

Comments to proposed FINRA Rule 4530:

Farmers Financial Solutions, LLC (FFS) appreciates the opportunity to comment on proposed FINRA Rule 4530 and in particular proposed Rules 4530(a)(1)(G) and 4530(e)(2) as outlined in FINRA Regulatory Notice 08-71.

FFS generally supports the rule changes and the consolidation of the NASD Rule 3070 and NYSE Rule 351 into FINRA 4530. However FFS is concerned with the proposed addition of the reporting of all insurance-related civil litigation or arbitration claims and the filing of documents related to such actions, as proposed in FINRA Rule 4530(a)(1)(G) and 4530(e), respectively. We would request that the rule be adopted as currently in place under NASD Rule 3070(a)(7).

Adding insurance related civil litigation and arbitration claims to Rule 4530(a)(1)(G) and 4530(e)(2) would require all insurance related matters be subject to review of FINRA. For example this would include all claims involving property and casualty or business related insurance, i.e. automobile coverage, property damage, commercial insurance, workers compensation, traditional life insurance, and health insurance, etc. As proposed the Rule appears to over reach the intent of such review by FINRA and severely impacts those Firms that have Registered Representatives engaged in the sale of traditional insurance, either as an outside business activity or through an affiliated insurers or insurance agencies. In addition, the overall amount of general litigation in these areas could require a significant commitment of FINRA resources in areas for which it does not generally regulate and for which such review would not be expected to add significant protection for investors.

While FINRA has expressed concern with the sale of unregistered equity indexed insurance products, the reporting of civil litigation and arbitration claims involving these products will be effectively covered under proposed Rule 4530(a)(1)(G) without adding "insurance" as such products come under the new registration requirements. As an alternative, proposed Rule 4530(a)(1)(G) might be amended to include "...civil litigation and arbitration related to indexed annuities or indexed life insurance products" or similar language.

We also believe that proposed Rule 4530(a)(1)(A) sufficiently addresses the reporting by Firms of such findings of insurance regulators, professional organizations or other self-regulatory organizations, of wrong doing. In addition the proposed FINRA Rules 4530(a)(1)(C) and (D), as currently written in NASD Rule 3070(a)(1)(3) and (4), also sufficiently addresses the reporting of actions by insurance regulators.

Again FFS would request that FINRA Rule 4530(a)(1)(A) and 4530(e)(2) be adopted as currently written in NASD Rule 3070, without the addition of "insurance" to the respective proposed rules.

As always your review and consideration of all comments is greatly appreciated by Farmers Financial Solutions, LLC.

Steve Klein
Chief Compliance Officer
Farmers Financial Solutions, LLC