



national planning corporation

NPC of AmericaSM in Florida and New York

Member FINRA, SIPC

401 Wilshire Boulevard, Suite 1100
Santa Monica, California 90401
(310) 899-7900

Investment Advisory Programs

**Form ADV Part II,
Schedule F (General Description of Services),
and Schedule G (Balance Sheet)**

This document provides clients with information about National Planning Corporation[®] (“NPC of AmericaSM” in the states of Florida and New York) (“NPC[®]”) and its Investment Advisory Programs that should be considered before becoming a client of the Program. This information has not been approved or verified by any governmental authority.

As revised June 30, 2008

Complete amended pages in full, circle amended items and file with execution page (page 1).

FORM ADV**Uniform Application for Investment Adviser Registration****Part II - Page 1****OMB APPROVAL**

OMB Number: 3235-0049

Expires: June 30th, 2008Estimated average burden
hours per response. . . .9.01

Name of Investment Adviser:

National Planning Corporation

Address: (Number and Street)

(City)

(State)

(Zip Code)

Area Code: Telephone Number:

401 Wilshire Boulevard, Suite 1100**Santa Monica****CA****90401****(310) 899-7900****This part of Form ADV gives information about the investment adviser and its business for the use of clients.****The information has not been approved or verified by any government authority.****Table of Contents**

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Complete amended pages in full, circle amended items and file with execution page (page 1).

FORM ADV**Part II - Page 2**

Applicant:

National Planning Corporation

SEC File Number:

801-41015

Date:

06/30/2008

Definitions for Part II

Related person - Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by, or under common control with the applicant, including any non-clerical, non-ministerial employee.

Investment Supervisory Services - Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client's personal and family obligations.

1. **A. Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service.
(See instruction below.)

- Applicant:
- | | | | |
|-------------------------------------|-----|---|-----|
| <input checked="" type="checkbox"/> | (1) | Provides investment supervisory services | 75% |
| <input checked="" type="checkbox"/> | (2) | Manages investment advisory accounts not involving investment supervisory services | 15% |
| <input checked="" type="checkbox"/> | (3) | Furnishes investment advice through consultations not included in either service described above | 10% |
| <input type="checkbox"/> | (4) | Issues periodicals about securities by subscription | % |
| <input type="checkbox"/> | (5) | Issues special reports about securities not included in any service described above | % |
| <input type="checkbox"/> | (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities | % |
| <input type="checkbox"/> | (7) | On more than an occasional basis, furnishes advice to clients on matters not involving securities | % |
| <input type="checkbox"/> | (8) | Provides a timing service | % |
| <input type="checkbox"/> | (9) | Furnishes advice about securities in any manner not described above | % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does the applicant call any of the services it checked above financial planning or some similar term?

Yes ☒ No ☐

C. Applicant offers investment advisory services for: (check all that apply):

- | | |
|--|---|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input checked="" type="checkbox"/> (2) Hourly charges | <input checked="" type="checkbox"/> (5) Commissions |
| <input checked="" type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input checked="" type="checkbox"/> (6) Other |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. **Types of Clients** - Applicant generally provides investment advice to: (check those that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input type="checkbox"/> B. Banks or thrift institutions | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies | <input type="checkbox"/> G. Other (describe on Schedule F) |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans | |

Complete amended pages in full, circle amended items and file with execution page (page 1).

Applicant:

National Planning Corporation

SEC File Number:

801- 41015

Date:

06/30/2008

3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | |
|--|--|
| <input checked="" type="checkbox"/> A. Equity Securities | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities | |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter | <input checked="" type="checkbox"/> I. Options contracts on: |
| <input checked="" type="checkbox"/> (3) foreign issues | <input checked="" type="checkbox"/> (1) securities |
| | <input type="checkbox"/> (2) commodities |
| <input checked="" type="checkbox"/> B. Warrants | |
| <input checked="" type="checkbox"/> C. Corporate debt securities | <input type="checkbox"/> J. Futures contracts on: |
| (other than commercial paper) | <input type="checkbox"/> (1) tangibles |
| | <input type="checkbox"/> (2) intangibles |
| <input checked="" type="checkbox"/> D. Commercial paper | <input checked="" type="checkbox"/> K. Interests in partnerships investing in: |
| <input checked="" type="checkbox"/> E. Certificates of deposit | <input checked="" type="checkbox"/> (1) real estate |
| <input checked="" type="checkbox"/> F. Municipal securities | <input checked="" type="checkbox"/> (2) oil and gas interests |
| | <input type="checkbox"/> (3) other (explain on Schedule F) |
| <input checked="" type="checkbox"/> G. Investment company securities | <input checked="" type="checkbox"/> L. Other (explain on Schedule F) |
| <input checked="" type="checkbox"/> (1) variable life insurance | |
| <input checked="" type="checkbox"/> (2) variable annuities | |
| <input checked="" type="checkbox"/> (3) mutual fund shares | |

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---|--|
| (1) <input checked="" type="checkbox"/> Charting | (4) <input checked="" type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (8) <input type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|--|---|
| (1) <input checked="" type="checkbox"/> Long term purchases
(securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases
(securities sold within a year) | (6) <input checked="" type="checkbox"/> Option writing, including covered options,
uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days) | (7) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

Complete amended pages in full, circle amended items and file with execution page (page 1).

FORM ADV**Part II - Page 4**

Applicant:

National Planning Corporation

SEC File Number:

801-41015

Date:

06/30/2008**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients?

Yes No
☒ ☐

(If yes, describe these standards on Schedule F.)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- | | |
|-----------------|--|
| • name | • formal education after high school |
| • year of birth | • business background for the preceding five years |

7. Other Business Activities. (check those that apply)

- ☒ A. Applicant is actively engaged in a business other than giving investment advice.
- ☒ B. Applicant sells products or services other than investment advice to clients.
- ☒ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- ☒ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|--|--|
| <input checked="" type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input checked="" type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input checked="" type="checkbox"/> (3) other investment adviser | <input checked="" type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input checked="" type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?
- Yes No
☐ ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

Complete amended pages in full, circle amended items and file with execution page (page 1).

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National Planning Corporation

SEC File Number:

801- 41015

Date:

06/30/2008

9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☒ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☒ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes

☒

No

☐

(If yes, describe on Schedule F.)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

See Schedule F

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

See Schedule F

Complete amended pages in full, circle amended items and file with execution page (page 1).

FORM ADV**Part II - Page 6**

Applicant:

National Planning Corporation

SEC File Number:

801-41015

Date:

06/30/2008

12. Investment or Brokerage Discretion.

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

(1) securities to be bought or sold?

Yes No

☒ ☐

(2) amount of the securities to be bought or sold ?

Yes No

☒ ☐

(3) broker or dealer to be used ?

Yes No

☒ ☐

(4) commission rates paid?

Yes No

☒ ☐

B. Does applicant or a related person suggest brokers to clients?

Yes No

☒ ☐

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients?

Yes No

☒ ☐

B. directly or indirectly compensates any person for client referrals?

Yes No

☒ ☐

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities; or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet?

Yes No

☒ ☐**Schedule F of
Form ADV**

Applicant:

SEC File Number:

Date:

Complete amended pages in full, circle amended items and file with execution page (page 1).

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

38-3023534

Answer

Item 1.D.

PROGRAMS

These programs are generally designed for long-term investment strategies. However, IARs may recommend various short-term investment strategies to accommodate certain circumstances. In any case, there is no assurance that a Client's investment objective will be achieved and past performance does not guarantee future results. Additional terms and information about each Program are contained herein and in the advisory agreement with the Client.

CODE OF ETHICS

Pursuant to SEC Rule 204A-1, adopted under the Investment Advisers Act of 1940 (“the Advisers Act”), NPC has adopted a Code of Ethics. The Code of Ethics sets forth standards of conduct and addresses potential conflicts of interest among NPC, NPC’s employees and agents, and NPC’s advisory clients, including monitoring for personal securities transactions that may impact Clients. A free copy of NPC’s Code of Ethics is available by mailing a written request to:

National Planning Corporation
Attn: Investment Adviser Compliance Unit
401 Wilshire Boulevard
Suite 1100
Santa Monica, CA 90401

PROXY VOTING

NPC and its IARs will not (a) vote any proxies solicited by, or with respect to, the issuers of any securities held in the Portfolio or (b) participate in any legal proceedings involving securities or other investments presently or formerly held in the Portfolio, or the issuers thereof, including bankruptcies. Unless NPC and the Client make other written arrangements, NPC will send all proxy and legal proceedings documents it receives to the Client, so that the Client may act upon the materials.

Item 1.D.
(Continued)

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV****Continuation Sheet for Form ADV Part II**

Applicant:

National Planning Corporation

SEC File Number:

801-41015

Date:

06/30/2008

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

National Planning Corporation

IRS Empl. Ident. No.:

38-3023534Item of Form
(identify)

Answer

For TPAM Programs, the client appoints the TPAM as the client's agent and attorney-in-fact, with discretion to vote proxies with respect to any securities in the Portfolio. The TPAM will execute waivers, consents and other instruments with respect to such securities, and consent to or reject any plan of reorganization, merger, combination, consolidations, liquidation or similar plan with reference to such securities. NPC will send all such proxy and legal proceedings information and documents it receives to the TPAM so that the TPAM may take whatever action it deems advisable. The Client authorizes NPC to direct the TPAM to receive all shareholder communications, including proxy statement and proxies, distributed by the issuers of securities held in the Portfolio without forwarding the same to the Client.

