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May 12, 2008

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

Re: Proposed Amendments to Regulation S-P
Commission File No. S7-06-08

Dear Secretary Morris:

This comment letter is submitted on behalf of National Regulatory Services (“NRS”). NRS, the nation’s leading compliance consulting and registration services firm for almost twenty-five years was founded in Lakeville, CT in 1983. Today, NRS is a Division of Source Media, a pre-eminent information source of market news, analysis and insight, as well as data applications and conferences for the financial services and related industries with 750,000 clients worldwide.

NRS offers and provides compliance consulting and registration services to investment advisers, broker-dealers, investment companies, hedge funds, insurance firms and other financial institutions. NRS' client base of over 5000 investment advisers, including international firms, ranges from sole proprietorship advisers, and many start-up advisers, to the largest global financial institutions and dually registered wire houses. NRS is also a major financial industry sponsor of national compliance conferences, live and desktop seminars as well as the NRS Center for Compliance Professionals which sponsors the Investment Adviser Certified Compliance Specialist Program (“IACCP”) with hundreds of certificate holders.

NRS welcomes the opportunity to comment on the proposed amendments to Regulation S-P, Release 34-57427. NRS supports the objectives of the proposed amendments to enhance the safeguards of non-public information and recognizes the Securities and Exchange Commission’s (the “Commission”) efforts to allow institutions considerable flexibility to design their safeguarding policies and procedures.

NRS particularly appreciates the Commission's acknowledgment of the need to carefully take into account the benefits and burdens of each provision of the proposed amendments.

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NRS respectfully submits the following comments for consideration by the Commission.

Program Coordinator: Revise Cost; Allow for Firms to Designate a Position

The proposed amendments require firms of all sizes to designate an employee to coordinate the information security program. NRS believes it is very important that the Commission recognize that the institutions subject to these rules include thousands of firms with fewer than 25 employees. To effectively implement the program and modify it as necessary, the coordinator would have to be qualified to perform his or her duties. These small firms more than likely do not currently employ such an individual who possesses the appropriate skills and background to meet the requirements of that role. Therefore, these firms would be forced to either hire an appropriately qualified individual or assign the responsibility to an existing employee that does not possess the proper qualifications, who would in turn find it necessary to hire then manage a qualified third party consultant.

NRS believes that the cost estimates of \$10,000 a year does not accurately reflect the financial implications that would be borne by small firms. Having to look outside existing employee resources would result in a significantly higher cost to the firm. Most small firms do not have the resources needed to hire a qualified employee to coordinate the program or to retain a consultant with the proper background to support the program. NRS strongly recommends that the Commission reevaluate the potential cost estimates and the impact such costs would have on small firms.

Additionally, NRS requests that the Commission consider revising the proposal to explicitly permit firms to outsource, share, or otherwise address the requirement using non-employee resources. This would mean permitting firms to designate a position, not an employee, to coordinate the program.

Duplicate Test Processes

The proposed rule would require every institution to regularly test or otherwise monitor the effectiveness of the safeguards. Broker-dealers, Commission registered investment advisers and investment companies are already subject to rules that require testing of policies and procedures. Broker-dealers must comply with FINRA Rule 3520 and Commission Rules 38a-1 and 206(4)-7 require investment companies and investment advisers, respectively, to conduct testing and an annual review of their policies and procedures that should include privacy and information safeguarding.

NRS suggests that the Commission consider the existing Commission and FINRA rules and requirements sufficient to meet the proposed amendments.

Clarification - Third Party Service Providers

It is a common practice for firms to outsource transactional functions of service. Under the proposed rules, it is unclear whether multiple entities each have an independent duty to provide notice of a breach involving a registrant's non-public personal information, and, if not, which entity is responsible for the duty. NRS submits that the entity on whose behalf the non-public personal information was collected should be deemed the "owner" of such information and thus responsible for providing notice. This approach would be consistent with current state breach laws and eliminate multiple and confusing messages to the customer.

NRS recommends that the Commission explicitly state that:

(1) only one entity needs to provide notice of a breach in the event a service provider experiences a breach involving a registrant's non-public personal information, and

(2) which entity — the owner of the information, or the service provider experiencing the breach — is responsible for sending the notice or how any such decision will be made in the event of a breach.

Notification Criteria

NRS supports the incorporation of breach reporting into the rule amendments. However, we strongly recommend that the Commission consider the significant burden of reporting under the broad and varied terms of the current proposal, and encourage the requirements to be amended in two very important respects:

(1) Timeliness Standard

NRS requests that the Commission more specifically define "as soon as possible" or otherwise amend the language to help firms better understand expectations.

(2) Content of Report

Certain information required by Form SP-30 as proposed may only be available upon the completion of an internal or external investigation. It is probable that the discovery of unauthorized disclosure of information such as names, addresses, social security numbers, dates of birth, employment and securities-related information will take additional time resulting in an untimely or incomplete filing of Form SP-30 and subsequent follow-up paperwork.

To this end, NRS recommends that the Commission shorten Form SP-30 to include only the initial information that is likely to be known at the outset, pending further investigation, plus contact information.

Should the Commission adopt such a modification, NRS also suggests that the Commission require the filing of a final report within a timeframe to be defined by the SEC.

NRS believes that substantial paperwork and needless investigation can be eliminated by limiting the contents of the initial report, while still providing the Commission with early warning and customers with maximum protection.

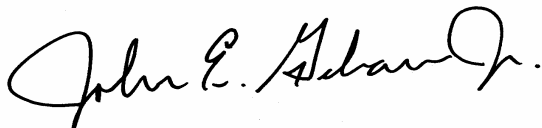
NRS also notes that the release stipulates that the Commission would require Form SP-30 to be filed electronically and does not identify the method of filing with the SROs. We recommend that the rule and/or adopting release provide details as to how it will be filed (i.e., website URL; system name; email etc.).

Additional Examples

NRS commends the Commission for providing helpful examples and standards throughout the release that can serve as guidance to firms when establishing their information safeguarding programs. NRS urges the Commission to continue along this line and provide additional illustrations that would be relevant to institutions of all sizes, with special emphasis on small firms.

NRS appreciates the opportunity to comment on this proposal. If you have any questions or would like to request clarification, please contact the undersigned at 860-435-2541 or jgebauer@nrs-inc.com.

Respectfully submitted,

A handwritten signature in black ink, reading "John E. Gebauer, Jr." with a stylized flourish at the end.

John E. Gebauer, Jr.
President