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August 23, 2010

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: Request for Comment: Study regarding obligations of Brokers, Dealers and Investment Advisors
(Release No. 34-62577; IA-3058; File No. 4-606)

Dear Ms. Murphy:

I am writing to respond to the Securities and Exchange Commission ("Commission's") request for public comment to inform its study of the obligations and standard of care of brokers, dealers and investment advisors when providing personalized investment advice about securities to retail customers. I am the President of Commonwealth Financial Partners, LC, an insurance and financial services organization with a primary affiliation with MassMutual Financial Group (offering securities, investment advisory and financial planning services through MML Investors Services, Inc.) I have been involved in the financial services profession for approximately 30 years and I serve in a supervisory capacity for approximately 60 financial professionals who work with my firm.

It may be of interest to know that in my organization all of our financial professionals are licensed to sell life and health insurance while approximately 90% are also licensed to sell securities (predominantly mutual funds, variable annuities, stocks, bonds, depending on the type of FINRA registration the advisor holds.) Further, approximately 50% of our financial professionals offer investment advisory and financial planning services through our Corporate Registered Investment Advisory program through MML Investors Services, Inc. (our broker dealer.) So I am used to operating in an environment with different regulatory requirements and with varied levels of defined client care expectations.

The financial professionals working in our organization are all subject to state insurance regulations in the numerous states that they are licensed to conduct business. While conducting their duties, our associates obtain confidential data (financial statements, tax returns, insurance policies, etc.) to ascertain their client's current financial position. Further they inquire as to their client's financial concerns and objectives as well as their general health. After a thorough understanding of these factors is obtained our financial professionals will make suitable recommendations for their client based on a wide range of additional criteria (type of product, risk comfort level of client, cash flow and liquidity needs, insurance carrier underwriting requirements, financial strength of carrier, etc.)

Insurance regulators oversee our financial professionals in their sales of insurance products and their market conduct associated with these sales. Our contractual obligations to MassMutual and other insurance carriers require that we comply with the rules and requirements established by each insurer.



For our registered representatives, and for our corporate registered investment advisors, we are subject to the Commission's and FINRA's broker-dealer regulations in all respects. These require that our clients are treated fairly and that we abide by all equitable rules of trade, including suitability obligations. Our interaction with our clients is extensively regulated and must be completely transparent. We are required to confirm all communications, provide account statements, and disclose conflicts of interest. Our producer and supervisory personnel are thoroughly examined each year by our broker – dealer compliance department and as an Office of Supervisory Jurisdiction (OSJ); we are subject to periodic examination by both state and federal regulatory organizations. All of our associates undergo annual continuing education requirements and every associate in our organization undergoes an annual inspection of his or her files, sales practices, etc.

FINRA regularly audits broker-dealers and examiners typically review an array of transaction data, client correspondence, firm financial statements and procedures and general supervisory structure. After an audit, broker dealers typically have a brief period of time to provide comment on the regulator's findings and to make any necessary corrections.

In comparing the investment advisor and broker-dealer regulatory regimes, I find the broker-dealer regulatory regime provides better guidance to registered representatives and their supervisors and therefore, better protection for consumers. Their rules are clear and specific and registered representative conduct is more conducive to being monitored and audited. By contrast, the principles-based nature of the investment advisor regulatory regime is more difficult to follow and enforce.

One of the most significant gaps in regulation is the lack of inspections and examinations of investment advisors. The fiduciary duty of investment advisors gives scant protection to investors in light of the infrequency of Commission examinations. Most small advisors have no federal regulation and oversight whatsoever; whereas insurance producers who also sell securities must respond to examinations and audits at both the federal and state level and are subject to regulation by both insurance and securities regulators. These gaps and shortcomings in oversight of advisors are an area of investor protection that the Commission should address first, before changing any standards of care for brokers. In other words, the need (if one exists) to adopt a "uniform" standard of care for broker-dealers, pales in comparison to the need to adopt uniform standards for examination and inspections of securities professionals.

If the issue of investor confusion over the legal obligations of the investor's particular financial services provider is a point of concern, as has been suggested in published reports, there are remedies currently available to address the confusion. Existing FINRA and Commission rules are quite extensive, but those rules, if necessary, could be augmented with additional disclosures of the role of the financial services professional is operating, including any possible conflicts of interest. I believe investors, if presented with appropriate disclosure, can make a choice that is right for them.

I have serious concerns about the possible adoption of a new "best interest" standard for broker-dealers, and by extension for life insurance producers who also sell securities. I believe such a general standard will create unanticipated consequences and uncertainty – while failing to provide any measureable benefit to investors. If the Commission finds in its study that there are gaps in investor protection in the current regulation of broker, dealers and investment advisors, then I would encourage you to propose specific rules designed to address specific conduct. No one likes new rules, but I believe a FINRA "rules-based" approach offers the best opportunity for compliance by brokers and, therefore, the investing public.

While it is difficult to ascertain the practical impact of a general "best interest" standard, it most certainly will result in increased compliance costs, again, without measurable benefit to investors. Over time this will likely result in added expenses and reduced access for investors.

It is my sincere hope that all financial services professionals hold their clients in the highest regard and provide investors with professional service that enables them to achieve their financial goals. I strongly encourage the Commission to consider the input of the life insurance producers, as well as our unique role in the marketplace and the fundamental nature of the products we sell when moving forward with its study of the obligations and standards of care for broker-dealers and investment advisors.

Again, I am grateful for the opportunity to comment and welcome future opportunities to provide input.

Sincerely,

A handwritten signature in black ink, appearing to be "J. B.", written in a cursive style.

President and CEO