NPC MANAGED ACCOUNT PROGRAM ("ADVISOR SOLUTIONS")**A. General Description**

In establishing a ADVISOR SOLUTIONS account, the IAR gathers information from the Client to determine the investment objectives and risk tolerance of the Client. Once the investment objectives and risk tolerance have been determined, NPC will provide the Client with investment advice, which includes a recommendation or selection of appropriate investments for Client's ADVISOR SOLUTIONS Program. ADVISOR SOLUTIONS services are provided on either a discretionary or non-discretionary basis, as authorized by the Client through the execution of the Client Agreement. In the case of non-discretionary services, the Client must consent to any recommended securities transaction. With discretionary services, NPC and its IARs may buy, sell or exchange securities without obtaining specific consent prior to each transaction. NPC and its IARs utilize asset allocation software provided by unaffiliated parties in the development of an asset allocation recommendation. Asset allocation models are generally designed to achieve diversification to reduce the risk of loss due to variation of investment returns of any particular asset class.

For NPC to provide appropriate recommendations (or, in the case of discretionary accounts, to make appropriate investment decisions), it is important that the Client provide accurate and complete responses to the questions asked the IARs, as well as informing the IARs of changes to the Client's investment objectives, personal circumstances and other factors that may impact the account. IARs or NPC will, on at least an annual basis, contact each Client to attempt to determine whether there has been any change in the Client's financial situation, investment objectives, investment needs or reasonable restrictions on the management of the ADVISOR SOLUTIONS portfolio. However, it remains the responsibility of each Client to inform NPC of any material changes.

Investment options for ADVISOR SOLUTIONS accounts include common and preferred stocks, bonds, municipal securities, government securities, exchange listed limited partnerships, mutual funds, exchange traded funds, unit investment trusts, and other investment options.

Purchases of participating mutual fund may be conducted within the Pershing FundVest Institutional Program, at net asset value, and without transaction fees, subject to minimum purchase amounts. If you pay transaction charges, this service will reduce your trading costs. If transaction charges are paid from the management fees, IARs have an incentive to recommend these participating mutual funds that do not impose ticket charges over other available funds.

**Item 1.D.
(Continued)****B. Related Services**

As part of the ADVISOR SOLUTIONS program, NPC will arrange for execution of trades, custody of

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV****Continuation Sheet for Form ADV Part II**

Applicant:

National Planning Corporation

SEC File Number:

801-41015

Date:

06/30/2008

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

National Planning Corporation

IRS Empl. Ident. No.:

38-3023534Item of Form
(identify)

Answer

assets, and performance reporting.

Execution of trades and custody of assets provided through NPC's clearing firm Pershing, LLC. To accommodate administration and reporting related to a Client's ADVISOR SOLUTIONS Portfolios, NPC requires each Client to establish a Pershing brokerage account through NPC to execute the Portfolio securities transactions. NPC may in its sole discretion permit other custodial arrangements for Client's ADVISOR SOLUTIONS Portfolio assets upon receipt of a request from Client to utilize another custodian.

Performance Reporting is also provided through internal systems or third party arrangements developed by NPC. These quarterly reports provide information relative to the Client's Portfolio asset allocation, transactions and other activity during the period, securities positions and their end-of-period fair market values, investment performance for the period, and an advance billing notice.

C. Minimum Account Size

ADVISOR SOLUTIONS Accounts are generally available only for Client Portfolios with an initial value of at least \$50,000. NPC may, however, waive this requirement, depending upon the circumstances of a particular Client. If at any time Portfolio assets are less than the minimum size described herein, the Client Agreement is subject to termination.

D. Fees

NPC charges fees quarterly for its investment advisory services based on a percentage of the fair market value of the assets in the Client's ADVISOR SOLUTIONS Portfolio. The fee for the first quarter in which the ADVISOR SOLUTIONS Account is established is paid in arrears on a prorated basis based on two factors 1) the date of the accounts initial activity and 2) the fair market value of the assets in the Client's Portfolio at the end of the first quarter in which activity first occurs. Thereafter, fees are payable quarterly in advance, and are computed upon the fair market value of the assets in the Client's Portfolio at the end of the immediately preceding quarter. Unless the Client instructs otherwise, a calendar quarter billing cycle will be employed. Clients may pay fees other than those listed that are based on fee schedules in effect prior to their becoming Clients of NPC or on fee schedules no longer in effect for new NPC Clients.

The Client may choose one of three fee schedules (described below) to determine the method of assessing Portfolio fees. Depending on the assets under management, one fee schedule may be more advantageous than another.

E. EnvestNet Services

Pursuant to NPC's agreement with Clients, NPC may enter into certain outsourcing agreements with affiliated and unaffiliated companies that provide services designed to support our delivery of services contemplated under our Programs. The services provided by these companies may include billing and other administrative services, in addition to various financial and technology support services. Under these outsourcing relationships, NPC will retain its investment advisory role with Clients, and these third party service providers shall neither serve as an investment adviser nor be granted any discretion over Client accounts pursuant to such arrangements.

**Item 1.D.
(Continued)**

EnvestNet Asset Management, Inc. ("EnvestNet") is one such service provider of financial and technology services, including an asset management system (the "Envestnet Platform"). Clients whose accounts are administered by an IAR electing to use the EnvestNet Platform shall be subject to the respective fee schedule and terms that follow below.

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV****Continuation Sheet for Form ADV Part II**

Applicant:

National Planning Corporation

SEC File Number:

801-41015

Date:

06/30/2008

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

National Planning Corporation

IRS Empl. Ident. No.:

38-3023534

Item of Form
(identify)

Answer

In addition to providing the aforementioned EnvestNet Platform services, EnvestNet may also be appointed in a sub-advisory capacity for Clients who elect to participate in our TPAM Program, pursuant to a *separate* arrangement and terms and conditions, as described below on page [15—Confirm page number once edits have been “accepted.”]

STANDARD LINEAR FEE SCHEDULE**Portfolio Value****Maximum Annual Fee**

Up to \$99,999.99	2.75%
\$100,000 - \$249,999.99	2.5%
\$250,000 - \$499,999.99	2.25%
\$500,000 - \$749,999.99	1.9%
\$750,000 - \$1,249,999.99	1.75%
\$1,250,000 - \$1,749,999.99	1.5%
\$1,750,000 +	1.4%

STANDARD TIERED FEE SCHEDULE**Portfolio Value****Maximum Annual Fee**

Up to \$99,999.99 (first \$99,999.99)	2.75%
\$100,000 - \$249,999.99 (Next \$149,999.99)	2.5%
\$250,000 - \$499,999.99 (Next 249,999.99)	2.25%
\$500,000 - \$749,999.99 (Next \$249,999.99)	1.9%
\$750,000 - \$1,249,999.99 (Next \$499,999.99)	1.75%
\$1,250,000 - \$1,749,999.99 (Next \$499,999.99)	1.5%
\$1,750,000 +	1.4%

FLAT FEE SCHEDULE

An annual percentage fee is charged to the Client. The annual percentage rate will not exceed the corresponding portfolio value indicated on the linear fee schedule. NPC may also aggregate assets from related accounts to determine the amount of assets under management and the applicable advisory fee paid by a Client.

For services provided under our Programs, Client will be charged a fee calculated by applying the annual fee schedule (determined quarterly, which may be on an account by account basis or house-held on an aggregated basis) of the fair market value of the assets (including interest paid or accrued) as calculated on the last business day of the previous calendar quarter. The fee will be debited from the Client's account on a quarterly basis in advance.

For accounts administered on the EnvestNet Platform – The initial fee for the first calendar quarter (or part thereof) in which the Client participates in a Program shall be calculated on the day after initial assets are placed in a Program with the applicable broker, pro-rated based on the number of calendar days in the partial quarter and debited the month after assets are placed in a Program. Thereafter, the fee shall be calculated at the beginning of each calendar quarter based on the value of the assets on the last business day of the prior calendar quarter. However, if an account is opened in the last month of a calendar quarter, the fee will be calculated and debited for the remaining period in the calendar quarter plus the next calendar quarter on the day after initial assets are placed into a Program.

**Item 1.D.
(Continued)**

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:	SEC File Number:	Date:
National Planning Corporation	801-41015	06/30/2008

