

**State Farm VP Management Corp.**

Home Office, Bloomington, Illinois 61710

**Corporate Headquarters**

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Bloomington, Illinois 61710-0001

June 4, 2009

VIA ELECTRONIC MAIL

Marcia E. Asquith  
Office of the Corporate Secretary  
Financial Industry Regulatory Authority  
1735 K Street, NW  
Washington, D.C. 20006-1500

Re: Regulatory Notice 09-22: Request for Comments on Proposed Consolidated FINRA Rule Governing Personal Securities Transactions for or by Associated Persons

Dear Ms. Asquith:

State Farm VP Management Corp. ("SFVPMC") appreciates the opportunity to provide comments to FINRA on the above referenced FINRA notice concerning proposed consolidated FINRA rules governing personal securities transactions for or by associated persons. SFVPMC is a member of the State Farm Group of companies, which also includes the nation's largest automobile insurer and the nation's largest insurer of homes. With regard to securities products, SFVPMC's registered representatives sell only mutual funds and college savings plans, and service variable products issued by affiliated and unaffiliated insurance companies.

State Farm Mutual Automobile Insurance Company and its insurance subsidiaries currently engage over 17,000 exclusive, independent contractor insurance agents to sell property, casualty, life, health and other insurance products across the United States and Canada. Over 10,000 of these agents are also registered representatives of SFVPMC, along with several thousand licensed agent staff and SFVPMC personnel, all of which are associated persons that would be subject to this rule proposal. While SFVPMC fully supports FINRA's efforts to develop a consolidated rulebook that streamlines existing rules, we respectfully ask that certain provisions of Proposed Rule 3210 be reconsidered and modified by including an exemption for limited broker/dealers to address the concern outlined below.

**The requirement that an employer member must instruct an associated person to have the executing member provide duplicates of account statements and confirmations to the employer member would be burdensome and would fail to provide investor protection with respect to limited purpose broker dealers.**

Under proposed rule 3210, SFVPMC would potentially be required to obtain duplicate account statements and confirmations for more than 15,000 associated persons. The purpose of receiving the account statements and confirmations is to monitor the personal securities transactions of associated

persons to determine if there are any transactions that may adversely impact the interests of SFVPMC.<sup>1</sup> Because SFVPMC is a limited broker dealer in that it only distributes mutual funds and a college savings plan, the risk that the personal securities transactions of SFVPMC's associated persons could have an adverse impact on the interests of SFVPMC is almost non-existent. When compared to the cost of receiving, maintaining and monitoring thousands of account statements and confirmations, the benefit, if any, derived from this new requirement is without justification.

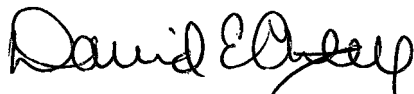
Even if there is a broader purpose to monitoring associated persons personal trading activity, SFVPMC does not possess information with which it could determine the validity of the personal transactions of its associated persons. The associated persons in question do not have access to information about the purchase and sale of securities by the investment companies for which they sell mutual funds. Therefore, it is doubtful that SFVPMC would be able to use the information contained in the account statements and confirmations to determine whether there are any questionable transactions. What is more certain is that SFVPMC would need to retain additional employees in order to supervise the receipt, retention and monitoring of the thousands of accounts statements and confirmations at significant expense with very little benefit.

Because of SFVPMC's affiliation with a registered investment adviser ("SFIMC"), some of the associated members are also access persons as defined by Rule 17j-1. Because of this, duplicate account statements and confirmations are already obtained and monitored for these individuals. In performing their role for SFIMC, these individuals may have access to information about the purchase and sale of securities for investment companies distributed by SFVPMC. This provides a sound basis for which to receive and review account statements and confirmations. However, more than 98% of SFVPMC's associated persons do not have access to such information.

Because of this, we believe it would be appropriate to provide an exemption for broker dealers that are limited to distributing mutual funds, college savings plans, variable products, and other similar products from the requirement to obtain duplicate account statements and confirmations from associated persons. The costs associated with implementing this rule proposal for limited broker dealers does not justify the minimal benefit gained.

SFVPMC appreciates the opportunity to comment on this important rule proposal. If you have any questions or would like to request clarification, please contact the undersigned at 309-735-2997.

Sincerely,



David E. Axtell  
Products and Broker-Dealer Compliance Director

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<sup>1</sup> NASD Notice to Members 97-25 stated that "Rule 3050 was designed to obligate members to use reasonable diligence in determining whether executed transactions in the accounts of associated persons of another member firm, or accounts in which the associated person has discretionary authority, will adversely affect the interests of the employer member."