Comments on the Study Regarding Obligations of Brokers, Dealers, and Investment Advisers
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Eliminate the dual-regulatory system of Registered Investment Advisor and Registered Representative. There is not a clear or meaningful distinction and the dual structure causes unnecessary confusion.

If an advisor or registered representative name appears on a client statement, that advisor/rep must be licensed and controlled by a broker-dealer firm that is regulated by FINRA. If a name does not appear on a client statement, an advisor or representative may not give specific investment advice on that account.

Shift language in investment and asset management from fiduciary verses suitability, which most clients will never understand, to discretionary verses non-discretionary, which can be easily understood. Clients can choose if they want to give up control to his/her advisor. It would seem that an advisor who takes discretion should be held to a higher standard than an advisor who presents information for a client to make decisions. This can be handled under one regulatory system controlled by FINRA, with a set of regulations for discretionary and non-discretionary trading.

Allow the broker-dealer firms to price mutual funds, not the mutual fund companies. Broker-dealer firms and individual advisors/reps should compete on front-end and ongoing sales charges with a regulated maximum, just like we compete on the sales charge for a stock trade or the ongoing annual charge (fee) for assets under management.

Name all front-end and ongoing charges that compensate an advisor/rep a front-end sales charge and an annual sales charge. Eliminate the terms fee, fee based and fee only. Compensation to an advisor or rep is always a sales charge regardless if the client pays upfront, pays each year based on assets under management, or a combination of both.

Eliminate all share classes of mutual funds except one no-load version. Allow fund companies/distributors who choose to sell through broker-dealer firms to build in a charge of up to 30 basis points to compensate wholesaler representatives.

If we continue to operate under separate Registered Investment Advisor and Broker-Dealer rules, let's make sure advisory clients don't over pay. Treat ongoing asset-based charges the same as C-share mutual funds. For example, allow no more than a 1% annual advisory fee which drops to a max of 25 basis points after a certain number of years. Or, consider allowing a flat per-client annual fee such a max of $1500 per year, plus a limited asset-based fee like a max of 50 basis points annually for ever. Also, annual fees should be compared over 10 years with reduced front-end charges for larger investments and a client should sign to verify understanding.

Do not accept the advisor-advocate statement that FINRA could not possibly understand or regulate ever-so-sophisticated financial planners. Again, if an advisor's name appears on an investment statement, FINRA regulates that advisor. If an advisor's name does not appear, then no specific investment advice may be given on that account.

For the very few true fee-only planners who never make money on selling products and never collect fees for ongoing investment management, consider separate regulation under the SEC or FINRA, but not under the CFP Board or other group which delivers education. The only mode of compensation for these advisors must be a flat planning fee and/ or an hourly consulting fee. Require one of two or three education programs, like the ChFC or CFP designations, as a minimum standard for those calling themselves a fee-only planner (again meaning a flat planning fee or hourly rate and never an ongoing fee for assets under management).