State Farm Investment Management Corp.

Home Office, Bloomington, Illinois 61710

October 2, 2009

Corporate Headquarters
One State Farm Plaza
Bloomington, Illinois 61710-0001

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

Re: Release No. 34-60624; File No. Sr-FINRA-2009-057; Proposed Rule Change Relating to Increase the Personnel Assessment and Gross Income Assessment Paid by Member Firms

Dear Ms. Murphy:

State Farm VP Management Corp. ("SFVPMC") appreciates the opportunity to provide comments to the Securities and Exchange Commission on the above referenced FINRA notice concerning the proposed increases to the Personnel Assessment (PA) and Gross Income Assessment (GIA) paid by member firms. SFVPMC is a member of the State Farm Group of Companies, which also includes the nation's largest automobile insurer and the nation's largest insurer of homes. With regard to securities products, SFVPMC's registered representatives sell only mutual funds and college savings plans, and service variable products issued by affiliated and unaffiliated insurance companies.

It is clear from the language of the release that the main objective of this proposal is to stabilize the revenue source for FINRA in order to prevent shortages that may result because of economic downturns. This is accomplished in the release by shifting a larger portion of FINRA's revenues from the GIA to the PA. While creating a more stable source of revenue for FINRA is understandable, a proposal to make such significant changes in the way assessments are levied should be supported by analysis which demonstrates that the changes equitably distribute the assessments among member firms. Without such analysis, it is possible the current proposal unfairly shifts too much of the assessment burden to member firms with large numbers of registered representatives and relatively smaller amounts of gross income.[1] While some increase in the PA and/or GIA may be necessary, a 100% increase in the PA seems unduly burdensome, especially considering the recent economic downturn that has impacted the industry.

FINRA's desire to create a more stable revenue source, while understandable, should not be the determining factor in adopting this proposal. As previously mentioned, such a drastic change in the manner assessments are levied should be accompanied by some analysis demonstrating the new structure fairly distributes the assessment burden among member firms based upon FINRA's costs to

[1] Under the current proposal, SFVPMC's total assessment would increase over 90% next year.

regulate those firms. It is understood that the firms that consume more of FINRA's resources should pay higher assessments. However, there does not seem to be any evidence in the proposal to support the position that the number of registered representatives is a better indicator of FINRA resources consumed than the level of income. There is also no consideration in this proposal given to the type of business in which a member engages. For example, limited broker dealers like SFVPMC that only distribute mutual funds and 529 plans would seemingly consume less of FINRA's resources than full service broker dealers. FINRA should provide a more thorough analysis to member firms to show this proposal is based on something more than a desire to create a more stabilized revenue source.

SFVPMC recognizes the PA has not been increased in over five years. Because of that, some increase in the PA seems reasonable. However, a 100% increase in the PA does not seem justifiable based solely on a 5 year period of no increases. This is especially true considering the PA rate was $10 prior to the last increase in 2002. If this proposal is adopted, the minimum PA rate will have increased from $10 to $130 in less than 10 years. At a minimum, SFVPMC believes the PA increase should be much smaller, or in the alternative, FINRA should adopt a cap so that a firm's total assessment does not increase above a stated rate. This would be consistent with the current 10% cap on GIA.

In addition, SFVPMC would like FINRA to consider adding several more tiers to the PA, much like the way the GIA is currently administered. Under the current system there are only three tiers (1-5; 6-25; 26 and up) for the PA. However, within the GIA there are 7 tiers with the highest tiers receiving a much lower assessment rate than the lower tiers. Adding several more tiers to the PA with the highest tiers receiving significantly lower assessment rates would result in a more equitable distribution among member firms. FINRA should also consider differentiating PA rates based on the types of activities of registered representatives. This could be accomplished by having different rates for Series 6 and Series 7 registered representatives. Because Series 7 registered representatives are engaged in more types of securities activities, a higher PA rate would seem justified based on the additional FINRA resources used to regulate the additional activities.

SFVPMC appreciates the opportunity to comment on this important rule proposal. If you have any questions or would like to request clarification, please contact the undersigned at 309-735-2997.

Sincerely,

David E. Axtell

David E. Axtell
Products and Broker-Dealer
Compliance Director