

January 12, 2018

**Via ELECTRONIC Mail**

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

**Re: Regulatory Notice 17-38 Remote Branch Office Inspections:  
FINRA Requests Comment on a Proposal to Amend Rule 3110 (Supervision) to  
Provide Firms the Option to Conduct Remote Inspections of Offices and  
Locations That Meet Specified Criteria**

Dear Ms. Mitchell:

Please accept this submission as MML Distributors, LLC ("MMLD") and MML Investors Services, LLC's ("MMLIS") (collectively "the Firms") comments in response to FINRA's Regulatory Notice 17-38: FINRA Requests Comment on a Proposal to Amend Rule 3110 (Supervision) to Provide Firms the Option to Conduct Remote Inspections of Offices and Locations That Meet Specified Criteria. ("RN 17-38" or the "Notice").

MMLD and MMLIS are subsidiaries of Massachusetts Mutual Life Insurance Company ("MassMutual"), which is a member of the Committee of Annuity Insurers ("CAI.") MMLD and MMLIS understand that CAI may be submitting its own comment letter with respect to the Notice. The Firms continue to support, and hereby adopt, the commentary that is contained within the CAI letter. MMLD and MMLIS are submitting this separate letter in order to highlight how this rule change would favorably impact our firms based on their specific structures.

**Background of the Firms**

MMLIS is a retail broker-dealer that is headquartered in Springfield, Massachusetts. The firm offers a variety of investment products and services to retail clients through MassMutual agents, including mutual funds and other variable products. MMLIS has approximately 9000 registered representatives in the field and more than 800 home office associated persons. Of those 800 associated persons, approximately 200 of them work from remote locations.

MMLD is a limited purpose broker-dealer that serves as the underwriter to certain MassMutual proprietary securities products. It is also headquartered in Springfield, Massachusetts and does not maintain customer accounts. MMLD has approximately 500 registered representatives and more than 300 home office associated persons. Of those, approximately 250 work remotely.

### **Comment from the Firms**

MMLIS and MMLD support FINRA's proposal to amend Rule 3110 to provide firms with the flexibility to conduct remote inspections of certain offices that qualify under the proposal. As FINRA has noted in the Notice, there has been a proliferation of new work arrangements that allow for associated and registered persons to work in settings that are no longer the brick and mortar traditional office. In the Firms' case, this flexibility in alternative work arrangements has been crucial to the recruitment and retention of quality individuals within our industry.

While MMLIS and MMLD agree with CAI's interpretation that Rule 3110 as drafted does not per se prohibit remote office inspections, the Firms have to date deployed and utilized on-site inspections as a mechanism of supervising both its registered and associated personnel that are in remote work arrangements. The costs associated with the travel and the home office personnel conducting the inspections are significant and on an annual basis represent a six-figure expenditure for the two broker-dealers. Those resources can be better directed towards enhancing other supervisory initiatives if the rule were formally modified to include the ability to utilize the Firms' existing technology to perform remote inspections, particularly in the case of a non-retail broker-dealer such as MMLD, whose remote workers have no client contact, do not handle securities or funds, and are not the designated repository for the firm's books and records. In this context, an on-site inspection is somewhat of a rote exercise. By contrast, remote inspections would be an effective alternative for ensuring that a firm's system of supervision is being reasonably implemented.

### **Conclusion**

MMLIS and MMLD appreciate the opportunity to provide their comments to this rule and urge FINRA to continue on the path towards formalizing the amendment. The proposed change represents a solid step forward in modernizing FINRA's rules and recognizing how technology has enhanced broker-dealer supervisory models. If you should have any further questions regarding this comment, please do not hesitate to contact me.

Best regards,



Courtney Rogers Reid