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: National Planning Corporation		IRS Empl. Ident. No.: 38-3023534
Item of Form (identify)	Answer	
Item 1.D. (Continued)	<p>For all other accounts – The fee for the first quarter in which a Program portfolio is established is paid in arrears on a prorated basis based on two factors 1) the date of the portfolio’s initial account activity and 2) the fair market value of the assets in the Client’s portfolio at the end of the first quarter in which activity first occurs. Thereafter, fees are payable quarterly in advance and are calculated based upon the fair market value of the assets in the Client’s portfolio at the end of the immediately preceding quarter.</p> <p>The applicable broker will determine fair market value for fee calculation purposes. Client acknowledges and agrees that it is Client’s responsibility to verify the accuracy of such fee calculation and that the broker will not determine whether fees are properly calculated. If this agreement is terminated and all assets are withdrawn from the Program prior to the end of a quarter, the pro rata portion of the fee will be reimbursed to Client.</p> <p>If a Client terminates their Client Agreement with NPC within the first twelve months, a termination charge of \$100 may apply at the discretion of NPC. The termination charge offsets the administrative costs associated with terminating the account. However, the Client Agreement may be terminated, without penalty, within the first 5 business days. Upon termination of a ADVISOR SOLUTIONS account, any prepaid fees will be refunded to the Client on a pro-rata basis.</p> <p>NPC reserves the right to pass on charges imposed by its clearing broker/dealer or other services providers to the Client. These fees include, but are not limited to, transaction charges and service fees, IRA and qualified retirement plan fees, mutual fund or money market 12b-1 fees and subtransfer agent fees, mutual fund and money market management fees and administrative expenses, mutual fund transaction fees, deferred sales charges on previously purchased mutual funds transferred in the portfolio, and other charges that are assessed. As described in NPC’s Premier Product Disclosure, NPC and its IARs may receive revenue sharing payments from certain firms, including Pershing, from payments made by Clients.</p> <p>NPC will send billing notices to each Client showing the amount of the management fees charged for the period, the value of the account assets on which Program Fees are based, and the manner in which the Program Fees were calculated. NPC does not allow IARs to be compensated on the basis of a share of capital gains upon or capital appreciation of the account or any portion of the account of the Client. The ADVISOR SOLUTIONS Program may cost the client more or less than purchasing program services separately. Factors that bear upon the cost of the ADVISOR SOLUTIONS Portfolio in relation to the cost of the same services purchased separately include the type and size of the Portfolio, the historical and or expected size or number of trades for the Portfolio and the number and range of supplementary advisory and client related services provided to the Portfolio.</p> <p>Certain investments may have internal fees and costs, such as management fees for mutual funds. The prospectus or offering documents for mutual funds, annuities, REITs or other investments will detail the fees and charges assessed by the managers of those products. Clients should be aware that when assets are invested in shares of mutual fund products, annuities, UITs or REITs, Clients will pay both the direct management fees to NPC for its services in connection with these investments and management and other fees paid to the mutual fund or other product. A Client may be able to invest directly in the mutual fund's shares and other investments without incurring the fees charged by NPC. In addition, there may be tax affects pertaining to fund share redemptions or surrender of policies made by or on behalf of Clients, as well as deferred sales charges or redemption fees.</p> <p>All fee arrangements are negotiable. NPC may, in its sole discretion, waive its management fee or any other applicable fees or costs, in whole or part, on an ongoing or a one-time basis.</p> <p>THIRD PARTY ASSET MANAGERS (“TPAM”)</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV****Continuation Sheet for Form ADV Part II**

Applicant:

National Planning Corporation

SEC File Number:

801-41015

Date:

06/30/2008

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

National Planning Corporation

IRS Empl. Ident. No.:

38-3023534Item of Form
(identify)

Answer

A. General Description

NPC provides clients with the opportunity to have their portfolio professionally managed by outside money managers through arrangements with various TPAMs. NPC conducts due diligence reviews on these companies and has approved a number of programs to provide portfolio analysis, asset allocation modeling and analysis, trading execution, performance monitoring, portfolio reporting and other services.

To recommend an appropriate TPAM program, the IAR gathers information from the Client including financial situation, investment objectives and risk tolerance. Upon the establishment of a TPAM Portfolio, the IAR monitors the Portfolio to assist the Client in determining whether the TPAM is performing in accordance with its stated practices and continues to be appropriate in relation to the Client's investment objectives and other relevant factors.

Each TPAM Client will separately contract with the TPAM. Under the TPAM Agreement, the Client designates the TPAM to manage the Portfolio on a discretionary basis in order to buy, sell and exchange securities without obtaining Client authorization prior to each transaction.

While this section provides a general description of NPC's TPAM offering, it does not address all specific provisions or requirements. The Client must review and understand the terms of the TPAM Agreement and the TPAM's Form ADV Part II or Alternative Disclosure Brochure.

B. Minimum Account Size

Each TPAM program determines the appropriate minimum opening balance to establish an account with their firm. Generally account minimums range from \$50,000 - \$250,000. Other terms may apply to account opening and maintenance, as outlined in the TPAM Agreement.

C. Fees

TPAM fees are generally billed on a quarterly basis, starting at the inception of the account. Fees are calculated based on the market value of the assets being managed or on a performance based fee criteria. NPC and the IAR will share in the fees, pursuant to the arrangement established with the TPAM.

D. TPAM Form ADV Part II or Alternate Disclosure Brochure

This section is intended to familiarize our Clients with NPC's relationship with the TPAMs that we offer to our Clients. Since each TPAM is uniquely structured, please refer to that TPAM's ADV Part II or alternate disclosure brochure for specific program descriptions, and to the TPAM Agreement for specific contractual terms.

Each advisory client will receive a copy of the respective TPAM's Form ADV Part II prior to, or concurrent with, the opening of any TPAM program. In cases where NPC is offering the program in a sub-advised basis, the Client will also receive NPC's Form ADV Part II. The TPAM's Form ADV Part II or alternate disclosure brochure will have specific information disclosing: Fee deduction methodology, fee schedules, refund policies, minimum account sizes, termination procedures, proxy voting policies, etc.

E. TPAM Programs

NPC Currently Offers the Following TPAMs on a Sub-Advised Basis. The TPAM programs are either subadvised or solicitor arrangements. Except for Curian, all TPAMs are unaffiliated with NPC.

**Item 1.D.
(Continued)****Complete amended pages in full, circle amended items and file with execution page (page 1).**

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:

National Planning Corporation

SEC File Number:

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(identify)

Answer

Sub-Advised Arrangements

ASSETMARK INVESTMENT SERVICES PROGRAM

AssetMark Investment Services ("AssetMark") provides Clients with asset allocation advice with respect to (1) mutual funds and/or the investment options underlying one or more variable annuities held by the Client (the "Mutual Fund/Variable Annuity Accounts Program"), (2) equity and/or fixed income securities managed on a discretionary basis by third party investment managers (the "Privately Managed Accounts Program") , (3) a bundled 401(k) program which includes the Target Allocation Funds, a series of six bank collective funds sponsored by Fiserv Investment Support Services (the "iFlex 401(k) Program") and (4) Consolidated Managed Account Program ("IMA").

THE BANK OF NEW YORK DIRECTED TRUST PROGRAM

The Bank of New York ("BNY") provides trust services to its clients and NPC. This agreement allows a client to retain BNY as trustee, utilizing NPC as the Financial Adviser to manage the account.

BEST OF AMERICA ADVISORY SERVICES PROGRAM

Nationwide Investment Services Corporation ("Nationwide") provides Clients with asset allocation advice with respect to (1) Mutual Fund Series, a mutual fund asset allocation program, (2) the investment options underlying a no-load Variable Annuity, or (3) Managed Money Solutions, a program invested in either Separately Managed Accounts consisting of individual equity and/or fixed income securities managed on a discretionary basis by third party investment managers ("Portfolio Managers") selected by the Client with the assistance of NPC, or invested in mutual funds selected by the Client with the assistance of NPC.

BREEN FINANCIAL CORPORATION

Advisory Services

Breen Financial Corporation ("BFC") provides web-based financial advice regarding asset allocation in the retirement account of NPC Clients. To enable a client to use the BFC advice, NPC first meets with the Client to determine which of several pre-defined risk profiles and investment styles are appropriate for a client. NPC and its IAR's provide this information to BFC by accessing BFC's website.

BFC will, using passwords and other information supplied by the Client, access the Client's employer sponsored retirement account and give instructions online to invest the assets in various amounts in various funds. The actual amounts to be invested in each fund will be determined by BFC based on information provided to BFC by the Client. Based on the information provided by the Client, BFC will determine which of six "Risk Profiles" is appropriate.

DUNHAM & ASSOCIATES INVESTMENT COUNSEL, INC.

Advisory Services

Dunham & Associates Investment Counsel, Inc (a registered investment adviser and The Dunham Funds (collectively, "Dunham") makes available an investment program to manage portfolios on a discretionary basis utilizing Dunham Funds (a mix of proprietary mutual funds managed by Dunham).

The Program may use any combination of the Dunham Funds, representing 11 different asset

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Item of Form (identify)	Answer
	<p>classes, to help Clients diversify their portfolios and achieve their long-term investment objectives. In addition, Clients and IARs may select a Core Fixed Income Allocation percentage and a Core Equity Allocation percentage to create a custom blend of fixed income and equity funds for their clients. The Core Allocations themselves consist of various percentages of the fixed income and equity Dunham Mutual Funds. As program sponsor, Dunham monitors and adjusts the Core Allocations as deemed necessary to reflect market conditions, performance and other factors.</p> <p>Dunham has two fee arrangements for providing its advisory services: Performance-Based Fees and Total Asset-Based Fees.</p> <p>Performance-Based Fees: Pursuant to Rule 205-3 of the Investment Advisers Act of 1940, performance based fee arrangements are only allowed for certain sophisticated clients, defined as "Qualified Client(s)" under the Advisers Act. A qualified client is any natural person having a net worth, together with assets held jointly with a spouse, of more than \$1.5 million at the time the account is opened or that has at least \$750,000 under management with the investment adviser immediately after entering into the investment advisory agreement with that investment adviser.</p> <p>Under this performance-based fee arrangement, Dunham will utilize a "highwater" mark to determine the appropriate fee to charge an account. The Client will pay a monthly performance-based advisory fee equal to 10% of the net increase in Account value (adjusted for additional investments, redemptions, and other non-performance related changes) for the preceding month (or portion thereof, if less than a month). The initial account value shall constitute the first "highwater" mark. Thereafter, a new highwater mark shall be established whenever the Account value at month-end exceeds the previously established highwater mark. No performance fee shall be paid for any month in which a new highwater mark is not established. Performance fees will be calculated monthly and deducted quarterly in arrears. An Account may incur a fee for a given month during a quarter even though the Account may subsequently decline below the highwater mark in effect at the beginning of the quarter. Fee amounts will be shown on the quarterly reports provided by Dunham.</p> <p>Please note: A performance based fee arrangement may create an incentive for the Adviser to recommend investments that are riskier or more speculative than would be the case in the absence of a performance fee.</p> <p>ENVESTNET ASSET MANAGEMENT, INC.</p> <p>Envestnet Asset Management, Inc. ("EnvestNet") provides investment advisory services through EnvestNet's Private Wealth Management Managed Account Solution, Private Wealth Management Multi-Manager Account and the Private Wealth Management Mutual Fund Solution.</p> <p>In addition to providing the aforementioned sub-advisory services under our TPAM Program, EnvestNet may be retained by NPC to provide various administrative, technology and other outsourcing support services under our "Advisor Solutions Program" as described in greater detail above on page 11.</p> <p>LORING WARD SYNERVEST PORTFOLIO SERVICES PROGRAM</p> <p>Synervest Portfolio Services ("Synervest") asset allocation program of Loring Ward Advisor Services, a division of LWI Financial Inc. ("Loring Ward") provides an asset allocation program and investor reporting service. One of the features of Synervest is a tool referred to as the Financial Freedom Plan ("FFP"). The FFP generates a personalized investment policy statement for the client</p>

