

Boston University

School of Law
765 Commonwealth Avenue
Boston, Massachusetts 02215
617-353-3773
Fax: 617-353-2444
E-mail: tfrankel@bu.edu



Tamar Frankel
Professor of Law

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Jay Clayton, Chairman
Offices of the Commissioners, United States Securities and Exchange Commission
100 F Street, NE, Room 10700
Washington, DC 20549

Dear Chairman Clayton:

Thank you so much for meeting with the Fiduciary Institute group and for agreeing to receive these additional written comments.

The assumption in regulating broker dealers is the recognition that most investors are not experts in securities trading and rely on brokers' advice which is, in fact, "sales talk." Sales talk is infested by conflicts. Currently, brokers' advice is legal conflicted advice.

However, one element, which investors are used to inquire and judge is the investors' cost of broker services. It is no surprise that traditionally this cost was expressed in a percentage of the traded securities prices—a full-time task, especially if the specific traded securities prices traded and timing is not clearly stated. Interestingly, when the DOL rule seemed to come closer large brokerage firms changed their information to investors from percentage to dollars. But about a week ago the Wall Street Journal noted that large brokerage firms are *considering* a move to disclosing investor cost by percentage.

Investors can compare prices and number of trading. Therefore, they can check the trading costs and ask questions to check for example "churning" of their accounts. These questions might lead to a habitual self-regulatory practice.

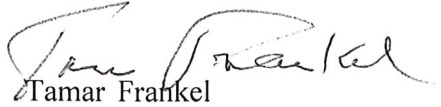
Another more difficult, but impoliant element in the brokers' issue is the fact that some, and it seems most, are not paid a salary. In the case of Vanguard, I understand they are. In the case of Wells Fargo bank it seems that they were fired if they failed to gain more clients (open "new accounts). I do not suggest regulating this issue but noticing the brokers that are being paid are not as hard-pressed as those who are.

Third, it may be helpful to require brokerage firms to have supervisors over the brokers focusing on the type of "sales-advice" that the brokers are practicing. Compliance has become an acceptable legal requirement. If a legal requirement is not directly imposed an

institutional preventive requirement will be far harder to neglect. FINRA's rules are easier to enforce. In fact, a violation that ends in withdrawing the license to act as brokers and a brokerage firm might be effective and less costly to enforce than court cases.

Needless to say, I add my vote to my colleagues' presentations at the meeting.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tamar Frankel".

Tamar Frankel
Robert B. Kent Professor of Law
Boston University School of Law