

NFP Securities, Inc.

FINRA / SIPC / Registered Investment Adviser

July 29, 2013

SEC Complaint Center
100 F Street NE
Washington, D.C. 20549-0213

Re: Proposed Rule 3110

NFP Securities, Inc. (NFPSI) appreciates the opportunity to submit the following comments in connection with proposed Rule 3110. While we acknowledge that the language of the proposed rule is not substantially different from current NASD Rule 3010, and believe the language of the rule is satisfactory, we respectfully submit that compliance and ongoing oversight of outside business activities (OBAs) could be further enhanced by simultaneously updating the information regarding OBAs captured in the Central Registration Depository (CRD).

There are 3 areas on CRD that could be improved to facilitate more detailed reporting and tracking. Question 13, *Other Business*, was created on CRD prior to the prevalence of social media and other internet-based electronic postings of business information. The question reads:

“Are you currently engaged in any other business either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise? (Please exclude *non-investment-related* activity that is exclusively charitable, civic, religious or fraternal and is recognized as tax exempt.) If YES, please provide the following details: the name of the other business, whether the business is *investment-related*, the address of the other business, the nature of the other business, your position, title, or relationship with the other business, the start date of your relationship, the approximate number of hours/month you devote to the other business, the number of hours you devote to the other business during trading hours, and briefly describe your duties relating to the other business.”

The question requires submission of 15 discrete pieces of information into one freeform paragraph that makes reporting on the data cumbersome. NFPSI suggests the information be collected in CRD as separate data points so that firms can create a searchable report. Firms could, for example, use such reports to confirm OBA information collected independently through questionnaires and other data bases. Improved reporting capabilities in CRD would also help reduce manual processes that allow for unintended discrepancies between information reported on CRD and information captured by firms through other sources such as annual questionnaires, publicly available electronic records and audit results.

Question 13 does not allow for additional detail to be reported in connection with more complex OBAs that routinely trigger requests for additional information through FINRA’s examination program and inquiry letters. For example, FINRA inquiries often raise questions regarding custody of client assets in connection with an OBA. Collecting this information from the outset through CRD would be more efficient for both FINRA and firms and would facilitate ongoing tracking and reconciliation of OBA information.

Additionally, Question 12, which relates to the employment history of a registered representative, does not allow for easy reconciliation of data. For example, if a registered representative was employed with a CPA Firm, the information would need to be entered in response to both Question 12 and 13. Representatives often ask whether or not to enter information in Question 12, 13, or both. As a result, representatives often provide incomplete or inconsistent information. We believe the questions could be streamlined by either combining the questions or by providing greater guidance around items that may overlap. In summary, while we believe proposed rule 3110 reasonably addresses OBAs, we respectfully submit that simultaneously updating CRD to capture additional OBA information would assist both FINRA and member firms to more efficiently document and monitor such activities.

Thank you again for the opportunity to comment. Should you have any questions, please contact the undersigned.

Sincerely,

Susanne Denby

Susanne Denby
Chief Compliance Officer
NFP Securities, Inc.

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