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October 2, 2009

Via Email:*rule-comments@sec.gov*

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: File No. SR-FINRA-2009-057
Comments on FINRA Request to Increase Personnel Assessment ("PA") and Gross Income Assessment ("GIA") Fees

Dear Ms. Murphy:

Wells Fargo Advisors ("WFA") appreciates this opportunity to comment briefly on FINRA's rule filing that proposes to increase the PA and GIA fees it charges to assist it in funding its operations. WFA fully supports the foundational principle that an adequately funded self regulatory organization (SRO) is essential to the robust, effective and efficient supervision of the securities industry. We write this brief letter to help ensure that this FINRA rule change reaches this goal in the most fair and least burdensome manner possible.

WFA consists of brokerage operations that administer over $900 billion in client assets. It accomplishes this task through 15,600 full-service financial advisors in 1,100 branch offices in all 50 states and 5,900 licensed financial specialists in 6,610 retail bank branches in 39 states.[1] Including all personnel likely subject to the FINRA PA fee, WFA could make payments for close to 25,000 registrants.

[1] WFA includes a number of brokerage operations that have combined as the result of the 2008 purchase of Wachovia Corporation by Wells Fargo & Company. For the ease of discussion, this letter will use WFA to refer to all of those brokerage operations.

The proposed increase in the PA fee for a firm such as WFA has the rate go from $65 to $130 per person. While the economic downturn prompting FINRA to review the fee structure is well documented, FINRA itself has acknowledged that firms have suffered mightily in the downturn as well. The concept that a firm then must endure major revenue downturns while at the same time face a doubling in costs is difficult if not impossible to fathom. Moreover, a blanket doubling of the fees for firms such as WFA probably is unfair when one searchingly examines the costs of regulation. For example, owing to efficiencies stemming from centralization, technology and uniformity in policies and procedures among other factors, it is likely that the costs of regulation and examination of a firm of this size is less on a per registrant basis than smaller firms. These regulatory and examination efficiencies require the Securities and Exchange Commission ("SEC or "Commission") to consider whether an increase in the PA fee that is far less than 100% is more appropriate under all of the circumstances.

FINRA also proposes to change the manner in which the GIA fee is calculated. In addition to the current method which bases the GIA on the gross income of the firm for the previous calendar year, it also would allow FINRA to base the GIA on the average of the gross income for the three prior calendar years, whichever is higher. Noting that it intends to keep the current cap of 10% on increases or decreases in GIA in any given year, FINRA asserts that this change will help it smooth out the revenues it obtains from the GIA. While the proposal likely will smooth out its revenue streams, FINRA may not have made a strong enough case that any change to PA or GIA is required. In its filing, it implies that its "rainy day" planning has permitted it to absorb this year the $100 million shortfall based on firm revenues in 2008. As most businesses, one expects that FINRA marshals its assets to plan for the unexpected. It would not seem unreasonable to expect that in some of its financial planning it anticipates the "500-year flood" scenario of three years of severe financial shortfalls. A one-year shortfall, even a decline of almost 37%, is not the type of 'unanticipated" or "unplanned" financial scenario warranting a wholesale revision of the FINRA fee structure. If in prior boom years, even with the 10% cap, FINRA did not set enough money away into reserves to plan for the reasonably foreseeable scenario that there could be a year of revenue shortfalls, 2008 can serve as a financial lesson to set those funds aside.[2] A fair conclusion of what was a difficult year for all in the financial services industry is that while painful and devastating in some respects, there is nothing in this single year alone that warrants at this time dramatic and permanent increases in fees that, while aiding FINRA, increases the shock to the finances of the members it regulates.

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[2] It appears that FINRA actually has prepared adequately for the "rainy day." After the filing of this rule proposal, news stories reported that FINRA allegedly suffered a 27% decline in its estimated $1.2 billion investment portfolio. See **"After 27% Fall, Finra Plays It Safe,"** http://online.wsj.com/wsjgate?subURI=%2Farticle%2FSB125383447429939151-email.html&nonsubURI=%2Farticle_email%2FSB125383447429939151-lMyQjAxMDI5NTIzODgyMzg0Wj.html (last checked September 28, 2009). Even after this investment loss, FINRA would still have sufficient funds to weather a few more $100 million downturns.

As noted above, WFA believes it is critically important that FINRA is adequately funded. In lieu of approving this proposal as is, we suggest that the Commission and FINRA agree to set up a small review committee to look at FINRA's current finances, projected needs and projected revenues.[3] Among the issues the committee should focus on is what is the proper amount of a "reserve fund" that FINRA could tap into should revenue projections fall short of expectations in the rare year or two of a severe industry downturn. If it is believed after a full review that FINRA is in fact short of its projected revenue needs, the Commission could then approve either or both of FINRA's proposed changes to the PA and GIA formulas for the time period necessary to close the funding gap. In this manner, FINRA could achieve its goal of having adequate funding while at the same time living up to an obligation to plan for years of shortfall as its members themselves must do.

Thank you for providing WFA the opportunity to comment. We support funding FINRA adequately and would accept a time-limited increase in fees if such a need is shown. If you have any questions regarding this comment letter, please do not hesitate to contact me.

Sincerely,

Ronald C. Long
Director, Regulatory Affairs

[3] If the Commission agrees to pursue this option, the makeup of the committee should include FINRA, SEC and industry representatives.