



HOWE BARNES
HOEFER & ARNETT

222 South Riverside Plaza
Seventh Floor
Chicago, Illinois 60606
312 655 3000

September 14, 2009

Marcia E. Asquith
Office of Corporate Secretary
FINRA
1735 K. Street, N.W.
Washington, D.C. 20006-1506

Re: Regulatory Notice 09-44 – Fidelity Bonds

Dear Ms. Asquith:

Upon reviewing Regulatory Notice 09-44 (the “Notice”), management of Howe Barnes Hoefler & Arnett, Inc. has two concerns regarding the implications of the changes identified in the Notice. The areas of concern include the availability of the Securities Dealer Blanket Bond (“SDBB”) through our insurance carrier and the premiums associated with the SDBB as compared to the Financial Institutions Form 14 Bond.

We have contacted our current insurance carrier, Travelers, in order to determine the differences between the SDBB and our current coverage provided under the Form 14 Bond. We were informed that Travelers does not currently offer the SDBB but that aside from the “per event” interpretation that is presented by FINRA in the Notice, there does not appear to be a difference between the two types of bonds. The fact that a nationally recognized carrier such as Travelers does not offer the SDBB leads us to have concerns about our ability to properly market a bid to multiple carriers in order to obtain the coverage that best fits our needs. If, as we have been told by FINRA, the SDBB is only available through FINRA’s relationship with a specific carrier, there is some concern as to the “one pricing schedule fits all” model that appears to be utilized under the program. Our management’s concern is that as a result, certain smaller firms such as Howe Barnes, due to the nature of our business which includes market making and equity underwriting which require higher net capital requirements, will be categorized with larger, more complex firms that have more inherent risk built into their businesses.

A second concern would be that the premium associated with the SDBB, when compared to the premium for the Form 14 Bond, may be higher due to that lack of carriers offering the product. Since it does not appear that we will have the ability to compare bids from multiple carriers, the premiums are in all likelihood going to be higher through simple supply and demand economics. We attempted to obtain an estimate of the increase that we would be facing by reaching out to the contacts that were provided in the Notice but were


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informed that an estimate for our situation could not be obtained in time for us to respond within the Notice's deadline for comments.

We appreciate the opportunity to present our concerns regarding the Notice prior implementation. If you have any questions regarding our response, please contact Robert Corne at (312) 655-2710.

Sincerely,

HOWE BARNES HOEFER & ARNETT, INC.

By 
Robert J. Corne
Vice President and CFO

cc: James D. Nolan Jr.