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Jay Clayton, Chairman

Office of the Commissioners

United States Securities and Exchange Commission

100 F Street, NE, Room 10700

Washington DC 20549

Mr. Clayton,

This letter intends to comment on the proposed rules regarding broker-dealers and registered investment advisers. I commend the Commission for addressing these significant differences and hope the publicity and discussion will draw public attention and lead to a clearer understanding of the financial industry.

Over my 35 year career in financial planning and role as a fiduciary, I have seen many of the activities which the SEC is now addressing and attempting to cure. The proposals of the Commission have great potential merit.

The public deserves to have the financial industry work to high standards because the matter of personal investments and finances is a critical part of life for each person. The importance of this matter is the singular reason I belong to and subscribe to the standards promoted by the Institute for the Fiduciary Standard.

My first comment would be that broker-dealers and their sales force are oriented to the production and distribution of investment products. Some of these products are well structured from the clients' perspective and some are not. The range is large. The task of the sales force of the broker-dealer is to sell the products. They represent the products to the clients on behalf of their employer, the broker-dealer. The disclosure of compensation, all compensation including bonuses, contests and any soft dollar benefits is essential. Such disclosure is necessary for the client to have a clear and transparent view of the investment recommendation. But this is not the only relevant matter.

Full disclosure of the costs does not explain whether a financial product is well designed or not. To make a sound decision, the client needs clarity on all aspects of the recommendation.

To state that recommendations are in the best interest of a client is a step in the direction of fiduciary duty but it is nowhere near a complete disclosure. To be a fiduciary also requires a degree of understanding and competence to analyze the

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circumstances and to recommend products or financial actions which fit the client's needs. Compare this relationship to that of a physician. Disclosing the cost of a procedure or pharmaceutical is not sufficient. The patient wants an objective educated opinion.

To provide advice in the best interest of the client implies a fiduciary standard. In turn an adviser should look to the relevant laws, such as the Uniform Prudent Investor Act or the American Law Institute Third Restatement of the Law of Trusts. The directions therein are much more demanding than the proposed rules.

I have several specific concerns about the proposed rules which you should consider favorably:

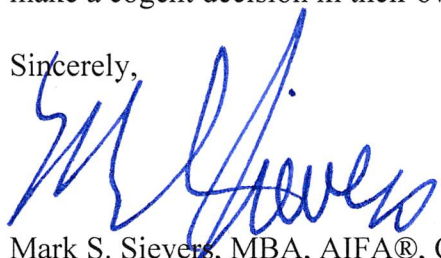
The intent of the long history of fiduciary duty is to act as an advocate on behalf of the client. Simply disclosing possible conflicts of interest does not satisfy this obligation. Unclear disclosures could simply obfuscate the situation and increase the client's uncertainty. I do not believe that the proposed best interest standard is equivalent to the true fiduciary standard.

An important objective of the Commission must be to put in place substantive rules which engender confidence by the client and the public in the financial industry, not confusion and cynicism. The Institute for the Fiduciary Standard provides specific suggestions to improve the Commission's proposals.

The proposed Form CRS does not adequately clarify the differences between broker-dealers and advisers. A client could easily conclude that the differences are subtle and not material. The differences must be emphasized.

Though full disclosure of fees, expenses, and compensation is important, such disclosure does not make clear to the client that broker-dealers and advisers represent two entirely different business models. Each has its place but they serve different functions. They are not equivalent. Too often the product sales force has represented its position and recommendations as objective advice based on objective evidence. Usually this is not the case. Keep the two business models separate and let them fulfill their separate functions. Make clear the differences so the client can make a cogent decision in their own best interest.

Sincerely,



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