Jeffrey M. Auld
President and CEO

SagePoint Financial, Inc.
2800 N. Central Avenue
Suite 2100
Phoenix, AZ 85004

800.552.3319
602.744.3000

Elizabeth M. Murphy
Secretary
United States Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

File Number SR-FINRA-2009-057

Dear Sir or Madam:

As CEO of a FINRA member firm in good standing, I am writing to comment on FINRA's proposed Rule Change, set forth in SR-FINRA-2009-057 and filed with the United States Securities And Exchange Commission ("SEC") on August 20, 2009. As noted in the SEC's Release Number 34-60624, FINRA did not solicit comments or opinions from its member firms prior to filing this proposed Rule Change with the SEC. Even though comments were not solicited at large, as a responsible member firm representative, I feel it is my duty to provide what I deem is essential feedback on this issue.

SagePoint Financial, together with its affiliated firms FSC Securities and Royal Alliance Associates, are FINRA member firms and broker-dealers and investment advisors registered with the SEC. Our firms collectively distribute securities and investment advisory products and services to retail investors through over 6,000 registered representatives and together constitute the second largest independent broker-dealer in the United States.

Our firms operate through a business model that is significantly different than than of large former NYSE member firms such as wirehouses, so that we share many of the financial characteristics of small FINRA member firms, albeit on a larger scale. Accordingly, significant increases in FINRA's Personnel Assessment and Gross Income Assessment as set forth in the proposed Rule Change will have a disproportionate impact upon our firms and our representatives.

FINRA proposes to double the Personnel Assessment ("PA") and to recalculate the Gross Income Assessment ("GIA") so that member firms would pay the greater of the current year GIA or the three-year average based upon the current year's GIA and the previous two calendar years. In support of this change, FINRA states only that the PA has not increased in five years, that the economic and industry downturns in 2008 and 2009 have strained its resources, and that its GIA revenues are purportedly down 37 percent in 2009 due to fourth quarter 2008 write-offs taken by member firms.

FINRA's proposed Rule Change lacks a proper and adequate foundation. Nowhere does FINRA provide any disclosure of what proportion PA and GIA fees represent in its revenue or income. Nor does FINRA describe its financial or investment models or state what, if any, preparations or actions it took or has taken in light of the cited economic and industry downturns. Indeed, a recent news report notes that FINRA's investment fund lost 27 percent in 2008 and that, in an effort at reducing the volatility of its investment fund by shifting its investments away from the stock market, FINRA may have missed an opportunity to recover those losses as the stock market improved in 2009. See "After 27% Fall, FINRA Plays It Safe", Wall Street Journal, September 25, 2009, section C1, column 2. It is unfair to burden independent broker-dealers, financial advisors and their clients, all of whom have also suffered in the recent market downturn, with substantial additional fee assessments.

The PA increase is egregious and bears no relation to any reasonable calculation of inflation over the last five year period. The new method of calculation for the GIA is also egregious in that it appears to be based upon a temporary shortfall of 37 percent and provides for no relief should FINRA's revenues increase for any reason. It makes an already regressive schedule even more regressive by forcing firms of all sizes and business models to pay for a revenue shortfall primarily caused by the largest firms.

We respectfully submit that the proposed Rule Change falls far short of the requirements of Section 15A(b)(5) of the Securities Exchange Act of 1934, and that it should accordingly be disapproved. Furthermore, we submit that issues such as this be made available for comment by member firms so that FINRA remains true to the underlying spirit of a self-regulatory agency.

Very truly yours,

Jeff Auld
President and CEO