

June 1, 2006

Commissioner Annette L. Nazareth
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: Broker-Dealer Financial Statement Requirements

Dear Commissioner Nazareth:

Thank you for your comments at the recent NASD Spring Conference. They bring into focus the concerns of the SEC, and provide guidance on where firms may need to spend additional resources in testing and verifying their procedures.

As you may recall, we briefly spoke after your presentation regarding the requirement under Sarbanes-Oxley that non-public broker-dealers file financial statements that have been certified by a **registered** public accounting firm. The SEC has extended its original order allowing all non-public broker-dealers to file with the Commission their balance sheets and income statements certified by an *independent* public accountant instead of by a **registered** public accounting firm. The firms may mail the balance sheet prepared by the *independent* public accountant to their customers. The current extension is scheduled to expire at the end of this year.

As Chairman of NASD's Small Firm Advisory Board and an NASD Governor, I have heard from many firms on this issue. If there are any remaining concerns that need to be resolved to allow for a permanent exemption, I would appreciate the opportunity to help. This is a very important issue, and I am concerned that many small firms might make a wrong and expensive decision if the date of any extension or permanent order gets too close to the end of the year.

Very truly yours,

William C. Alsover
Chairman