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Ms. Nancy M. Morris
Federal Advisory Committee Management Officer
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

VIA E-Mail rule-comments@sec.gov
File number 265-23

Dear Ms. Morris,

I am writing to comment with respect to one aspect of the Exposure Draft of the Advisory Committee on Smaller Public Companies. I realize that much of the committee's efforts have dealt with issues raised by the impact of Sarbanes-Oxley on smaller public companies. Yet the committee was wise enough to observe some of the issues involving the impact of the NASD registration process on finders, merger and acquisition advisors and institutional private placement practitioners.

Surely, the process of becoming a member of NASD is excruciatingly slow and needs to be improved. The real issue, however, is whether many of those entities that are regulated as broker-dealers need to be subject to various requirements in the first place. Aside from requiring NASD membership for most entities that engage in a securities business with the general public, SEC rules impose many other requirements such as requiring annual audits, mandating minimum amounts of net capital, specifying the substance of required books and records, etc.

These requirements are onerous for small broker dealers that act as finders, merger and acquisition advisors and institutional private placement practitioners, the very groups of broker-dealers mentioned in Recommendation IV.P.6 contained in the report. These entities typically do not hold customer funds or securities and the imposition on them of the same rules that apply to full-service broker-dealers simply does not make sense nor is it in the public interest. The extra costs and burdens associated with the current regulatory scheme do not provide any significant additional benefit to the public.

Should the Commission decide to modify requirements for the group of broker-dealers mentioned earlier, it should also consider modifying requirements for other, generally smaller, broker-dealers many of whom do not hold customer funds or securities. Examples of these abound, but there are some that I can describe as particularly appropriate for this kind of relief.

There are various broker-dealers, for example, that do not really effectuate transactions in securities but who, by interpretation, are deemed to do so. Some of these, are registered as broker-dealers only because they collect transaction-based compensation for a services such as computer expertise or processing. Other broker-dealers engage in proprietary trading only and do not deal with the general public altogether.

We believe that should the Commission seek to modify requirements for various broker-dealers that it should consider whether it is advisable to revisit how the rules and protocols apply to all of the categories of broker-dealers that do not generally handle cash or securities on behalf of the public.

Should the Commission or NASD or their respective staffs wish to discuss this matter with me, I would be delighted to oblige.

Very truly yours,

A handwritten signature in black ink, appearing to read "Howard Spindel". The signature is fluid and cursive, with a large initial "H" and "S".

Howard Spindel
Senior Managing Director

HS:ab

SEC Advisory Committee comment letter.DOC