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February 4, 2004

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-0609

Re: NFP Securities, Inc. response to proposed NASD CEO/CCO Certification Requirement

SR-NASD-2003-176

To Whom It May Concern:

National Financial Partners Securities, Inc. (NFPSI) is a fully disclosed retail broker-dealer registered to conduct business in all domestic jurisdictions, with over 1200 registered representatives offering securities services through 73 offices of supervisory jurisdiction.

As Chief Compliance Officer of NFPSI, I am commenting on behalf of NFPSI. We appreciate the opportunity to submit comments on the issues raised in the above captioned proposed rule change by the National Association of Securities Dealers, Inc (NASD). NASD efforts to foster greater investor protection are to be commended. The stated goal of the proposal, to provide a strong consultative voice to Chief Compliance Officers in their dealings with other executives, is also laudable. However, we believe that a new mandate that each CEO & CCO must sign an annual statement attesting to the adequacy of the firm's supervisory procedures will not enhance existing investor protections and will not improve on existing communication between executives and compliance officers. We also do not believe that the new certification will enhance existing safeguards in this area. Instead, we fear that this additional requirement will result in fruitless cost increases for the NASD and member firms. Our concerns with the proposal are discussed in more detail below.

Proposal adds nothing Substantive

NASD Rule 3010, and related Notices to Members issued in the last ten years define the NASD requirement to establish and maintain adequate supervisory

structures. The proposed rule does not appear to have been generated to fill any "gap" in the existing compliance or supervisory requirements, or to provide additional guidance on existing requirements, based upon changes in market practices. It is meant merely to mirror the requirements to certify to the accuracy of financial reports and internal controls designed to ensure such accuracy.

What is an Adequate Compliance Program?

The proposal states CEOs and CCOs must reasonably believe that their compliance programs are adequate, based upon auditing and testing of the firm's program. The fact that CEOs and CCOs can rely upon the opinions of experts who have audited the firm's procedures provides no protection or assurance. Public companies can rely upon the opinions of independent auditors, who are subject to accounting standards in the performance of their work and regularly undergo peer review regarding the application of those standards.

There are no industry standards for consultants or auditing firms conducting audits designed to evaluate a broker-dealer's compliance with "all applicable NASD rules, MSRB rules and federal securities laws and regulations". The focus of such audits or examinations varies considerably between regulatory agencies and consultants. If focused on supervision one year, the auditor may conduct a very thorough review and miss significant issues related to advertising or suitability. The expense associated with auditing all aspects of a compliance and supervisory program to provide a blanket "reasonable basis" each year would be cost prohibitive as well as an expense that investors would ultimately bear. In our opinion, with the absence of industry auditing standards, whether the reviews are done internally or externally, to support the CEOs and CCOs certification there simply is no way to ensure the adequacy of a compliance and supervisory program.

Certification without Liability?

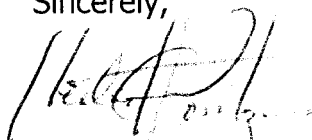
Despite NASD assurances that the certification would not result in increased liability, we are concerned that the certification will in fact be used as a club against CEOs and CCOs. Each day, customer complaints, disciplinary actions, monitoring reports, etc. raise questions in the minds of vigilant CCOs and CEOs about the adequacy of their firm's compliance programs and structures. CCOs and CEOs routinely make choices about where to apply firm resources. The form for certification does not permit any qualification or explanation. Even if the forms create no separate regulatory obligation, CCOs and CEOs could be unfairly challenged in private litigation about the truthfulness of statements in these certifications if they are aware of ongoing investigations or unresolved issues.

If the collective comments opposing this certification requirement do not give pause and this proposed certification requirement is enacted, then the **NASD should provide guidance in the interpretative material that the certification is not discoverable in customer litigation.** This action would guard against potential abuse. Whether the NASD recognized the validity of the industry's concern about this issue or not, the NASD must realize that it cannot predict the future. If the concerns prove warranted, such an outcome could prove detrimental to the industry. The NASD must recognize this possibility and take action to prepare for it.

In summary, we are opposed to the adoption of the proposed certification rule. We believe it will impose significant costs for redundant and questionable benefits.

Again, we thank the Commission for the opportunity to comment on these important issues.

Sincerely,

A handwritten signature in black ink, appearing to read 'Herbert A. Pontzer', written over a faint, illegible background.

Herbert A. Pontzer
SVP/Chief Compliance Officer

Cc: Jeff Montgomery, CEO