



VIA ELECTRONIC MAIL

July 28, 2009

Ms. Elizabeth M. Murphy
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: Comment Letter – FINRA Proposed Rule 3270 Relating to Outside Business Activities of Registered Persons; File Number SR-FINRA-2009-042

Dear Ms. Murphy:

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 3300 Registered Representatives offering investment services to clients in all domestic jurisdictions. The NPH Firms are also members of the Financial Service Institute ("FSI") and support the advocacy activities of the FSI. We appreciate the opportunity to submit comments regarding the proposal to create FINRA Rule 3270 governing the supervision of outside business activities of registered persons. 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.

Proposal – Written Notice:

Proposed FINRA Rule 3270 would require the registered person to provide prior written notice to the member firm related to participation in any outside business activity.

Comments:

- In practice most member firms already require prior written notice, in addition to written acknowledgment from the member before the registered person may engage in an outside business activity. This process is consistent with existing NYSE Rule 346(b). We feel including written acknowledgment from the member firm will ensure the registered person does not engage in an outside business activity while the member firm is still conducting proper due diligence as required under proposed Supplementary Material .01 Obligations of Member Receiving Notice.
- As part of the written notice requirement, we request that the Rule require an ongoing obligation by the registered person to provide prior written notice to the member firm should the activity undergo a material change from what had previously been submitted to the member.

- We request FINRA provide additional guidance related to situations involving transitioning registered persons that had previously complied with Rule 3270 notification requirements with their previous broker-dealer. In these scenarios the registered person would already be engaging in the disclosed outside business activity at the time of registering with the new member firm, so they would technically be in violation of the requirement related to providing the member firm with written notice “prior to” engaging in the activity. In these cases we would suggest “prompt” written notice would be sufficient.

Proposal – Supplementary Material:

In summary proposed Supplementary Material .01 Obligations of Member Receiving Notice requires 1) the member firm to make a determination of whether the proposed outside business activity raises investor protection concerns, and if so the member must implement procedures or restrictions or prohibit, and 2) the member firm must properly evaluate the proposed activity to determine if it should be defined as an outside securities transaction under Rule 3110(b)(3).

Comments:

- In relation to required due diligence that a member firm must perform to determine if the activity raises any “investor protection concerns”, we request that FINRA provide more specific guidance regarding the definition of this term and expectations for this assessment. As an outside business activity, it is expected that the member firm may have very limited knowledge or expertise related to the activity in question. This would likely impede efforts to make a determination related to investor protection concerns.

Additionally, if the member firm prohibits the activity due to investor protection concerns, is the member firm’s obligation fulfilled, or would there be further reporting requirements to regulatory bodies if the member felt the concern was systemic in nature? As an example, if the member firm prohibited the activity because they felt it was fraudulent, certainly there would be an expectation that state and/or federal regulators would be notified to further investigate the concern.

- In relation to evaluation of the activity against outside securities standards, we note that Supplementary Material .01 references FINRA Rule 3110(b)(3) which remains under proposal. We suggest the text instead reference existing NASD Rule 3040 to reflect the current rule member firms are operating under regarding private securities transactions.

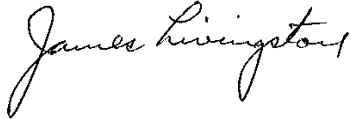
Implementation Guidance:

Should the Rule be implemented, we request additional guidance from FINRA related to whether the rule is to be applied prospectively or retrospectively. If retrospective, member firms would be required to 1) reach out to their registered persons in an attempt to identify activities that would not have previously been defined as outside business activities, but would be under the scope of Rule 3270 and 2) apply new standards required under Rule 3270 related to previously reviewed outside business activities to conduct additional due diligence related to investor protection concerns.

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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 SEC consider the issues we have outlined related to proposed FINRA Rule 3270, which may have unintended consequences to the member firm community.

Sincerely,

A handwritten signature in cursive script that reads "James Livingston". The signature is written in black ink and is positioned above the printed name and title.

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