



777 East Wisconsin Avenue  
Milwaukee, WI 53202

James R. Schoenike  
President

January 9, 2018

By Email ([pubcom@finra.org](mailto:pubcom@finra.org))  
Jennifer Piorko Mitchell  
Office of the Corporate Secretary  
FINRA  
1735 K Street, NW  
Washington, DC 20006-1509

Re: FINRA Regulatory Notice 17-38

Dear Ms. Mitchell,

Quasar Distributors, LLC ("Quasar") would like to take this opportunity to comment on FINRA Regulatory Notice 17-38 ("Notice 17-38") which proposes to provide Firms the option to conduct remote inspections of branch and non-branch offices and locations. Quasar supports FINRA's efforts to make this requirement more practical and efficient and appreciates the opportunity to submit this letter.

Quasar believes the scope of an on-site inspection should be a determining factor in whether a non-registered office should receive an on-site visit rather than the number of registered representatives ("RRs") that are located there.

Quasar is a registered broker/dealer and member of FINRA, and our Distribution business is dedicated to providing mutual fund underwriting and distribution. The level of distribution support consists of nominal, statutory, or passive distribution. We do not actively seek the sale of any investment products/funds for our clients, and we do not maintain customer account records.

As the designated and contracted Distributor for a Fund, Quasar acts on the Fund's behalf to distribute shares of the Fund on an institutional basis only. Sales inquiries from retail prospects are referred to the appropriate Fund or their designated Transfer Agent for purposes of the fulfillment function being completed for any retail prospects. No funds or securities are handled or safe kept by Quasar or any of Quasar's RR's. No customer accounts are established or maintained as part of Quasar's Distribution business or by any of Quasar's RR's. Other broker/dealers and/or the funds' transfer agents/custodians undertake these functions.

Per FINRA Rule 3110(a), Quasar has created a supervisory system that is specifically designed for our type of business. Quasar's non-registered locations do not maintain any books or records to examine or systems to test. The majority of Quasar RRs are mutual fund wholesalers who promote their fund to the broker dealer community, using pre-approved marketing material.

The scope of Quasar's non-registered location "inspections" consists of reviewing requirements that would help prevent FINRA rule violations such as not receiving prior written notice of an Outside Business Activity. These reviews help provide a better insight into the process the Investment Advisor has established (or not established) and identify any gaps that would cause a violation to occur. This type of review, however, can easily be done over the phone and does not require the time and cost of traveling to the office's location.

As stated, the proposed rule may exempt on-site visits if there are three or less RRs at the branch office or non-registered location. Quasar acknowledges that we will benefit from the proposal for roughly half of our clients. However, since the only difference in our process for locations with 3 RRs and locations with 10 RRs will be that we need to travel to the location with 10 RRs, we request that the criteria be further amended to consider the member firm and the approved business per the membership agreement, thereby allowing mutual fund distributors the ability to inspect remotely.

Quasar commends FINRA for giving us this opportunity to express our views and thanks you for your consideration of these comments.

Respectfully,

A handwritten signature in black ink, appearing to read "James Schoenike". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

James Schoenike  
President