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Continuation Sheet for Form ADV Part II

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Item of Form (identify)	Answer
	<p>based on information provided by the Client, including standard suitability information (income, age, investment net worth, investment objectives, etc.) in addition to risk and other investment preferences. The FFP suggests an investment strategy based on this investor information and a simulation of investment results using this information. By changing the input of one or more variables, the NPC IAR can present several simulations to help the Client determine the investment allocation that appears to be most suitable.</p> <p>LOCKWOOD PROGRAMS</p> <p>Lockwood Financial Services, Inc. and LFG Advisors, Inc. (collectively, "Lockwood") provides several investment program by which Clients may invest their portfolios, on a discretionary or non-discretionary basis, in a separate account with certain asset Managers, or Clients may invest in a non-discretionary mutual fund account using various mutual funds.</p> <p>The Lockwood Proposal System makes recommendations that are generated for Clients with respect to the investment of Client's account assets. The Lockwood Proposal System also provides Clients with Manager research and mutual fund asset allocation and style recommendations.</p> <p>The Lockwood Overlay Separate Account Portfolios ("OSAP") is a multi-disciplined account with Lockwood serving as the OSAP portfolio manager. Lockwood has engaged the services of Parametric Portfolio Associates as an Overlay Manager who oversees various professional asset Managers or Sub-Managers providing strategy-specific models. Through OSAP, Clients may invest their portfolios, on a discretionary basis, in a separate account of individual securities managed by certain Sub-Managers selected by the Overlay Manager and reviewed by Lockwood. The guidelines for the strategies employed by the Overlay Manager and the Sub-Managers shall be provided by Lockwood who exercises discretionary authority over the accounts established in OSAP shall provide the Sub-Managers.</p> <p>The Lockwood Mutual Fund Wrap Program is a single-account, discretionary mutual fund program in which Lockwood Advisers serve as the Portfolio Manager, setting the portfolio asset allocations on it's Investment Strategies and selecting the underlying mutual funds based on it's due diligence.</p> <p>MORNINGSTAR INVESTMENT SERVICES, INC.</p> <p>Morningstar Investment Services, Inc. ("Morningstar") a registered investment adviser makes available an investment program offered by Morningstar where Morningstar manages Client portfolios using one of five asset allocation portfolios, being Conservative, Income & Growth, Moderate Growth, Growth, and Aggressive Growth. Morningstar also offers a series of portfolios designed to compliment an existing portfolio. These portfolios are called Focused Strategies and include both style-specific portfolios and strategy specific portfolios.</p> <p>OFI PRIVATE INVESTMENTS, INC - MANAGER SELECT PORTFOLIOS PROGRAM</p> <p>OFI Private Investments, Inc. ("OFI PI") offers the Manager Select Portfolios Program where Clients may invest their portfolios in multi-disciplinary separate accounts model portfolios provided by one or more subadvisors. Trinity Investment Management Corp. ("Trinity") acts as the overlay manager and is responsible for monitoring, actively managing and rebalancing the portfolios on an ongoing and continuous basis.</p>

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Item of Form (identify)	Answer
	<p>SEI ASSET MANAGEMENT PROGRAM</p> <p>SEI Investment Management Corporation ("SEI") offers strategic asset allocation investment style to select portfolios in no load and load waived mutual funds. Each portfolio represents an asset allocation designed to accommodate a different investment objective.</p> <p>SEI also provides professionally managed individual accounts to Clients. SEI has established sub-advisory arrangements with a variety of asset managers ("Managers") specializing in particular investment management styles (e.g., small-cap growth or large-cap value). NPC IARs may recommend the SEI Managed Account Program to those Clients that they believe are suitable for individually managed portfolios of equity and/or fixed-income investments available through the Program.</p> <p>FTJ FUNDCHOICE, LLC</p> <p>FTJ FundChoice, LLC ("FundChoice") provides an asset allocation program and investment platform offered by FundChoice allowing the selection of either a model asset allocation portfolio or self-directed investing option. Both options make use of mutual funds from a list of no-load families and load-waived Class A share funds.</p> <p><u>Solicitor Arrangements</u></p> <p>NPC makes available certain TPAM relationships in which NPC acts as a "Solicitor" for the TPAM. After analyzing the Client's financial situation, investment objectives, risk tolerances, and short-term and long-term financial goals, NPC and its IARs seek to refer the Client to a TPAM whose investment philosophy and style match the needs of the Client.</p> <p>NPC and its IARs are compensated for referral by the TPAM. This compensation generally takes the form of the TPAM sharing with NPC or the IAR a portion of the advisory fee charged to the Client. The Solicitor TPAMs, NPC and the IARs conduct all solicitation activities in compliance with the requirements of the applicable state regulations and Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended.</p> <p><u>CONSULTING SERVICES</u></p> <p>For Clients seeking financial advice involving analysis of a particular investment or financial situation, NPC provides consultation services designed to meet the Client's specific financial objectives and needs. The consulting services generally take the form of a financial plan, but may also involve more general consulting. Services may also include sector-planning arrangements in areas such as retirement planning, estate planning, college planning, cash flow analysis, or analysis with regard to investment of lump sum distributions from employer pension and profit sharing plans.</p> <p>In preparing a financial plan for a Client, information is gathered relevant to the particular service through personal interviews conducted by the IAR and through documents and other information supplied by the Client. Service may include an analysis of the Client's information such as their current assets and investments, liabilities, short and long-term capital and liquidity needs, risk tolerance, and short and long-term financial goals and objectives.</p> <p>Should a Client choose to implement the recommendations contained in the financial plan, NPC suggests that the Client work closely with his or her attorney, accountant, insurance agent and/or securities broker. NPC</p>

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**Schedule F of
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Item of Form (identify)	Answer
Item 3L.	<p>IARs generally make recommendations with respect to products or services offered by NPC and its affiliates. The decision to implement any such recommendation rests exclusively with the Client, and the Client has no obligation to implement any such recommendation through NPC or its affiliates.</p> <p>The fees for consulting services are negotiated between the IAR and the Client. Fees are assessed on an hourly basis or as a flat fee for the consulting project that may be either a set dollar amount or a percentage of the fair market value of assets that are subject to the Agreement. The Client may terminate the advisory relationship without penalty within five (5) days of entering into the financial planning agreement. However, NPC reserves the right to bill the Client for actual time and expenses incurred prior to termination.</p> <p>All investment programs involve risk and there is no guarantee that using the Financial Planning and Consulting Services will produce favorable results. Please carefully review the information and statements contained in the Financial Plan.</p> <p><u>SOLICITOR ARRANGMENTS</u></p> <p>NPC may utilize the services of individuals who refer prospective customers to us ("NPC Solicitor"). NPC Solicitors will refer Clients for establishing advisory accounts or advisory relationships in accordance with the requirements of SEC Rule 206(4)-3 adopted under the Advisers Act. NPC Solicitors will generally be paid a portion of the on-going investment advisory fee charged to the Client by NPC. NPC will not charge a Client referred to NPC by an NPC Solicitor any amount for the cost of obtaining the Client that is in addition to the fee normally charged by NPC for investment advisory services. In addition, such Clients will not be charged an amount or level of investment advisory fees for similar services to comparable accounts in excess of the amount or level of investment advisory fees charged by NPC to other investment advisory Clients not referred by the NPC Solicitor. Such solicitation arrangements are disclosed to the Client at the time of the solicitation via execution of a "Solicitor Disclosure Statement," or other such document outlining the NPC Solicitor's compensation arrangement with NPC.</p> <p><u>TYPES OF INVESTMENTS</u></p> <p>While providing advisory services, NPC may provide investment advice concerning various types of investments, including, equity securities (exchange-listed securities, securities traded over-the-counter, and foreign issuer securities trading as American Depositary Receipts), warrants, commercial paper, corporate debt securities (other than commercial paper), certificates of deposit, municipal securities, investment company securities, variable annuities, variable life insurance, U.S. Government securities, option contracts, fixed insurance, unit investment trusts, exchange-traded funds, interests in partnerships involving real estate, oil and gas, and other investments depending upon a Client's investment objectives and strategies.</p>
Item 6.	<p><u>EDUCATION AND BUSINESS STANDARDS</u></p> <p>NPC does not maintain specified formal criteria regarding education or business experience that persons associated with it are required to meet; rather, it prefers to assess each individual on his or her own particular merits and capabilities. NPC does, however, ensure that all executives and officers have obtained either relevant higher education and/or professional qualifications and/or have obtained experience in specific investment fields and, further, that all NPC personnel providing services are appropriately licensed to do so.</p>

