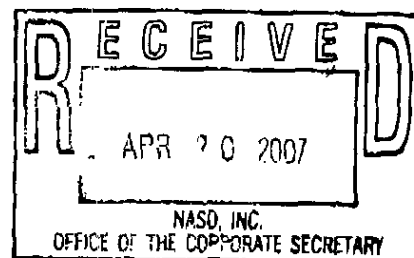


Thornes & Associates Inc.
Investment Securities

Brokerage Services • Investment Management

Member:
National Association of Securities Dealers
Securities Investor Protection Corporation
Municipal Securities Rulemaking Board

April 11, 2007

Barbara Sweeney
Office of the Corporate Secretary, NASD
1735 K Street NW
Washington, DC 20006-1500**Re: Response to Request for Comment; Notice to Members 07-12**

Dear Ms. Sweeney;

Our firm respects and appreciates the opportunity to comment on rule proposals, such as that which is made in Notice to Members 07-12. As a member of the NAIBD, I support the general comments and suggestions made by NAIBD in its comment letter, and I have reiterated them below for your consideration.

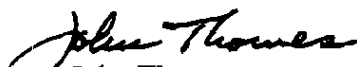
In the context of the changes proposed by Notice to Member 07-12, the NAIBD suggests that significant consideration be given to the fact that the most recent amendments to rule 3010(g)2 went into effect less than a year ago. In response to the broad changes made in July 2006, firms have spent considerable time and money registering branch offices that had previously been non-branches, educating principals and registered representatives, updating their manuals to accommodate new office classifications and examination cycles, and incorporating the use and maintenance of Form BR into their licensing and registration systems. This process was burdensome and costly for NASD member firms of all sizes. It does not appear that the current requirements of rule 3010 which would require NYSE members to register those of their offices solely existing to review and approve research reports would be disproportionately burdensome. Nonetheless, should it be determined that compromise in this regard is imminent, NAIBD respectfully suggests alternatives to better accommodate the mission of rule simplification, as detailed below.

NAIBD supports the aspect of the proposed rule change that would no longer require a location solely existing for the performing final review and approval of research reports to be classified as a branch office. The definition change that would allow classification of these offices as non-branch locations appears to be a change that would accommodate NYSE and NASD members alike. If this aspect of the rule proposal were to be made effective, the NAIBD questions why any other changes are required? NAIBD proposes that this change alone would adequately consolidate the two rule sets, and would cause little if any interruption or inconvenience for NASD member firms.

The additional proposals in the Notice are complicated, unnecessary, and irrelevant to the matter of conflict presented in rule 2711 for NYSE member firms. In Notice to Members 07-12, the NASD proposes to rename 'OSJ' and to add a 4th category of branch, the limited supervisory branch. Although the NAIBD does not object to eliminating the name 'OSJ' and replacing it with "Supervisory Branch Office" we question why this change is necessary. As for the 4th category of office classification, the NAIBD has polled its members to ascertain that the category is unnecessary for the current operations of its members. In fact, most commented that they would not use the classification, but rather that three designations: OSJ (or "Supervisory Branch Office," "Branch Office" and "Non-Branch Location") adequately suffice for their current and future operations. By adding this 4th category, therefore, the NASD would present complications and confusion that are neither necessary nor welcome among firms. NAIBD recommends that the NASD reconsider the name change, and eliminate the new location classification (limited supervisory branch) from its proposal.

Thank you for the opportunity to comment on this important opportunity for rule simplification.

Sincerely,


John Thornes
President