



Office of the General Counsel

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Elizabeth M. Murphy, Secretary,
Securities and Exchange Commission,
100 F Street, NE., Washington, DC
20549-1090

RE: Cancellation / Rescheduling Fees
SR-FINRA-2011-026

Dear Ms. Murphy:

This letter is submitted on behalf of PFS Investments Inc., which appreciates the opportunity to comment on SR-FINRA-2011-026 (the "Proposal"). As outlined below, PFSI is concerned that the Proposal fails to demonstrate the need for a more than four-fold increase in the period immediately before an exam appointment during which cancellation results in a cancellation fee (the "cancellation fee period"). In addition, PFSI believes that the Proposal will place an unequal burden on PFSI and other independent contractor firms that don't compensate their recruits during the exam preparation period, placing PFSI and those other firms at a competitive disadvantage.

Currently, FINRA imposes a cancellation fee equal to the exam fee if a qualification exam is cancelled or rescheduled after 12 o'clock noon on the second business day prior to the scheduled appointment. The Proposal states that the current policy has become inadequate and that cancellations made between 3 to 10 business days prior to the day of the appointment *create an administrative burden on test-delivery vendors and degrade the efficiency of testing centers*. To alleviate this administrative burden on test-delivery vendors, FINRA proposes to assess an exam cancellation fee of one-half the cost of an exam on all individuals that cancel or reschedule an exam between 3 and 10 business days prior to the day of the scheduled appointment. Essentially, what FINRA proposes is a more than four-fold increase in the cancellation fee period, from the existing one and one-half business days to 10 full business days, i.e. two full business weeks. PFSI respectfully submits that a more than 400% expansion in the cancellation fee period is unreasonable and is not supported by any facts in the Proposal.

In fact, the Proposal is completely devoid of evidence that the additional cancellation fee is even related to any administrative burden on test-delivery vendors. The examinations are computerized and electronically submitted, so it is unclear what burden is being addressed. The Proposal contains no statistics regarding historical cancellation trends and no discussion of the type of administrative burden placed on test-delivery vendors. No explanation is given as to when and why the current policy became inadequate, or why a cancellation within 10 business days of an exam appointment creates an unacceptable burden but a cancellation before then does not. No doubt a line must be drawn at some point, but a more than four-fold expansion of the cancellation fee period should require a detailed analysis of the facts supporting the change. Reducing the administrative burden on test-delivery vendors will, by definition, shift that burden to prospective representatives attempting to pass an exam and to their firms. By failing to reveal the facts supporting the need for the Proposal, FINRA deprives member firms of a meaningful opportunity to evaluate the need for the Proposal, and whether a more limited expansion of the cancellation fee period would suffice. Furthermore, the Proposal does not indicate whether any of the resulting revenue will be shared with test-delivery vendors.

In addition, the Proposal will place an unequal burden on those independent contractor firms, such as PFSI, that don't compensate their recruits during the exam preparation period. Preparing for a qualification exam is a significant undertaking requiring a substantial time commitment. Salaried employees that are paid to prepare for and take an exam during normal work hours have little reason to miss a scheduled exam appointment. To the contrary, recruits of independent contractor firms are generally *not* compensated until they can perform sales and activities for which successful completion of one or more exams is a prerequisite. These recruits often balance other non-securities work-related activities during the exam preparation period to keep some compensation coming in to support their families. The grossly expanded cancellation fee period sought by FINRA will place an unequal burden on these recruits as they struggle to balance commitments during the exam preparation period, and more specifically, the two weeks leading up to the exam. As such, the Proposal will inevitably result in an unfair burden on test-takers from independent contractor firms, thus placing them and their firms at a competitive disadvantage.

In recent years, state and federal regulators have steadily imposed new and increased fees on individuals offering financial services to the public. Ever increasing fees are a serious deterrent to recruits attempting to enter the securities industry. Viewed in isolation these fee increases may seem reasonable, but as overall costs to enter the industry continue to spiral upward, fewer and fewer individuals are likely to successfully hurdle these barriers and become productive industry members.

Based on the foregoing, PFSI respectfully requests that the Commission reject SR-FINRA-2011-026 until FINRA provides a detailed analysis establishing the need for a more than four-fold increase in the cancellation fee period. Thank you for your consideration of these comments.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "M. Lesutis".

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