



State Farm Insurance Companies

Auto-Life-Health-Home-Business and Financial Services

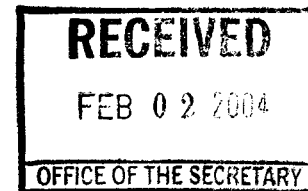
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SR-NASA-2003-104

January 26, 2004

Secretary

Securities and Exchange Commission

450 Fifth Street, NW

Washington, DC 20549-0609

Dear Sirs:

My letter today is in reference to the NASD's proposal to revise the definition of "branch office" in Rule 3010(g)(2). I am a licensed insurance agent selling variable products and mutual funds. If this proposal goes through, it is quite possible that I will no longer be able to justify the increased financial expense or the administrative burdens associated with maintaining my license to sell these products.

This proposal represents discrimination to those limited purpose broker-dealers affiliated with life insurance companies. The proposal will have no effect on full-service broker-dealers, who typically conduct all of their activities from offices that meet the NASD's current definition of branch offices. This is appropriate because these full-service broker-dealers conduct a full range of securities and financial activities at these offices. Broker-dealers affiliated with insurance companies, however, perform a much narrower range of activities. These companies, like myself, have structured their operations based on the current definition, and they would be presented with significant new economic and administrative costs in order to comply with the new definition.

The NASD has not addressed the disproportionate impact that this proposal will have on insurance professionals like myself. This can only have a harmful impact on consumers since their access to these products, which often

constitute an important part of my clients' overall financial planning, will likely be reduced or eliminated.

For these reasons, I strongly urge the SEC to reject the NASD proposal to revise the definition of "branch office" and to keep in place the current definition. In the alternative, the proposal should be amended to (i) waive the filing fee for any non-branch location which becomes a branch office as a result of the proposal, and (ii) the number of permitted transactions in the exclusion found in section 3010(g)(2)(E) should be substantially increased.

Thank you for your consideration of my views on this matter.

Sincerely,

A handwritten signature in black ink that reads "Sherri Branson". The signature is written in a cursive style with a large, looping initial "S".

*Sherri Branson, Agent
State Farm Insurance Companies*