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October 2, 2009

Ms. 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 Ms. Murphy:

We write 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.

FSC Securities, together with its affiliated firms Royal Alliance Associates and Sagepoint Advisors, 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.

As a leading independent broker-dealer, our firms operate through a business model that is significantly different than large former NYSE member firms such as wirehouses, yet we share many of the financial characteristics of small FINRA member firms. 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 FINRA states only that the PA has not increased in five years and 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 proper and adequate support. 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 economic and industry downturns it cites. Indeed, a recent news report notes that FINRA's investment

what if any preparations or actions it took or has taken in light of the economic and industry downturns it cites. 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 has improved in 2009. *See "After 27% Fall, Finra Plays It Safe"*, Wall Street Journal, September 25, 2009, C1, col 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 would force all member firms, their financial advisors and clients to pay extra based upon a temporary shortfall in which the largest firm assessment reductions have the greatest impact on FINRA's financial condition. 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.

Very truly yours,


Mark J. Schlafly
President & CEO FSC