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**Schedule F of
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Item of Form (identify)	Answer
	<p>Maura K. Collins Year of Birth: 1963 Formal Education after High School: UCSB - BA Political Science (09/81 to 06/85), UCSB Certificate of Accounting (09/89 to 06/91) Five-Year Business Background: KPMG LLP, CPA, Senior Manager (06/99 to 01/03) National Planning Holdings, Vice President - Regulatory Accounting and Special Projects (02/03 to 09/03), Controller (10/03 to present), Chief Financial Officer (03/04 to present), Financial Operations Principal (03/04 to present)</p> <p>Wendy Martinez Year of Birth: 1966 Formal Education after High School: University of Redlands – 1992, Bachelors Degree in Business Five Year Business Background: National Planning Corporation – VP, Operations 2006-Present National Planning Corporation – AVP, Operations 2002-2006</p> <p>Sean P. Haley Year of Birth: 1973 Formal Education after High School: Cal Poly San Luis Obispo, (1991 - 1996), Bachelor of Arts, Political Science Five-Year Business Background: National Planning Corporation, Vice President, Chief Compliance Officer (09/05 to Present) National Planning Corporation, Assistant Vice President, Compliance (06/00 - 09/05)</p> <p>Clifford J. Jack Year of Birth: 1963 Formal Education after High School: San Francisco State University (1983-1985), Bachelor of Arts in Communications Five-Year Business Background: First Dakota, Inc., Director (11/00 to present) IFC Holdings, Inc., Director (10/00 to present) Invest Financial Corporation Insurance Agency, Inc., Director (11/00 to present) Investment Centers of America, Inc., Director (10/00 to present) Jackson National Life Distributors, Inc., President and CEO (7/01 to present) National Planning Agency, Inc. - GA, Director (5/99 to present) National Planning Corporation (formerly, Jackson National Financial Services, Inc.), Director (5/98 to present), President & CEO (5/98 to 10/00) National Planning Holdings, Inc., President (10/00 to present) National Planning Insurance Agency - MT, Director (10/99 to present) National Planning Insurance Agency, Inc. - AL, President (6/99 to present), Director (5/99 to present) National Planning Insurance Agency, Inc. - FL, Director (5/99 to present) National Planning Insurance Agency, Inc. - OK, Director (6/00 to present) National Planning Insurance Agency, Inc. - ID, Director (11/99 to present) National Planning Insurance Agency - NV, Director (12/98 to present) National Planning Insurance Agency - WY, Director (10/99 to present) SII Insurance Agency, Inc. (MA & WI), Director (6/01 to present) SII Investments, Inc., Director (3/98 to present) SII Ohio Insurance Agency, Inc. (Ohio), Director (6/00 to present)</p> <p>Thomas J. Meyer Year of Birth: 1947</p>

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Item of Form (identify)	Answer	
Item 7.	<p>Formal Education after High School: University of Michigan (1965 to 1969), B.A. English Literature University of Wisconsin Milwaukee (1971 to 1978), M.S. Administrative Leadership DePaul University School of Law (1978 to 1979) University of Wisconsin School of Law (1979 to 1981), J.D. Five-Year Business Background: Jackson National Life Insurance Company, Senior Vice President and General Counsel (5/98 to present) SII Investments Inc., Investment Centers of America Inc., National Planning Corporation, IFC Holdings, Inc. dba INVEST Financial Corporation, Curian Capital, LLC, and National Planning Holdings, Inc. Secretary and Director (01/04 to present)</p> <p><u>OTHER BUSINESS ACTIVITIES</u></p> <p>NPC is registered as a broker-dealer and, as such, provides execution services with respect to securities purchased by or for certain Clients. Certain of the principal executive officers of NPC may, from time to time, devote the principal amount of their time to the broker/dealer activities of NPC. These officers devote sufficient time and attention to properly supervise and manage NPC investment advisory activities. In addition, NPC offers fixed annuity, life insurance products and other insurance products.</p>	
Item 8.	<p><u>OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS</u></p> <p>Broker/Dealer: NPC is affiliated by common ownership with SII Investments, Inc. ("SII"), IFC Holdings, Inc. dba Invest Financial Corporation ("Invest"), and Investment Centers of America, Inc. ("ICA"), each a broker/dealer and investment advisory firm registered with the U.S. Securities and Exchange Commission and various state securities agencies, and each a member of the National Association of Securities Dealers, Inc. Certain of applicant's executive officers and directors also serve as officers and/or directors of SII, Invest and/or ICA.</p> <p>Jackson National Life Distributors ("JNLD") is a registered broker/dealer and a member firm of the NASD. JNLD is affiliated with NPC by common ownership. JNLD acts as a principal underwriter of variable insurance contracts issued by Jackson National Life Insurance Company ("JNL"). NPC is affiliated with JNL by common ownership (<i>See also</i>, Item 8.C (9)).</p> <p>Investment Company: JNL, an affiliate of NPC, issues variable insurance contracts. The variable insurance contracts allow purchasers to choose among various JNL separate account portfolios which, in turn, invest in the various series of: the JNL Series Trust, the JNL Investors Series Trust, the JNL Variable Fund, LLC, the JNL Variable Fund III, LLC, the JNL Variable Fund IV, LLC, the JNL Variable Fund V, LLC, the JNLNY Variable Fund I, LLC, and the JNLNY Variable Fund II, LLC; which are SEC registered investment companies under the Investment Company Act of 1940, as amended.</p> <p>Investment Adviser: Applicant is affiliated by common ownership with SII Investments, Inc. ("SII"), IFC Holdings, Inc. dba Invest Financial Corporation ("Invest"), and Investment Centers of America, Inc. ("ICA"), each a broker/dealer and investment advisory firm registered with the U.S. Securities and Exchange Commission and various state securities agencies, and each a member of the National Association of Securities Dealers, Inc. Certain of applicant's executive officers and directors also serve as officers and/or directors of SII, Invest and ICA.</p> <p>Curian Capital, LLC, an investment adviser registered with the SEC, is affiliated with NPC by common ownership. Curian Capital, LLC provides investment advisory services to individuals and institutions primarily through the "Curian Program". NPC and its IARs may act as a solicitor for investment advisory services and programs, including the Curian Program, offered by Curian Capital, LLC.</p>	
Item 8. (Continued)		

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1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: National Planning Corporation		IRS Empl. Ident. No.: 38-3023534
Item of Form (identify)	Answer	
	<p>Jackson National Asset Management, LLC ("JNAMLLC"), an investment adviser registered with the SEC, is affiliated with NPC by common ownership. JNAMLLC serves as investment adviser to: the JNL Series Trust, the JNL Investors Series Trust, the JNL Variable Fund, LLC, the JNL Variable Fund III, LLC, the JNL Variable Fund IV, LLC, the JNL Variable Fund V, LLC, the JNLNY Variable Fund I, LLC, and the JNLNY Variable Fund II, LLC; which are registered investment companies and underlying investment vehicles for variable insurance contracts issued by JNL to retail customers.</p> <p>PPM America, Inc. ("PPM"), an investment adviser registered with the SEC, is affiliated with NPC by common ownership. PPM serves as a sub-adviser to certain of the series of the JNL Series Trust (JNAM is the investment adviser to the JNL Series Trust), a registered investment company, and underlying investment vehicle for variable insurance contracts issued by JNL to retail customers.</p> <p>PCA Asset Management Limited is a foreign entity providing investment advisory services to individuals and organizations. PCA Asset Management Limited is not registered with the SEC and is affiliated with Applicant under common ownership.</p> <p>Prudential Asset Management (Hong Kong) Limited is a foreign entity providing investment advisory services to individuals and organizations. Prudential Asset Management (Hong Kong) Limited is not registered with the SEC and is affiliated with Applicant by common ownership.</p> <p>Prudential Asset Management (Singapore) Limited is a foreign entity providing investment advisory services to individuals and organizations. Prudential Asset Management (Singapore) Limited is not registered with the SEC and is affiliated with Applicant by common ownership.</p> <p>PCA Securities Investment Trust Company Limited is a foreign entity providing investment advisory services to individuals and organizations. PCA Securities Investment Trust Company Limited is not registered with the SEC and is affiliated with Applicant by common ownership.</p> <p>Prudential ICICI Asset Management Company Limited is a foreign entity providing investment advisory services to individuals and organizations. Prudential ICICI Asset Management Company Limited is not registered with the SEC and is affiliated with Applicant by common ownership.</p> <p>BOCI - Prudential Asset Management Limited is a foreign entity providing investment advisory services to individuals and organizations. BOCI Prudential Asset Management Limited is not registered with the SEC and is affiliated with Applicant by common ownership.</p> <p>M&G Investment Management Limited is a foreign entity providing investment advisory services to individuals and organizations. M&G Investment Management Limited is not registered with the SEC and is affiliated with Applicant by common ownership.</p> <p>Prudential Portfolio Managers (South Africa)(PTY) Limited is a foreign entity providing investment advisory services to individuals and organizations. Prudential Portfolio Managers (South Africa)(PTY) Limited is not registered with the SEC and is affiliated with Applicant by common ownership.</p> <p>Certain of the registered representatives of the applicant have, or may have, their own investment advisory businesses. Although NPC will generally have no ownership interest in any such advisory businesses unless otherwise disclosed herein, securities industry regulations require that NPC, in its broker/dealer capacity, exercise a reasonable level of supervision over the securities transactions recommended by such representatives through their advisory practices. NPC may share in the advisory revenues of such registered representatives' businesses to compensate it for its resources used in conducting such supervision.</p> <p>Insurance Company: NPC is affiliated with Jackson National Life Insurance Company ("JNL") by common ownership under the same eventual corporate parent, Prudential plc of London, England. NPC, in its</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV****Continuation Sheet for Form ADV Part II**

