

August 11, 2011

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

**Re: Regulatory Notice 11-28: Comments on Proposal to Amend
Schedule A of the FINRA By-Laws to establish an accounting
support fee to adequately fund the annual budget of the
Governmental Accounting Standards Board**

Dear Ms. Asquith:

Hartfield, Titus & Donnelly, LLC (“Hartfield”) appreciates this opportunity to submit comments to the Financial Industry Regulatory Authority’s (“FINRA”) on the proposed new Section 14 (Accounting Support Fee for Governmental Accounting Standards Board) under Schedule A to the FINRA By-Laws.

Hartfield supports SIFMA’s comment letter. In addition, we do not believe that the proposed GASB Accounting Support Fee should be assessed on transaction volume. We urge FINRA to reconsider the manner of assessment. We suggest that the assessment be based on revenues rather than transactions because a revenue based assessment is more equitable. In addition, we believe FINRA should adopt a two tiered fee structure, one based on revenues the other based on who more directly uses or benefits from the GASB’s rules. The current proposal is unfair to Hartfield who is registered as a municipal securities broker’s broker. We have high a high volume of trades with low revenues and do not use or benefit from the GASB’s accounting and financial reporting standards.

Rational for Revenue Assessment

Broker’s brokers trade for significantly smaller commissions than do broker/dealers, so the assessment will have a disproportionate impact on municipal securities broker’s brokers. For example, an analysis of our trading with dealers has demonstrated that on average, dealers earn roughly five times what we do, on a customer – secondary market-customer transaction basis (i.e., when securities are bought by a dealer from a customer, sold through a broker’s broker to another dealer, that sells them to a customer). Thus, dealers make five times our revenue on a trade and we will be assessed the same GASB fee.

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As with all regulatory fees, the GASB fee should be assessed on each dealer in a manner that reflects the extent of its municipal securities activities. As described above, the imposition of a transaction based GASB fee does not reflect Hartfield's revenue participation in municipal securities activities relative to dealers. This also applies to the difference in charges that a regional dealer will be subject to when they purchase a large block of bonds in one trade (one fee paid by the selling dealer) and sell many, many small sizes to their customers (many fees paid by the regional dealer). Having all dealers pay the GASB fee based on revenue will even out this potential uneven allocation of fees.

We believe that, in order to allocate its fees in a manner consistent with FINRA's stated goal, it should transition away from fees on specific market activities to a fee model based on the revenue that any firm derives from its municipal securities activities. Such a model would allow every FINRA member to know that the current and any proposed fee increase in the future would not carry with it a disparate impact.

We believe that such a fee structure also would be organizationally efficient for FINRA to administer. Schedule I of each broker-dealer's fiscal year end FOCUS Report requires reporting annual municipal income, and this should be used as the basis for determining fees due to FINRA. The information in Schedule I of the FOCUS Report is audited as part of each firm's SEC Rule 17a-5 annual report, and therefore is sufficiently reliable to use for assessing fees on members.

Rational for Use-Benefit Assessment

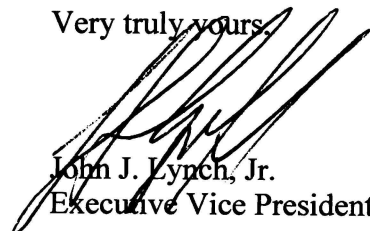
We also support SIFMA's comment that there are many other end users of the GASB's accounting and financial reporting standards that get a "free ride" under FINRA's proposed methodology and there needs to be a re-evaluation on the fee structure so that the users/beneficiaries of GASB fund its budget and that it does not become an obligation on firms who do not utilize or benefit from GASB.

Taxation without Representation

Our final concern is the lack of oversight provided in the assessment plan. There should be some review and oversight of the budgeting and revenue needs of GASB by those who are required to fund their operation.

We thank you for the opportunity to comment on the proposed fee.

Very truly yours,



John J. Lynch, Jr.
Executive Vice President