & NAPIER INVESTOR SERVICES, INC.



Samantha M. Larew
Chief Compliance Officer

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