



VIA ELECTRONIC MAIL

May 29, 2009

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

Re: Comment Letter – FINRA Regulatory Notice 09-22, Proposed FINRA Rule 3210, Consolidation of FINRA Rule Governing Personal Securities Transactions for or by Associated Persons

Dear Ms. Asquith:

National Planning Holdings, Inc. ("NPH") offers this comment letter on behalf of its subsidiary broker-dealers, all of which are Financial Industry Regulatory Authority (FINRA) member firms:

- Invest Financial Corporation (IFC) CRD – 12984
- Investment Centers of America (ICA) CRD – 16443
- National Planning Corporation (NPC) CRD – 29604
- SII Investments (SII) CRD – 2225

The four NPH Broker-Dealers have over 3000 Registered Representatives offering investment services to clients in all domestic jurisdictions. We appreciate the opportunity to submit comments on the issues raised in Regulatory Notice 09-22 regarding the proposal to create FINRA Rule 3210 governing personal securities transactions. The thoughts and comments provided in this letter have been reviewed by members of senior staff of our Firms, including the respective Presidents and Chief Compliance Officers, and represent the collective view of the NPH Broker-Dealers.

We understand the intent of Rule 3210 is to "promote more effective oversight of personal trading activities of associated persons of member firms", however, we respectfully submit the following concerns related to challenges we foresee should this rule become effective.

Proposed Amendment:

(a) No person associated with a member shall, without the prior written consent of the member ("employer member"), open or otherwise establish at a member other than the employer member ("executing member"), or at any other financial institution, any account in which securities transactions can be effected and in which such associated person has a personal financial interest. As a condition to such prior written consent, the employer member must instruct the associated person to have the executing member provide duplicate account statements and confirmations to the employer member.

Comments:

- In reviewing proposed Rule 3210 it appears that there is a lack of consideration for the unique and varied business and operational models across member firms. For instance, generally fully disclosed introducing broker-dealers, do not engage in market making or underwriting activities, nor do they have research departments. Based on this model the relative risk for insider trading by associated persons is extremely low. To require all member firms, regardless of business scope to attain duplicate statements in addition to confirmations, (which would be a new requirement altogether), appears overly burdensome and would likely not result in the intended benefit of additional oversight.
- Existing NASD Rule 3050 provides the employer member make the determination of whether "duplicate copies of confirmations, statements, or other information with respect to such account" is necessary in relation to their oversight of the associated person's activities in the account. Based on the issue cited above, in relation to variations of risk based on different business models, we would suggest maintaining this flexibility to allow employer members the flexibility they need in assessing their supervision needs.
- Based on the following element of proposed Rule 3210, "*As a condition to such prior written consent, the employer member must instruct the associated person to have the executing member provide duplicate account statements and confirmations to the employer member*", the onus appears to be placed on the associated person to liaison between the employer firm and executing firm. Currently, Rule 3050 relies on the employer member to provide written a request to the executing member should duplicate statements, or other information be desired. From an operational standpoint, it will be very challenging to ensure associated persons are making the proper requests for duplicate statements and confirmations to the executing member. We suspect the concern related to privacy of information caused FINRA to propose that the associated person now be engaged to make such a request. However we suggest this be carefully evaluated to determine if other options are available to continue to allow the employer member to make these requests on behalf of the associated person.

Proposed Amendment:

.01 Account Opened Prior to Association With Employer Member. For the purposes of paragraphs (a) and (b) of this Rule, if the account was opened or otherwise established prior to the person's association with the employer member, the associated person, within fifteen business days of becoming so associated, shall obtain the written consent of the employer member to maintain the account and shall notify in writing the executing member or other financial institution of his or her association with the employer member and personal financial interest. The associated person shall instruct the executing member or other financial institution to provide to the employer member duplicate account statements and confirmations as of the date of his or her association with the employer member.

Comments:

- In relation to accounts opened prior to association with an employer member firm, existing NASD Rule 3050 provides for "prompt" notification to both member firms in these cases. With an appreciation for the transition process of newly associated persons, we feel the existing provision within Rule 3050 offers a more reasonable standard versus a fifteen business day time period which is being proposed.

Proposed Amendment:

.03 Duplicate Account Statements and Confirmations. *The requirement to provide to the employer member duplicate account statements and confirmations shall not be applicable to transactions in unit investment trusts and variable contracts or redeemable securities of companies registered under the Investment Company Act, as amended, or to accounts that are limited to transactions in such securities, or to Monthly Investment Plan type accounts, unless the employer member requests receipt of such duplicate account statements and confirmations.*

Comments:

- NASD Rule 3050, Section (f) Exemption for Transactions in Investment Company Shares and Unit Investment Trusts, clearly indicates the entirety of Rule 3050 does not apply to transactions in unit investment trusts and variable contracts or redeemable securities of companies registered under the Investment Company Act of 1940, or to accounts, which are limited to transactions in such securities. Proposed FINRA Rule 3210, Supplementary Material item .03, exempts only the requirement to provide duplicate accounts statements and confirmations, but does not completely exempt direct positions in UITs, VAs or mutual funds. We request that FINRA clearly exempt these packaged product positions from the rule. The failure to clearly exclude these positions will create significant administrative burden for member firms, without addressing any regulatory concerns.

Proposed Amendment:

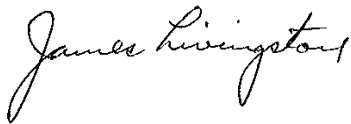
.04 Failure to Receive Duplicate Account Statements and Confirmations. *If an employer member does not receive the duplicate account statements and confirmations required pursuant to this Rule in a timely manner, the employer member shall revoke its consent to maintain the account, and shall so notify the executing member or other financial institution in writing. The employer member shall promptly obtain records from the executing member that the account was closed.*

Comments:

- We believe that the last sentence of this provision should be eliminated. The ability for the employer member firm to exert authority over the executing member to ensure the account is closed will be difficult to manage, as the employer ultimately has no control over the closing of the account. This places undue burden on the employer to continue to apply pressure to the executing member in cases where the executing member may not have satisfied this element of the rule in a prompt manner.

In summary, the NPH Broker-Dealers reiterate their support of FINRA's rule consolidation process. We have great appreciation for the time and efforts involved in such an enormous undertaking and believe that member input into the process is critically important. However, we respectfully request that the FINRA consider the issues we have outlined related to Regulatory Notice 09-22 and proposed FINRA Rule 3210, which may have unintended consequences to the member firm community.

Sincerely,



James Livingston
President/Chief Executive Officer
National Planning Holdings, Inc.