

July 14, 2025

By Email: [pubcom@finra.org](mailto:pubcom@finra.org)

Jennifer Piorko Mitchell  
Office of the Corporate Secretary  
FINRA  
1700 K Street, NW  
Washington, DC 20006-1506

Dear Ms. Mitchell:

We are pleased to comment on Regulatory Notice 25-07 regarding a request for comment on how FINRA can further evolve its rules, guidance and processes to reflect modern business practices and markets.

In particular, FINRA is requesting comments on what, if any, changes might be necessary as a result of evolving workplaces and the applicable regulatory requirements, including changes to existing FINRA rules and guidance in response to these changes and reflect the realities of the modern workplace.

## I. Background

The ACA Foreside family of companies (“ACA Foreside” or the “Firm”) includes sixteen affiliated broker-dealers. The Firm’s broker-dealers generally serve as the principal underwriter/distributor for unaffiliated investment advisor proprietary mutual funds or exchange traded products (“Funds”) and/or maintain FINRA registrations of employees of the fund sponsor or issuer.

While the Firm understands that the importance and application of the FINRA Supervision Rules (“Rules”) to its business model, the Rules, as they apply to non-branch office locations, are in need of updating. These updates should take into account the realities of the modern workplace, including cloud computing and other technology advances that allow individuals to work from home more easily. In addition, the current definitions around non-branch office locations do not consider situations where registered representatives working from home are not servicing customer accounts or engaging in other activities where the application of the Rules would promote customer protection.

Along the same lines, while the Firm appreciates the flexibility afforded under the Residential Supervisory Location (“RSL”) definition, the requirement limiting new supervisors, either new to the role or new to a firm in general, from immediately taking advantage of this exception from the definition of an Office of Supervisory Jurisdiction (“OSJ”) needs to be reconsidered.

In addition, technological advances in the way that FINRA licensing tests are administered would seem to make the mandatory wait times between examinations, primarily due to a failure, outdated. The Firm understands the basis for these wait times in a time period when the administration of these exams involved the availability of testing centers, but with the advances in the way these tests are currently administered, the need for these mandatory wait times should be reconsidered.

## II. Comments

### **Definition of Location as it Relates to FINRA Rule 3110**

The Firm maintains the registrations and supervises the activities of many individuals primarily associated with the distribution and marketing of investment management products and services. The vast majority of these individuals perform the role of “wholesaler,” as that term is commonly used in the investment management industry. Wholesalers are sales and marketing individuals primarily tasked with marketing fund products and services to financial intermediaries with the goal of either expanding the distribution reach of a particular fund product or service or educating financial professionals that in turn recommend these products to their clients. Wholesalers are rarely, if ever, in front of retail clients and are never in the business of making recommendations to the end investor or servicing client accounts.

As a result of the technology advances over the last several years, along with a post-pandemic acceptance of remote work, many wholesalers either “work from home” full time or on an ad hoc basis, as the activities of a wholesaler do not typically require a physical presence either at the home office of the sponsor or elsewhere. As a result, a distributor broker-dealer like the Firm is faced with tracking and managing many disparate residential locations across the nation, both from a registration and supervision standpoint. In addition, each of these locations are subject to inspection under FINRA Rule 3110(c), as there is currently no exception for any locations where a registered representative such as wholesalers might conduct business.

FINRA Rule 3110(f) currently defines a non-branch office as a location that is not defined as a “branch office.” The branch office definition, therefore, currently includes the residential locations of wholesalers, despite the limited activities conducted at these locations.

The current definition specifically excludes from the definition of a branch office any primary residence of an associated person; provided that all of the following conditions are met:

- a. Only one associated person, or multiple associated persons who reside at that location and are members of the same immediate family, conduct business at the location;
- b. The location is not held out to the public as an office and the associated person does not meet with customers at the location;
- c. Neither customer funds nor securities are handled at that location;
- d. The associated person is assigned to a designated branch office, and such designated branch office is reflected on all business cards, stationery, retail communications and other communications to the public by such associated person;
- e. The associated person's correspondence and communications with the public are subject to the firm's supervision in accordance with this Rule;
- f. Electronic communications (e.g., e-mail) are made through the member's electronic system;
- g. All orders are entered through the designated branch office or an electronic system established by the member that is reviewable at the branch office;
- h. Written supervisory procedures pertaining to supervision of sales activities conducted at the residence are maintained by the member; and
- i. A list of the residence locations is maintained by the member.

