



National Planning
HOLDINGS, INC.™

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VIA ELECTRONIC MAIL

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Member NASD, SIPC

Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-9303

Re: Comment Letter For SEC File Number SR-2004-283, Amendment No. 2 – Proposed NASD Conduct Rule 2821

Dear Ms. Morris:

National Planning Holdings, Inc. (NPH) offers this comment letter on behalf of its broker-dealer network member firms:

- Invest Financial Corporation (IFC) CRD – 12984
- Investment Centers of America (ICA) CRD – 16443
- National Planning Corporation (NPC) CRD – 29604
- SII Investments (SII) CRD – 2225

The four fully disclosed retail broker-dealers are registered to conduct business in all domestic jurisdictions, with over 2500 Registered Representatives offering securities services through nearly 400 Offices of Supervisory Jurisdiction. As the President and CEO of both NPC and the NPH network, I appreciate the opportunity to submit comments on the issues raised in SEC File Number SR-2004-283 regarding proposed NASD Conduct Rule 2821 (“Proposed Rule”). The thoughts and comments provided in this letter have been reviewed by our senior staff, including our broker-dealer Presidents and senior compliance and legal staff, and represent the views of our organizations.

We appreciate the NASD’s consideration and acceptance of many of the comments that were submitted by the industry during the initial comment period. While Amendment No. 2 addresses many of the issues we outlined in our initial comment letter of September 2005, we provide the following comments related to areas that remain concerning within the proposed rule.

I. Suitability Obligations

Requirements outlined in Amendment No. 2 would mandate that firms and their Registered Representatives to have a reasonable basis to believe that customers have been informed of the material features of variable annuity products in general. Unless the NASD will view the receipt of the prospectus as satisfying this requirement, member firms would be required to create a general disclosure or product summary related to the material features of variable annuities. Unless provided by the NASD, each member firm will have drastically different formats for the delivery of this information. Therefore, we feel that this requirement will create regulatory uncertainty

due to special requirements being created as to one specific product type, and due to the lack of clarity as to the means of accomplishing this requirement. We ask that the requirement either be eliminated or more specific language be included as to the means and methods that the requirement can be accomplished.

II. Written Supervisory Procedures

We understand and appreciate the complexities inherent in deferred variable annuity products, however implementing product specific procedures and requirements produces the risk that member firms will hyper-focus on procedures related to specific products such as deferred variable annuities, while neglecting other areas of their overall selection of products and services that deserve equal attention.

By creating additional and exclusive standards for one type of securities product over another, challenges will almost certainly develop for member firms attempting to comply with multiple sets of product specific requirements.

The development of a holistic, well-balanced, and global approach towards client disclosure, suitability, and supervision of all securities products may well create the desired result. Therefore, we respectfully request that this requirement be withdrawn.

We again ask that the SEC and NASD reevaluate the requirements set forth in SEC File Number SR-2004-283 regarding the potentially adverse impacts to clients and member firms. Specifically, NASD should thoughtfully consider whether the requirements of this proposed rule will actually accomplish the goal of reducing abuses pertaining to deferred variable annuity sales practices, or merely create additional requirements for the financial industry that will be confusing and difficult to enforce with relatively minimal benefit to clients.

We believe a shared commitment by regulators, investment sponsors, and member firms towards training, education and enhanced disclosure requirements, has the ability to welcome a new era in the securities industry related to sales practice standards for all securities products, not solely deferred variable annuities.

We appreciate the NASD's consideration of our comments and anticipate further communication on this subject.

Sincerely,



M. Shawn Dreffin
President and CEO
National Planning Holdings, Inc.
National Planning Corporation