

September 13, 2009

Ms. Marcia E. Asquith
Office of the Corporate Secretary
Financial Industry Regulatory Authority
1735 K Street, NW
Washington, DC 20006-15061

Re: Comments to FINRA Regulatory Notice 09-44

Dear Ms Asquith,

Farmers Financial Solutions ("FFS") appreciates the opportunity to comment on Regulatory Notice 09-44 and participate in the discussion concerning the proposed consolidated FINRA Rule governing Fidelity Bonds.

We would note that proposed FINRA Rule 4360 would require that firms secure a "blanket bond" unless they are unable to secure such coverage, either because the Firm may have had a claim paid during the past five years or because the Firm is required to carry more than \$5 million in fidelity coverage. In such instances the Firm only has the option of a "Form 14 Bond". If adopted the proposed rule would in effect mandate, regardless of price, that certain Firms would have to purchase a "blanket bond" without the option of weighing the cost and coverage provided by a "Form 14 Bond".

Without any criticism of the FINRA sponsored insurance program, given the limited availability of "blanket bonds" from multiple carriers, the proposed Rule raises questions that such a requirement would in fact further reduce the competitive environment and could potentially result in unfair pricing of such policies. At the same time the proposed rule also fails to recognize that "Form 14 Bonds" are very flexible and may be structured in ways as to provide additional coverage that would otherwise match the coverage provided by the "blanket bond".

Clearly all Firms must carefully consider their individual business models, and may elect to carry higher limits using a "Form 14 Bond" to ensure liability per year. Other Firms may elect to cover smaller limits but want to ensure coverage for every event. To mandate one type of coverage over another does not permit Firms the flexibility to purchase coverage that would best match their individual business models and risk tolerance.

Lastly, if mandated to purchase a "blanket bond" certain Firms may actually purchase the minimum coverage and forgo the alternative of a "Form 14 Bond"

that ultimately may provide higher coverage and protection for the public.

As such, we would prefer that the current NASD Rule 3020 be adopted under FINRA Rule 4360 and that Firms continue to have the choice of coverage and the ability to obtain competitive bids for either a "blanket bond" or "Form 14 Bond".

Thank you for the opportunity to provide comment and participate in Rules process.

Sincerely,

Steve Klein
Chief Compliance Officer
Farmers Financial Solutions, LLC