VIA ELECTRONIC MAIL

March 26, 2011

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

Re: Comment Letter-Regulatory Notice 11-08 Markups, Commissions and Fees

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 CRD #12984
- Investment Centers of America, Inc. CRD #16443
- National Planning Corporation CRD #29604
- SII Investments, Inc. CRD # 2225

The four NPH Firms have approximately 3,500 registered representatives providing financial solutions to their clients in all domestic jurisdictions. The NPH Firms are also members of the Financial Services Institute ("FSI") and support the advocacy activities of the FSI. We appreciate the opportunity to submit comments on Regulatory Notice 11-08 regarding proposed FINRA Rules 2121, 2122, and 2123. The comments provided in this letter represent the collective view of the NPH Firms.

In our review, we generally have no concerns with the following elements proposed within FINRA Rule 2121, nor do we have issue with proposed Rule 2122 *Markups and Markdowns for Transactions in Debt Securities, Except Municipal Securities*:

- 2121(a) *Fair and Reasonable Markups, Markdowns and Commissions*
- 2121(b) *General Considerations; Deletion of 5% Policy*
- 2121(c) *Relevant Factors*
- 2121(d) *Transactions to Which the Rule is Not Applicable*
- 2121(f) *Notice of Missing the Market and Consent to Commission Charge*

It appears many of the changes which are proposed in Rule 2121 seek to update and clarify existing NASD Rule 2440, which in some aspects is based on antiquated assumptions that no longer serve member firms, their representatives, or clients.

However, we do have concerns with the proposed requirements outlined in 2121(e) *Commission Schedules*. In particular the requirement that the firm deliver to clients at time of account opening and annually thereafter the firm's commission schedule for equity securities transactions. The proposal also requires written notice to clients (30) days prior to any changes to the schedule. As an introducing broker-dealer for a national clearing firm, we set the maximum commission schedule with our clearing

firm. Our Representatives may then lower the commissions they charge to their clients as they deem appropriate or as agreed to with the client. The maximum schedule is a complicated and lengthy document even for broker-dealer staff members who are experts in this field. These schedules are far from a plain English document, which regulators have been championing for in respect to client disclosure. Therefore, our expectation that a client would actually comprehend such a schedule and find value in its delivery is bleak. Additionally, with the ability for the representative to adjust the schedule client by client, there would be no feasible way for us to provide a one size fits all version of the schedule to our client base, which would require us to further disclose that we may lower the schedule for clients from time to time.

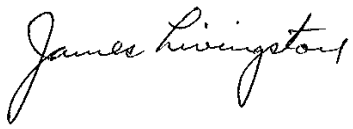
Retail clients are aware of commissions which are specifically listed on confirmations received for each individual securities transaction. Clients who become concerned with the rates they are being charged, have the ability to express these concerns with their representative or the firm, or to seek less expensive pricing through another firm. As accounts also move towards investment advisory relationships, rather than traditional brokerage accounts, the concerns relative to commissions on individual security transactions continue to diminish. Our firms have received minimal complaints relative to the costs of individual securities transactions over the years. In our experience, this is simply not an issue high on the priority of clients.

We have similar concerns with proposed FINRA Rule 2123 *Charges and Fees for Services Performed*, which has the same disclosure provisions at time of account opening, annually thereafter, and (30) days prior to any change. Specific to this provision, footnote (20) of the notice references NTM 92-11 which reminds members of "their obligation that all fees and charges for services must be reasonable and that adequate prior notice be given to customers". Since its issuance nearly 20 years ago, the guidance in this notice was never formally adopted into the NASD rulebook or to our knowledge otherwise enforced during the examination program. Therefore we question the validity of adopting this as written in 1992 into a formal requirement of the FINRA Consolidated Rulebook.

These two additional items would be in addition to the current disclosures provided by firms, further diminishing the current disclosures and adding to the costs borne by firms. Broker-dealers currently comply with disclosure requirements under SEC Rule 17a-(3) at time of account opening, (30) days within certain events, and every (36) months thereafter. We also issue annual privacy notices and provide notice of revenue sharing programs. Dual registrant firms also comply with various disclosure requirements required by the SEC related to Form ADV. Compounding these existing disclosures with the delivery of the commissions and charges/fees performed schedules is excessive and does not benefit the client in any real, meaningful way. We believe these additional items, which may impact only a select number of clients can be provided to clients upon request. As suggested by senior management of FINRA, effective disclosure can be provided through concise high-level client notifications, while allowing a client to request additional information. If these items are important to FINRA, equally effective disclosure can be provided by referencing disclosure that is available on the firm's website or by request.

We understand and support FINRA's efforts to ensure clients are well informed and are provided with full transparency on all matters material to their accounts. However, our concern is that simply layering new disclosure requirements onto existing requirements will not prove beneficial to clients. Adding additional mandatory detailed disclosure is neither client friendly nor is it effective. As an industry we need to consider what disclosure is important to our clients, and effectively provide this disclosure to clients through effective multi-tiered delivery. To that end, proposals related to client disclosure should be subject to a full comprehensive study to determine what clients really need, want, and understand. We respectfully request that FINRA consider the issues we have raised relative to this Regulatory Notice.

Sincerely,



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