Applicant:

National Planning Corporation

SEC File Number:

801-41015

Date:

06/30/2008

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: National Planning Corporation		IRS Empl. Ident. No.: 38-3023534
Item of Form (identify)	Answer	
Item 9.	<p>broker/dealer capacity, markets and sells the variable contract products of JNL and, in its investment adviser capacity, may provide investment advice with respect to the purchase or sale of such variable contract products and/or the allocation of funds among the various sub-accounts available within them. NPC, in its broker/dealer capacity, and IARs in their registered securities representative capacities, receive compensation related to Client investments in such products, which represent a conflict of interest. [See also disclosure for item 1.D. GENERAL DESCRIPTION OF SERVICES: Fees.]</p> <p><u>PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS</u></p> <p>As part of the investment advisory programs offered to Clients, NPC may provide brokerage execution services with respect to Client securities. NPC may make recommendations to Clients (or, in the case of discretionary services, make investment decisions for Clients) regarding investment advisory programs, securities, and/or insurance products, with respect which, where permitted by law, (i) NPC receives service fees or other payments relating to a Client's investment in, or otherwise supporting NPC's activities regarding an investment advisory program, security, and/or insurance product, and (ii) NPC or one of its affiliates is the investment adviser, sponsor, or other service provider to the investment advisory program, securities, and/or insurance product, and as such, receives compensation for its services. Clients should be aware that this presents a potential conflict of interest because NPC has more incentive to recommend (or make investment decisions regarding) investments that provide such additional compensation to NPC and/or its affiliates.</p> <p>NPC does not maintain an inventory of investments for resale, and does not buy or sell securities for itself that it recommends to (or purchases or sells for) Clients. However, NPC's employees, IARs and Registered Representatives may purchase or sell for their own accounts securities or other investment products that are also recommended to Clients. When purchasing or selling securities, priority will be given to Client transactions. NPC employees, IARs and, Registered Representative are subject to the provisions of NPC's policies regarding personal securities transactions. These policies are designed to prevent detriment to the Client or any benefit to NPC Employees, IARs or Registered Representatives resulting from investment activities.</p>	
Item 10, 11 A. & B.	<p><u>REVIEW OF ACCOUNTS</u></p> <p>National Planning Corporation ("NPC of America" in Florida and New York) ("NPC") home office personnel, Office of Supervisory Jurisdiction ("OSJ") Branch Managers, and Investment Adviser Representatives ("IARs") continuously monitor client portfolios to identify situations that may warrant either a more detailed review or specific action on behalf of a portfolio or client. Such reviews include, but are not necessarily limited to, suitability, inactivity and high concentrations in individual securities. In addition, NPC IARs providing continuous and regular investment advice or investment supervisory services to clients review client portfolios and communicate with clients at least annually, and on a quarterly or other basis, as agreed upon by the client, for conformity with the respective portfolios, specific investment objectives, changes in the client's financial condition, any reasonable restrictions to be imposed as to specific assets or types of assets to be included or excluded from client portfolios, and all applicable rules and regulations. NPC also examines investment results on a regular basis.</p> <p>NPC does not verify performance data provided to it by third parties, except to the extent of calculation methods and the related account holdings shown. Where appropriate, NPC may change or recommend a change of the NPC IAR for the client's account.</p>	
Item 12.	<p>Please refer to the specific Program descriptions included in Schedule F attached hereto for a description of the frequency and type of reports provided to clients for the respective Program.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:	SEC File Number:	Date:
National Planning Corporation	801-41015	06/30/2008

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: National Planning Corporation	IRS Empl. Ident. No.: 38-3023534
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Item of Form (identify)	Answer
Item 12. (Continued)	<p><u>BROKERAGE DISCRETION</u></p> <p>NPC renders investment advice to certain of its Clients on a discretionary basis, pursuant to written authorization granted by those Clients. For these Clients, NPC has been granted authority to determine the broker/dealer to execute securities transactions, which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be effected. Limitations may be imposed by the Client in the form of specific constraints on any areas of discretion.</p> <p>For many of the programs offered by NPC, the executing broker/dealer is predetermined by the terms of the program, as more fully described in the respective program descriptions herein, which should be consulted for additional details concerning such arrangements.</p> <p>ADVISOR SOLUTIONS Program Clients establish securities brokerage accounts with NPC using its clearing broker/dealer arrangement with Pershing LLC ("Pershing"). Pershing executes the securities transactions and serves as the custodian of the Client's securities. In executing client transactions through Pershing, Clients may pay securities clearance and settlement fees in the form of a ticket charge on their transactions. The ticket charge may include an additional fee charged by NPC in its capacity as a broker to reflect its costs associated with processing these transactions on behalf of clients. However, NPC reserves the right to permit a Client to direct securities brokerage transactions to other broker/dealers and/or utilize other custodial arrangements. In such situation, NPC may be unable to negotiate commissions or other fees and charges, and would not be able to conduct batched trades by combining the Client's transactions with those of other NPC Clients purchasing or selling the same securities. NPC may also be unable to provide timely monitoring of transaction activity and/or quarterly performance reporting.</p> <p>Where NPC has discretionary authority to select broker/dealers, NPC seeks to obtain, through its clearing firm, the best combination of net price and execution when effecting brokerage transactions for Client accounts. NPC believes Pershing's execution quality and its processes for monitoring the same to be within applicable industry standards and requirements. NPC monitors reporting of execution quality to evaluate Pershing's services compared to industry standards.</p> <p>NPC considers certain factors in analyzing overall execution quality. Such factors may include, but are not necessarily limited to:</p> <ul style="list-style-type: none">• Current transaction costs using Pershing versus other execution services;• The nature of the securities being purchased or sold and access to market participants, which may be limited due to thin trading activity for a particular security or unavailability of such securities;• The size of the transaction;• The desired timing of the transaction;• The activity existing and anticipated in the market for the particular security;• The execution, clearance, and settlement capabilities of the broker/dealer;• The financial stability and reputation of the executing broker/dealer; and• The research products, and other services provided for the benefit of NPC and its Clients. <p><u>BATCHED TRADES</u></p> <p>Client account transactions are typically completed independently for each account. NPC may, however, purchase or sell the same securities or instruments for a number of Clients simultaneously. When appropriate, orders for the same security may be combined or "batched" to facilitate best execution and reduce brokerage commissions or other costs.</p> <p>NPC effects batched transactions in a manner designed to ensure that no participating Client is favored over any other Client. Specifically, each Client that participates in a batched transaction will participate at the</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:	SEC File Number:	Date:
National Planning Corporation	801-41015	06/30/2008

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: National Planning Corporation		IRS Empl. Ident. No.: 38-3023534
Item of Form (identify)	Answer	
Item 13.	<p>average share price for all of NPC's transactions effected to fulfill the batched order. Securities purchased or sold in batched transactions are typically allocated pro-rata, to the participating Client accounts in proportion to the size of the order placed for each account. NPC may increase or decrease the amount of securities allocated to each account if necessary to avoid holding odd lot or small numbers of shares for particular Clients, in situations where it maintains discretion. Additionally, if the clearing firm is unable to fully execute a batched transaction and NPC determines that it would be impractical to allocate a small number of securities among the accounts participating in the transaction on a pro-rata basis, NPC may allocate such securities in a manner determined in good faith to be fair and equitable.</p> <p><u>ADDITIONAL COMPENSATION</u></p> <p>Soft-Dollars: Generally, NPC does not allocate or direct brokerage transactions based on the receipt of products or services ("Soft-Dollar Transactions"), but reserves the right to so allocate or direct brokerage to broker/dealers charging commissions in excess of the amount of commissions another broker/dealer would charge for the same transaction. However, before effecting such Soft-Dollar Transactions, NPC will determine, in good faith, that commissions are reasonable in relation to the factors set forth below, including the value of the brokerage, research, and other products received. Brokerage and research services, along with other products, may be available to NPC on a cash basis and at a lower cost.</p> <p>The commissions paid to a broker/dealer providing research products and/or services may be higher than those commissions charged by a broker/dealer that does not provide such products and/or services. Brokerage, research, and other products provided by broker/dealers may include, but are not limited to:</p> <ul style="list-style-type: none"> • Written research reports; • International and market strategy services; • Access to databases containing compilations of securities prices and dividends; • Securities hardware or software; • Responses to specific inquiries; • Interviews with analysts and the services of certain economic and financial consultants; • Analytical tools; • Subscriptions to financial and industry publications and research compilations; • Quantitative, economic, and statistical analysis; and • Financial and market news used solely for portfolio management purposes. <p><u>CONFLICTS OF INTEREST</u></p> <p>In establishing an arrangement with NPC and its IAR, a Client needs to be aware of and review actual and potential conflicts of interest. The following general description is in addition to items described through out this document.</p> <p><u>Premier Product Program.</u> NPC makes recommendations to Clients regarding mutual funds or variable insurance products (i) with respect to which, where permitted by law, NPC receives service fees or other payments relating to a Client's investment in, or otherwise supporting NPC's activities regarding, that fund or product and/or (ii) for which, where permitted by law, NPC or one of its affiliates is the investment adviser, sponsor, principal underwriter or other service provider and, as such, receives compensation. Clients should be aware that this may present a potential conflict of interest because NPC may have a greater incentive to recommend (or make investment decisions regarding) investments that provide such additional compensation to NPC or its affiliates. For more information please see the Premier Product Sponsor disclosure contained on the Firm's website at www.natplan.com.</p> <p><u>TPAM Premier Product Program.</u> NPC offers several types of advisory services, including services that use third party asset managers ("TPAMs"). We conduct due diligence to assure that the TPAMs generally</p>	
Item 13. (Continued)		

