PFS INVESTMENTS INC.
Member FINRA*
A Citi Company

3120 Breckinridge Blvd.
Duluth, GA 30099

Daniel A. Woodring
Vice President and Chief Compliance Officer
COMPLIANCE DEPARTMENT

DD (770) 564-7681
FAX (770) 279-5665

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VIA E-MAIL to: pubcom@finra.org

Ms. Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

RE: Proposed Rule 3110

Dear Ms. Asquith:

PFS Investments Inc. ("PFSI") appreciates the opportunity to comment on FINRA's proposed Rule 3110. PFSI is grateful for and applauds the FINRA staff's efforts to streamline the rules and provide firms additional flexibility to develop supervisory systems that make the most sense considering the firms' differing business models. However, we believe that in the below noted instance flexibility may be inadvertently reduced if the proposed rule is not amended.

Proposed Rule 3110 Supplementary Material .08 requires all member firms to have procedures for the review of securities transactions that are effected for the accounts of the member and its associated persons and their family members. The purpose of these procedures is stated as "to identify trades which may violate the provisions of the Exchange Act, the rules thereunder, or FINRA rules prohibiting insider trading and manipulative and deceptive devices."

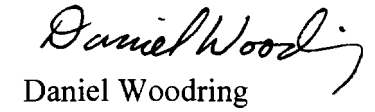
Historically, NASD Rule 3050 has assisted and empowered member firms in conducting the supervision envisioned by 3110.08 by obligating associated persons to notify their employing broker-dealer of any outside brokerage accounts and requiring the member firm that holds accounts for associated persons to provide duplicate confirmations and statements to the employing broker-dealer. However, Rule 3050(f) provided an exemption to these requirements for transactions in variable contracts, unit investments trusts, and redeemable securities of companies registered under the Investment Company Act of 1940. This exemption recognized the fact that transactions in certain securities do not present any practical possibility of being adverse transactions such as insider trading or front running. We also contend that the converse is true, that a representative whose securities business consists exclusively of transactions in the securities exempted by Rule 3050(f) does not gain knowledge necessary in the course of their business to make an adverse transaction.

PFSI has a limited securities business restricted to retail sales of mutual funds, variable annuities and 529 College Savings Plans. PFSI and its associated persons do not engage in investment banking, research analysis, or sales of individual equities. Therefore, the knowledge gained in the course of an associated person's performance of PFSI securities business will not put the person in a position to perform a prohibited trade contemplated by proposed Rule 3110.08. For that reason, we are unsure of what specific types of transactions PFSI would be attempting to identify during a review.

PFSI has approximately 20,000 registered representatives. If we conservatively estimate that each representative and his or her family have only two brokerage accounts, the firm would be responsible for obtaining and reviewing 160,000 quarterly statements per year. This would be an extremely onerous and burdensome requirement that would result in no additional protection of investors or markets. Therefore, we respectfully suggest that the FINRA staff consider amending the language of proposed Rule 3110.08 to allow broker-dealers to claim an exemption to the review process requirement if their securities business does not present any risk of conflict or insider trading.

We appreciate FINRA's publication of the proposed rule for comment and hope that these comments will be of assistance to the Staff in its consideration of the form of the final rule proposal. We would be pleased to discuss any aspect of these comments with FINRA staff.

Sincerely,



Daniel Woodring
V.P. / Chief Compliance Officer