What appears missing from the definitions found in FINRA Rule 3110(f) is the definition of a “location.” This is an important distinction, especially as it relates to the activities of wholesalers because, while a wholesaler might be associated with a residential address in the absence of another business address, the activities of a wholesaler conducted at these locations make it debatable whether or not these are locations requiring further definition. While the Form U4 for an individual might list an address where that individual is “Located At,” it might not be reasonable to believe that location necessarily meets the definition of a branch or non-branch location under FINRA Rules. However it is often the only address that makes sense for the individual. The current exemptions from the definition of a branch office go a

long way toward defining the proper classification of residential locations, but they do not take into account the limited activities of wholesalers or other registered representatives that may work from home in a limited capacity or on an ad hoc basis. Wholesalers, for example, are just as likely to make phone calls or answer emails from a coffee shop or a hotel lobby during their frequent travels as they do from their primary residence. In much the same way, a registered representative choosing on an ad hoc basis to work from home using simply a laptop and a cell phone should not automatically subject that representative's residential address to the current definition of a "location."

The term "location" appears to have become an outdated term, at least as that term is currently defined in Rules. Gone are the days of paper being traded among physical addresses, replaced instead by cloud computing and cellular service. In today's world, the term "location" almost seems meaningless, as people choose to work from where they are simply by connecting to a local Wi-Fi service and utilizing VPN service to access networks. As such, a clear and modernized definition of "location" appears necessary in order to further analyze the correct classification of office, and if the extent a representative's current choice of workplace does meet the definition of a location, then it should not be required to be considered an "office" of the broker-dealer.

We recommend excluding from the definition of "location" for purposes of FINRA Rule 3110(f) residential locations of registered representatives that do not meet the current definitions of a branch office, any residential location that does not house physical records of the broker-dealer, and where the activities of registered representatives do not include the servicing of customer accounts. In other words, a Wi-Fi enabled location where a registered representative regularly chooses to work on an ad hoc basis utilizing a laptop and a cell phone should not meet the definition of a location, whether that location is the representative's personal residence or the coffee shop down the street.

While the realities of the modern workplace are changing, it seems reasonable that the Rules should evolve to reflect these changes. Work-from-home arrangements either on a permanent or ad hoc basis are not new, but they are certainly more prevalent and better enabled via technological advances today than they were several years ago. As such, the idea that anywhere that a registered representative regularly chooses to plug in a laptop computer or answer a cell phone might meet the definition of a "location" seems outdated.

Furthermore, subjecting residential locations, where no books and records are present and the representatives' activities are limited to exclude servicing customer accounts, to the examination requirements under the FINRA Rule 3110(c) does not seem to further customer protection or serve any meaningful regulatory purpose. This is especially true in the case of wholesalers or other representatives that use their residence on an ad hoc basis. Explicit in FINRA Rule 3110(c) is the requirement to test and verify policies and procedures related to (i) safeguarding of customer funds and securities; (ii) maintaining books and records; (iii) supervision of supervisory personnel; (iv) transmittals of funds (e.g., wires or checks, etc.) or securities from customers to third party accounts; from customer accounts to outside entities (e.g., banks, investment companies, etc.); from customer accounts to locations other than a customer's primary residence (e.g., post office box, "in care of" accounts, alternate address, etc.); and between customers and registered representatives, including the hand-delivery of checks; and (v) changes of customer account information, including address and investment objectives changes and validation of such changes. None of these areas would apply under the exclusion described herein.

## **Residential Supervisory Location Requirements**

The Firm applauds FINRA for recognizing the work from home environment through its recognition of RSL designations. Furthermore, the Firm understands the ineligibility criteria that apply to such locations, including the eligibility requirement that a designated supervisor associated with an RSL location have

greater than one year of supervisory experience with the member, or an affiliate or subsidiary of the member. While the Firm agrees that a designated supervisor with less than one year of supervisory experience with the member should be subject to the annual inspection requirement of FINRA 3110(c) for at least the first year, this creates with an administrative burden of having to register residential locations as Offices of Supervisory Jurisdiction (OSJ) and then go back in and adjust their status after one year.

The Firm proposes that the requirements to designate a residential location as an RSL simply be modified to include an inspection requirement in the first year for new supervisors. This would help alleviate the administrative burden associated with the registration of these locations as well as the subsequent need to deregister each location as an OSJ after one year when they are transitioned to an RSL.

### **FINRA Series Licensing Test Administration**

The Firm believes that the requirement to wait 30 days following the first or second failure of a series licensing test and 180 days following the third failure may be outdated given the use of online rather than onsite proctoring. Presumably, the applicable wait times currently in place were established, in whole or in part, to protect site availability in a time period when FINRA Series exams were administered and proctored in person.

With the advancement to online proctoring, it would seem reasonable these same protections are no longer needed and are therefore unnecessary or at minimum, the required wait periods after failures could be reduced, given what should now be virtually unlimited availability of online proctoring capability.

We appreciate in advance your consideration of our comments.

Sincerely,



Jennifer Brunner  
Chief Compliance Officer



Susan La Fond  
Chief Compliance Officer



Alicia Strout  
Chief Compliance Officer



Gordon Taylor  
Chief Compliance Officer