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:	SEC File Number:	Date:
National Planning Corporation	801-41015	06/30/2008

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: National Planning Corporation		IRS Empl. Ident. No.: 38-3023534
Item of Form (identify)	Answer	
	<p>meet our requirements for offering their investment services. If a TPAM meets these requirements, we enter into an agreement to allow your Representative to offer their investment services. If you select a TPAM to manage your account, the TPAM will pay NPC and the Representative, for acting as sub-advisor or solicitor, a portion of the investment advisory fees. These fees, called "Standard Compensation," are set forth in greater detail in Part II of the Form ADV for the TPAM. Certain TPAMs pay NPC compensation, in addition to the Standard Compensation, out of the advisory fees they receive. We refer to these TPAMs as Premier Sponsors. These payments are based upon assets under management that are received by the Premier Sponsors from NPC, ranging up to .10% (10 basis points) annually paid on the assets under management. For example, if you invest \$10,000 to be managed by a Premier Product Sponsor we will receive a payment of up to 10 basis points of this amount (maximum of \$10.00 at \$10,000 current investment) for each year that your investment remains with the Premier Product Sponsor, in addition to Standard Compensation. Please note that these payments are made by the Premier Sponsors or their affiliates from revenue that they receive and are <u>not</u> specific deductions from your account. We use the funds that the Premier Sponsors pay us to cover costs associated with conducting due diligence, operating NPC, conducting certain meetings, and we also use these funds as general revenue of NPC. This additional revenue assists NPC and your Representative in evaluating investment options and focusing efforts on known and reputable TPAMs, in addition to evaluating new products or investment services.</p> <p>Our TPAM Premier Sponsors are:</p> <p style="padding-left: 40px;">Curian Capital LLC* AssetMark Genworth Loring Ward Envestnet Brinker Capital</p> <p style="text-align: center;">*Curian Capital LLC is an affiliate of NPC, as described in greater detail in this document.</p> <p>These payments create a conflict of interest for NPC and its Representatives in recommending a Premier Sponsor to you over other TPAMs, because NPC will earn more revenue when you open a new account or continue to maintain your account with a Premier Sponsor, than with a TPAM that is not a Premier Sponsor. Representatives receive an indirect benefit due to the receipt of the payments under the Premier Sponsor Program through attendance at sponsored meetings, education, and similar benefits, although they do not directly share in these payments. In exchange for these payments the Premier Sponsors receive additional access to your Representative, such as being invited to Firm meetings that your Representative may attend. This access to your Representative provides additional opportunities for education and training on the Premier Sponsors' services. TPAMs that are not Premier Sponsors do not receive the same level of access to our Representatives and do not participate in NPC's meetings. This TPAM Premier Product Sponsor disclosure is also contained on the Firm's website at www.natplan.com.</p> <p><u>Deferential Payment for Programs.</u> Compensation to NPC and its IARs differs according to the advisory program chosen. This compensation to NPC and to its IARs may be more than what NPC and the IAR would receive if the Client participated in another program or paid for investment advice, brokerage and/or other services separately. Thus, NPC and its IARs may have a financial incentive to recommend a particular program over other programs or services.</p> <p><u>Use of Pershing LLC.</u> NPC has contracted with Pershing to effect Client transactions for execution, and provide clearance, settlement and custody services. ADVISOR SOLUTIONS Program Clients are required to establish a securities brokerage account with Pershing through NPC, and execute securities transactions</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:	SEC File Number:	Date:
National Planning Corporation	801-41015	06/30/2008

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: National Planning Corporation		IRS Empl. Ident. No.: 38-3023534
Item of Form (identify)	Answer	
Item 14	<p>through Pershing. NPC is compensated by Pershing when Client securities transactions are executed. This industry practice is generally known as “payment for order flow,” and does not affect the quality of execution services, or NPC’s or Pershing’s duty to obtain best execution for Clients. Clients are also advised that NPC utilizes reporting from Pershing with regard to the quality of execution service provided by Pershing, which creates potential for a conflict of interest. However, NPC does seek to monitor Pershing’s execution quality independently, and continues to explore other resources for this.</p> <p><u>Other Services and Affiliates.</u> NPC, as well as its affiliates, IARs, officers, directors, agents, or employees (collectively referred to as “Affiliates”), act as an investment adviser for other persons or entities. In providing investment advisory services to others (“Other Portfolios”), NPC and its Affiliates will effect transactions in securities for their own accounts, or for the accounts of others, to the extent permitted by law. NPC and its Affiliates have investment responsibilities, render investment advice to, and perform other investment advisory services for Other Portfolios, and that NPC and its Affiliates may buy, sell or trade in any securities for their respective accounts (“Affiliated Portfolios”). NPC and its Affiliates may give advice or exercise investment responsibility and take such other action with respect to Other Portfolios and Affiliated Portfolios which may differ from the advice given, or the timing or nature of the action(s) taken, with respect to other Clients’ portfolios. However, NPC and its Affiliates strive to act in good faith, and seek to allocate, within their reasonable discretion, investment opportunities to the Clients’ portfolio over a period of time on a fair and equitable basis relative to the Other Portfolios and the Affiliated Portfolios, taking into consideration the cash position and the investment objectives and policies of the Clients. It is further understood that Other Portfolios or Affiliated Portfolios may at any time, hold, acquire, increase, decrease, dispose of, or otherwise deal with positions in investments in which the Clients’ portfolios may have an interest, whether in transactions which involve the Clients’ portfolios or otherwise. Neither NPC, nor its Affiliates shall have any obligation to acquire for any Clients’ portfolios a position in any investment, which the Other Portfolios and/or Affiliated Portfolios may acquire, and the Clients shall have no first refusal, co-investment, or other rights in any such investment.</p> <p><u>BALANCE SHEET [ATTACHED.]</u></p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

NATIONAL PLANNING CORPORATION
(An Indirect, Wholly Owned Subsidiary of Prudential plc)

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KPMG LLP
Suite 2000
355 South Grand Avenue
Los Angeles, CA 90071-1568

Independent Auditors' Report

The Board of Directors and Stockholder
National Planning Corporation:

We have audited the accompanying statement of financial condition of National Planning Corporation (an indirect, wholly owned subsidiary of Prudential plc) as of December 31, 2007 that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934 and Regulation 1.16 of the Commodity Futures Trading Commission. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of National Planning Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit of a statement of financial condition also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe our audit of the statement of financial condition provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of National Planning Corporation as of December 31, 2007 in conformity with U.S. generally accepted accounting principles.

KPMG LLP

February 26, 2008

NATIONAL PLANNING CORPORATION
(An Indirect, Wholly Owned Subsidiary of Prudential plc)

Statement of Financial Condition

December 31, 2007

Assets

Cash and cash equivalents	\$ 17,602,003
Marketable securities	54,725
Commissions receivable	14,172,514
Forgivable notes receivable, net of accumulated amortization of \$5,840,897	22,543,586
Other receivables	2,422,406
Receivable from registered representatives, net of allowance of \$241,418	648,316
Due from affiliates	1,216,879
Deferred tax assets	12,737,151
Fixed assets, net of accumulated depreciation of \$704,468	319,852
Prepaid expenses and other assets	<u>1,083,885</u>
Total assets	<u>\$ 72,801,317</u>

Liabilities and Stockholder's Equity

Liabilities:	
Drafts payable	\$ 432,289
Commissions payable	16,757,897
Accounts payable and other accrued expenses	4,736,742
Payable to affiliates	749,909
Income taxes payable	<u>500,414</u>
Total liabilities	23,177,251
Commitments and contingencies	
Stockholder's equity	<u>49,624,066</u>
Total liabilities and stockholder's equity	<u>\$ 72,801,317</u>

See accompanying notes to statement of financial condition.

NATIONAL PLANNING CORPORATION
(An Indirect, Wholly Owned Subsidiary of Prudential plc)

Notes to Statement of Financial Condition

December 31, 2007

(1) Organization and Significant Accounting Policies

(a) Organization

National Planning Corporation (the Company) is a wholly owned subsidiary of National Planning Holdings, Inc. (NPH), which in turn is an indirect, wholly owned subsidiary of Prudential plc. The Company is a registered broker/dealer with the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission and is a member of the Financial Industry Regulatory Authority and the National Futures Association. The Company offers financial products (primarily mutual funds and insurance products) through its registered representatives to customers located throughout the United States.

(b) Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents include \$413,927 in money market funds and accounts and \$14,483,356 of commercial paper with an initial term of less than three months at December 31, 2007. Cash held in banks periodically exceeds the Federal Deposit Insurance Corporation's (FDIC) insurance coverage of \$100,000, and as a result, there is a concentration of credit risk related to amounts in excess of FDIC insurance coverage.

(c) Marketable Securities

Securities are carried at fair value based on quoted market prices and are recorded on a trade-date basis.

(d) Drafts Payable

Drafts payable represents amounts drawn by the Company pursuant to sweep agreement with a bank. Under this agreement, the bank does not advance cash to the Company.

(e) Fixed Assets

Fixed assets are carried at cost less accumulated depreciation and amortization. Depreciation is computed on a straight-line basis using the estimated useful lives of the assets. Fixed assets consist primarily of furniture and equipment and computer hardware, which are depreciated over three to seven years.

