



**FIRST ASSET
FINANCIAL Inc.**
Member SIPC ♦ FINRA

110 East Iron Ave.
Salina, KS 67401
(785) 825-5050
Fax (785) 823-9207

August 25, 2010

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0609

Re: Submission of Comments on File No. 4-606
Study Regarding Obligations of Brokers, Dealers, and Investment Advisers

Dear Secretary Murphy:

A president of a small broker dealer and a licensed registered representative for over 34 years and hold the following "Series" licenses: 4, 7, 24, 27, 53, 63 & 65. I would encourage the SEC to **AVOID** applying a "fiduciary standard" to broker dealers and registered representatives for several reasons.

1. During the past 30+ years I have dealt with a number of regulators and, while well meaning, not many had actual experience in our industry. Too often we receive different interpretations of very specific rules from different regulatory personnel. The virtually impossible definition of "best" as applied to the welfare of each client will rely on the judgment of each individual regulator from his own prospective. This, at best, will lead to inconsistent application of the standard. For example, is "best" for the client the cheapest recommended product, the product with the "best" historic performance, the product with the "best" service and features or product with the "best" carrier ratings? Although that judgment will initially be made by the registered representative and customer jointly, in the end, it will be the judgment of regulatory personnel that will prevail with the advantage of a "backward look."
2. The malleability of the "fiduciary standard" by an attorney will cause more arbitrations and law suits to be unjustly filed as compared to a more specific "suitability" standard. It will be much easier for attorneys to win or seek settlements because of a vague and, yet, a higher standard of the "fiduciary standard." The cost of legal services is very high and can ruin a firm such as mine.
3. If the "fiduciary standard" is applied to broker dealers (BD) it is likely that capital formation in this country will be hampered, stifled or shut down entirely. If a BD is not allowed to sell "inventoried" product to customers under the "fiduciary standard" it will hamper the capital for equity or even debt new offerings. This could have a severe "unintended consequence" on our economy and country.
4. Broker dealers are already subject to extensive compliance regulations. The "fiduciary standard" will merely increase an already over burdensome compliance load for small broker dealers such as mine (and a significant majority of FINRA members are classified as small broker dealers). This additional standard may be the "straw that broke the camels back" and drive many out of the business, making fewer choices available to the public.
5. If the "fiduciary standard" is adopted, it is likely many FINRA members may choose to close their broker dealer due to the common standard with their RIA and choose to attempt to move all their customers to an RIA. The consequence will be that many smaller customers will not longer receive the services of those broker dealers representatives as they will not choose to pay annual fees. It is highly likely they are not currently paying such fees. By the SEC applying the "fiduciary standards" to BDs, it is

likely that small investors or large investors not choosing to pay on-going advisory fees, will lose services.

6. This change means a change in the way we collect information from prospects/customers/clients. It is estimated to cost us over \$15,000 to make these changes.

7. The additional liability for the "fiduciary standard" will potentially drive us out of the broker dealer business and allow us to serve only those who will pay us quarterly fees. It will also leave many customers without service, especially the rural customers who prefer "face to face" dealings with their registered representatives.

In summary, should the "fiduciary standard" be adopted, the losers will be the investing public, the registered representatives, the broker dealers and even the regulators. The investing public because of more limited availability of services, potentially higher costs (on going fees for RIA vs. no fee broker dealer accounts), broker dealers and registered representatives due to additional regulatory requirements, and the regulators by additional regulations under the "fiduciary standard" and requirement to apply interpretations without extensive knowledge or experience in the industry.

Sincerely,

Robert L. Hamman, President

(Also President of Chief Advisors Corporation, a registered investment adviser)