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February 16, 2021

Jennifer Piorko Mitchell  
Office of the Corporate Secretary  
FINRA  
1735 K Street, NW  
Washington, DC 20006-1506

**VIA E-MAIL [pubcom@finra.org](mailto:pubcom@finra.org)**

Re: Comments to Regulatory Notice 20-42

Dear Ms. Mitchell:

Thank you for the opportunity to comment on our experiences as we navigated the COVID-19 pandemic. Our firm is a dually registered broker-dealer and investment adviser based out of Sausalito, CA. We are a small introducing broker-dealer. We identified three areas that we wanted to comment on with respect to Regulatory Notice 20-42.

**Changes to Business Operations**

While we had already begun the process of moving more of our operations online, the pandemic has made some of those projects more urgent. We were able to take advantage of existing infrastructure that was able to be supervised appropriately to facilitate effective communication between employees that were at home with employees that were in the office.

In cases where employees are working from home, they are being required to use firm systems that were already available and in use to facilitate their activities.

In some cases where we were still using a more paper-based process, we are actively seeking solutions that would move those processes online to facilitate better supervision of the activities of the firm. In many cases, however, such as with the firm's trading systems, our clearing firm's exception reports, customer signed paperwork and customer correspondence were already being conducted largely online are conducted largely the same way, just with the employee in alternative physical locations.

There is a large list of vendors out there that do a myriad of things, and on some level, it is difficult to navigate the capabilities of some of these vendor systems in cases we need to evaluate a change in systems due to evolving conditions. As a small firm, we have less resources by which we can effectively evaluate and set up systems that would make these changes more seamless.

### **Office Registrations**

We are of the opinion that the branch office definitions may need further clarification or updates. For example, with respect to some of the definitions under FINRA Rule 3110(f), does a function take place at an office if it is done and recorded through centralized firm systems if the employee is at home, even if the employee retains no records with respect to the activity physically at their location?

We also believe that you could exempt from the definition of “office of supervisory designation” any associated person’s primary residence similar to Rule 3110(f)(2)(A)(ii), where the activity that would cause the location to be an office of supervisory jurisdiction if the activity is performed through systems controlled and supervised by the firm and that no books and records are maintained at the private residence.

### **Inspections**

We are taking advantage of the ability to do remote inspections pursuant to supplementary material FINRA Rule 3110(c).17. We have found it a useful tool to inspect offices when public health orders would otherwise make it difficult to travel. This has led to inspecting offices before we may have otherwise given the extension of time to do 2020 inspections to March 31, 2021.

In general, we have found it an effective tool that lets us make more efficient use of our time as a small firm. It would be useful to be able to take a risk-based approach to determining if a branch inspection should be on-site or remote, just like that helps us decide the frequency that we inspect branch offices. If the firm felt there was an added risk, or we had not done a on-site inspection in a certain period of time, we would choose the physical inspection over the remote inspection. To that end, we would find it useful for the current relief to be made permanent.

Very truly yours,



Christopher W. Anderson  
Chief Compliance Officer  
Caldwell Sutter Capital, Inc.  
(415) 367-4982  
christopher.anderson@cald.com