



WALL STREET FINANCIAL GROUP

Member FINRA, SIPC

Nancy M Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

May 6, 2008

RE: File Number S7-06-08

Dear Ms. Morris

Thank you for the opportunity to comment on the proposed changes to Regulation S-P. Wall Street Financial Group, Inc. is an independent broker dealer and registered investment adviser with branch offices in several states. We commend the Commission on its efforts to clarify and as necessary, amend Regulation S-P.

We find the proposed amendment to Regulation S-P to be a step toward further protecting the investor from identity theft while preserving their right to choose with whom they conduct business. It is our opinion, however that several points require further review and clarification and that without further examination, the amendment will ultimately fall short of meeting its stated objective.

Providing departing advisers an exception to the privacy notice and opt out requirements is beneficial to both the investor and adviser. As the proposal is currently stated, the exception is available to the departing representative under the prerogative of the prior broker dealer. This caveat has two unintended consequences:

- Allowing the prior broker dealer to determine whether or not they will allow the departing adviser to maintain certain customer information creates an apparent contradiction: the amendment is intended to facilitate the transfer of accounts for the investor, but instead it impedes the ease of portability. If the prior broker dealer chooses to not give their permission for the adviser to retain certain customer information, then the customer is potentially subject to a host of delays relating to account servicing, transfer and ultimately may not even be informed that their adviser has departed.
- The amendment does not address the adviser's need to retain certain customer information in order to respond to regulatory or legal inquiries or complaints accurately and in a timely fashion.

The current interpretation of regulation S-P presents other challenges for the independent channel that are not addressed with the proposed amendment.

- Firms with restrictive privacy policies will have to adopt procedures for recovering client data from departing financial advisers. Ultimately this is inconsistent with the independent environment where the investor's relationship is with the adviser. This presents at best a daunting task and will instead likely result in an industry trend toward more liberal privacy policies, which seems to contradict the underlying protective spirit of the regulation

- Firms that do choose to adopt more liberal privacy policies will continue to bear the burden of tracking clients who opt out or need to opt in to sections of their privacy policy. Additionally, further clarification of the impact of the proposal on clients who opt-out or who reside in opt-in states is necessary.
- The language “separation from employment”, in reference to the departing adviser’s deadline for providing the broker dealer with a written record of the information that will be provided to the new firm, is not in keeping with the independent contractor status of advisers within the independent broker dealer channel. This language requires change so that it more accurately applies to all advisers.
- The proposed exception only applies to information use and sharing when representatives are transferring between broker dealers and SEC-registered investment advisers, but not when transferring between state-registered advisers. This should be corrected so that the amendment consistently applies to all registered representatives and investment adviser representatives.

Thank you again for the opportunity to comment on this important regulation.

Sincerely,



Nancy Kay
Chief Compliance Officer