(f) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Beginning with the adoption of FASB Interpretation No. 48, *Accounting for Uncertainty in Income*

NATIONAL PLANNING CORPORATION
(An Indirect, Wholly Owned Subsidiary of Prudential plc)

Notes to Statement of Financial Condition

December 31, 2007

Taxes (FIN 48) as of January 1, 2007, the Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

The Company is included in a consolidated federal income tax return with Brooke Holdco1 Inc. (BH1), an indirect, wholly owned subsidiary of Prudential plc. The Company's tax sharing agreement with BH1 is based on the separate return method and any intercompany income taxes are settled on a monthly basis. The Company files combined state tax returns in California and Alaska and separate state income tax returns for other states that the Company is required to file income tax returns. Beginning with the first taxable year ended December 31, 2006, the Company does not have a right to reimbursement for the utilization of its losses in the federal consolidated tax return.

(g) Allowance for Doubtful Accounts

On an ongoing basis, the Company reviews its allowance for doubtful accounts on forgivable notes and receivables from registered representatives. The Company establishes specific allowances to cover any incurred losses.

(h) Use of Estimates

The preparation of the statement of financial condition, in accordance with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the statement of financial condition and accompanying notes. Significant items subject to such estimates and assumptions include the useful lives of fixed assets, allowances for doubtful accounts, deferred tax assets, receivable from registered representatives, and income tax uncertainties and other contingencies. Actual results could differ from those estimates.

(i) Fair Value of Financial Instruments

The financial instruments of the Company are reported in the statement of financial condition at market or fair values, or at carrying amounts that approximate fair values because of the short maturity of the instruments.

NATIONAL PLANNING CORPORATION
(An Indirect, Wholly Owned Subsidiary of Prudential plc)

Notes to Statement of Financial Condition

December 31, 2007

(2) Income Taxes

The tax effects of the temporary differences that give rise to significant portions of the Company's deferred income tax assets and liabilities are as follows:

Deferred tax assets:	
Forgivable notes	\$ 1,471,985
Allowance for doubtful accounts	94,382
Deferred compensation	10,458,632
Accrued bonus	159,680
Commissions held	465,606
Other accruals	<u>107,851</u>
Total deferred tax assets	<u>12,758,136</u>
Deferred tax liabilities:	
Depreciation	(16,289)
Unrealized gain on marketable securities	<u>(4,696)</u>
Total deferred tax liabilities	<u>(20,985)</u>
Net deferred tax assets	<u>\$ 12,737,151</u>

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Based upon the projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences.

The Company has a state tax receivable of \$295,144 and a Federal income tax payable of \$795,558, of which \$518,749 relates to unrecognized tax benefits. These amounts are included in income taxes payable in the accompanying statement of financial condition as of December 31, 2007.

In connection with the adoption of FIN 48 the Company did not record any change to opening accumulated deficit resulting from the adoption of FIN 48. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

Balance at December 31, 2006	\$ 466,790
Additions to prior year tax positions	<u>51,959</u>
Balance at December 31, 2007	<u>\$ 518,749</u>

The total amount of unrecognized tax benefits as of December 31, 2007 was \$518,749 and is included in income taxes payable in the accompanying statement of financial condition. The total unrecognized tax benefits would affect the effective tax rate if recognized.

NATIONAL PLANNING CORPORATION
(An Indirect, Wholly Owned Subsidiary of Prudential plc)

Notes to Statement of Financial Condition

December 31, 2007

The Company's federal income tax returns remain open to examination for the tax years 2004 through 2006. The Company does not believe it is reasonably possible that a significant change will occur within the coming year to its unrecognized tax benefits.

(3) Clearing Agreement

The Company is an introducing broker and clears transactions with and for customers on a fully-disclosed basis with Pershing LLC, a Bank of New York Mellon Company. The Company promptly transmits all customer funds and securities to Pershing LLC. In connection with this arrangement, the Company is contingently liable for its customers' transactions.

(4) Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1 (Rule 15c3-1) and is required to maintain minimum "net capital" equivalent to \$250,000 or 2% of "aggregate debit items," whichever is greater, as these terms are defined. The Company is also subject to the Commodity Futures Trading Commission's minimum financial requirements (Regulation 1.17), which requires the Company to maintain minimum net capital equal to the minimum net capital required under Rule 15c3-1. At December 31, 2007, the Company had net capital of \$7,623,512, which was \$7,373,512 in excess of its requirement.

(5) Forgivable Notes Receivable

The Company holds forgivable notes from certain registered representatives. Under the terms of the forgivable notes, the principal and interest are forgiven over a certain period of time, generally five to seven years. Interest income on the notes is not recognized unless actually paid to the Company. The forgiveness of the notes is contingent upon the continued affiliation of the representative and the representative achieving agreed upon production levels, measured in terms of gross dealer concessions.

The Company records amortization of the principal balance of the notes monthly on a straight-line basis over the term of the note. In circumstances when the representative achieves a predetermined percentage of the agreed-upon production levels, the term of the forgivable notes may be extended for one additional year. Under such circumstances, the unamortized balance of the note is amortized over the remaining term. If the representative achieves an amount lower than the predetermined percentage of the agreed-upon production levels, the representative must pay down a portion of the note and the remaining balance is amortized over the remaining term. In some instances, when it has been determined that a note will be repaid by a representative; the amount to be repaid is reclassified from forgivable notes receivable to receivable from registered representatives. If a note is in litigation due to a representative not achieving agreed-upon production levels, then the Company will estimate and record an allowance for the note.

NATIONAL PLANNING CORPORATION
(An Indirect, Wholly Owned Subsidiary of Prudential plc)

Notes to Statement of Financial Condition

December 31, 2007

The activity in the forgivable notes receivable balance is comprised of the following:

Balance at December 31, 2006	\$ 8,382,547
Granted	17,007,536
Amortization	(2,599,372)
Amounts reclassified to receivable from registered representatives	(64,657)
Payments received from registered representatives	(187,968)
Bad debt recoveries, included in amortization	(9,500)
Allowance activity, net	<u>15,000</u>
Balance at December 31, 2007	<u>\$ 22,543,586</u>

During 2007, forgivable notes receivable totaling \$1,403,065 became fully amortized and were forgiven by the Company.

(6) Defined Contribution Plans

The Company participates with Jackson National Life Insurance Company (JNL) (which is also an indirect, wholly owned subsidiary of Prudential plc) in defined contribution retirement plans covering all eligible full-time employees. The Company's annual contributions are based on a percentage of covered compensation paid to participating employees during each year.

(7) Related Party Transactions

JNL, an affiliate of NPH, allocates a portion of it leased office space and fixed assets to the Company based on the proportionate share that the Company utilizes for operations.

The Company participates in the allocation of costs in which NPH and the other wholly owned subsidiaries of NPH allocate a portion of their operating expenses to the Company, and the Company allocates a portion of its operating expenses to the other subsidiaries of NPH.

Pursuant to the tax-sharing agreement, the Company paid \$2,436,000 for federal income taxes for the year ended December 31, 2007.

NATIONAL PLANNING CORPORATION
(An Indirect, Wholly Owned Subsidiary of Prudential plc)

Notes to Statement of Financial Condition

December 31, 2007

(8) Representative Compensation Program

The Company has a nonqualified deferred compensation plan for certain independent contractors of the Company. The Company's annual contributions are based on commission revenue production of participating independent contractors during the year. The Company has transferred title and ownership of all amounts credited to each participant's account and all underlying funds to JNL for the purpose of facilitating administration of the plan.

(9) Contingencies

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations, or liquidity.

**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL REQUIRED BY RULE 17A-5
OF THE SECURITIES AND EXCHANGE COMMISSION AND
REGULATION 1.16 OF THE COMMODITY FUTURES TRADING
COMMISSION**



KPMG LLP
Suite 2000
355 South Grand Avenue
Los Angeles, CA 90071-1568

**Independent Auditors' Report on Internal Control Required by
Rule 17a-5 of the Securities Exchange Act of 1934 and
Regulation 1.16 of the Commodity Futures Trading Commission**

The Board of Directors and Stockholder
National Planning Corporation:

In planning and performing our audit of the financial statements of National Planning Corporation (the Company) (an indirect, wholly owned subsidiary of Prudential plc), as of and for the year ended December 31, 2007 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate debits and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

In addition, as required by Regulation 1.16 of the Commodity Futures Trading Commission (CFTC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding customer and firm assets. Because the Company does not have any commodities customers, we did not review the practices and procedures followed by the Company in any of the following:

1. The daily computations of the segregation requirements of Section 4d(a)(2) of the Commodity Exchange Act and the regulations thereunder, and the segregation of funds based on such computations
2. The daily computations of the foreign futures and foreign options secured amount requirements pursuant to Regulation 30.7 of the CFTC.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraphs. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraphs and to assess whether those practices and procedures can be expected to achieve the SEC's and the CFTC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with U.S. generally accepted accounting principles. Rule 17a-5(g) and Regulation 1.16(d)(2) list additional objectives of the practices and procedures listed in the preceding paragraphs.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first, second and third paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control related to the preparation and review of the income tax provision that we consider to be a significant deficiency, and communicated it in writing to management and those charged with governance on February 26, 2008.

We understand that practices and procedures that accomplish the objectives referred to in the second and third paragraphs of this report are considered by the SEC and CFTC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second and third paragraphs of this report, were adequate at December 31, 2007, to meet the SEC's and CFTC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the CFTC, Financial Industry Regulatory Authority, the National Futures Association, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 or Regulation 1.16 of the CFTC or both in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

February 26, 2008