



Franklin Financial
Services Corporation

Electronic Mail

August 30, 2004

Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-6-9

**Re: File Number – S7-32-04 and S7-08-02
Sarbanes-Oxley Section 404 effective date for accelerated filers**

Dear Mr. Katz:

Franklin Financial Services Corporation (“FFSC”) wishes to express its concern with the Section 404 effective date for accelerated filers. On June 30, 2004, FFSC’s market capitalization was calculated to be \$76,353,914. Our nonaffiliate shares were 2,936,689 and our market price on that date was \$26.00. As a result FFSC became an accelerated filer effective with the 10-K that will be filed in 2005 for the year ended December 31, 2004. In addition, we are also subject to the requirements under Sarbanes-Oxley, Section 404 for Internal Control effective for December 31, 2004 due to our new accelerated status. For your information, the closing price of FFSC common stock dropped to \$24.50 per share on July 2, 2004, and has dropped further to \$23.30 as of August 25, 2004. If the stock price had dropped two days earlier FFSC would not be an accelerated filer as of December 31, 2004.

FFSC is a one bank financial holding company with one other small nonbank subsidiary. Total assets of the Corporation were \$564 million at June 30, 2004. We have a total of 220 employees in 17 community offices and our main office. Our internal audit function was outsourced several years ago.

Complying with Section 404 as of December 31, 2004, has put a tremendous burden on our staff especially under the accelerated filing timeframe. Normally, much of this work

is done by internal audit. Unfortunately, the firm that provides internal audit services for FFSC can only provide very limited assistance to get the Section 404 work done in the short time frame that we have in order to comply with the requirements of the regulation. Consequently, our staff is under extreme pressure to complete the work to the satisfaction of our external auditing firm while still meeting the requirements of their normal duties.

The concern of FFSC management and its Audit Committee is that we do not have sufficient resources or time to effectively comply with Section 404. More time to comply with Section 404 would produce a more complete and higher quality internal control process. Even though we are working closely with our external auditors through this process, our greatest concern is that at December 31, 2004, we may be found to have a material weakness with no time to correct it.

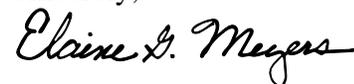
In addition to our concerns regarding the short time frame to comply, our external auditors are also presented with their own concerns regarding compliance for this regulation. The PCAOB is charged with reviewing the work of the accounting firms that provide external audit services for public company clients. This review has put heightened liability pressure on these firms that is now being transferred to those public clients.

We at FFSC understand the need for this new regulation and have every intent to fully comply with the law. We would just ask that you consider a year delay of the effective date for accelerated filers in order that we may accomplish a more complete internal control assessment. A year delay would significantly reduce the burden that we are experiencing in complying with this new regulatory requirement.

On another matter, we would ask that you would respectfully consider increasing the nonaffiliate market capitalization amount that triggers a public company into accelerated filing status. The \$75 million target is somewhat antiquated and is pulling small companies such as FFSC into accelerated filing status. The accelerated filing also puts undue pressure on small companies with limited personnel resources to meet the shortened deadline for filing 10-Qs and 10-Ks.

Thank you for your consideration to these matters. If you or your staff have any questions about this comment letter, or would like more information regarding the commentary proposal, you can reach me at 717/261-3540. I would be pleased to talk with you.

Sincerely,



Elaine G. Meyers
CFO