

July 7, 2010

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

RE: Regulatory Notice 10-25

Horace Mann Investors, Inc. (HMII) appreciates the opportunity to provide comments regarding Regulatory Notice 10-25, issued by FINRA, which proposes a new registration category for Operations Professionals. HMII further appreciates FINRA's efforts to protect investors through its continuous review and amendment of practices and regulations designed to achieve that goal.

HMII is a limited broker/dealer affiliate of Horace Mann Educators Corporation, a multi-line insurance company focused on serving America's educators. HMII is the distributor of variable annuity contracts written by Horace Mann Life Insurance Company, as well as the retail broker/dealer for Horace Mann insurance agents registered to solicit securities products.

While HMII understands and respects the intent of the proposed new registration category we ask that FINRA consider a number of concerns with regard to Regulatory Notice 10-25.

Given that the Regulatory Notice states that proposed exam is not intended to test competency, it would seem that the exam is an unnecessary component of the proposal. Individuals registered in the Operations Professional capacity would be required to complete the annual firm element training requirements, attend an annual compliance meeting, and meet the FINRA regulatory element requirements. These ongoing requirements would be more than sufficient to track individuals engaged in the activities specified in the notice.

HMII would ask that FINRA also give consideration to providing more clarity around those functions and specific personnel that would be covered under the proposed registration category. Our understanding of the proposal would appear to indicate that more individuals would be included than necessary to achieve the desired goal of the proposal. It would be of benefit to member firms if more detail could be given with respect to certain functions. For example, under "Capturing of business requirements for sales and trading systems related to covered functions, and validation that these systems meet such business requirements" what specific staff is envisioned? A very broad interpretation would suggest procurement staff that is involved in the purchase of a trading system would need to be

registered; a narrower interpretation would suggest this is aimed at individuals who conduct data entry of suitability information. The former would seem a bit excessive while the latter seems more reasonable. The additional clarity requested would provide guidance to firms on the proper implementation of this registration in a manner best suited to meet FINRA's goals.

In the environment of insurance affiliated broker/dealers there are additional concerns with regard to what individuals would be covered under the new registration category. In many cases the broker/dealer and the insurance parent share IT staff and the rule would appear to require these individuals to become registered in the new category under the covered function of "defining and approving securities requirements and policies for information technology". HMII questions how registering some of these individuals would further protect individual investors. In general HMII would ask that FINRA consider providing clearer definitions for the covered functions and, with respect to shared functions between broker/dealers and their affiliates, define which party is responsible for having the registered operations professional for a given covered function and associated personnel.

Lastly, the proposed implementation schedule of six to nine months may not provide a reasonable amount of time to comply with the proposed changes. Firms will be required to identify and alert the covered individuals, have them complete the exam (if required), and possibly retest. HMII feels that 18 months would be a reasonable amount of time to comply with the proposal.

HMII thanks FINRA for the opportunity to respond to this Regulatory Notice and trust that all comments will be taken into consideration when drafting the final version of this proposed change.

Respectfully,

Joseph D. Terry  
President & CEO  
Horace Mann Investors, Inc.