



August 30, 2010

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: Study Regarding Obligations of Brokers, Dealers, and Investment Advisers (File No. 4-606)

Dear Ms. Murphy:

Morgan Stanley Smith Barney LLC (“MSSB”) is pleased to provide its comments to the Securities and Exchange Commission (the “Commission”) on the Study Regarding Obligations of Brokers, Dealers, and Investment Advisers.

MSSB is dually registered with the Commission as both a broker-dealer and an investment adviser. With approximately 18,000 financial advisors located across the United States, MSSB services approximately 7.25 million client accounts representing over \$1.4 trillion assets. MSSB offers its clients a broad choice of investment models, ranging from full discretionary advisory platforms to traditional commission-based brokerage accounts.

We look forward to the Commission’s study pursuant to Section 913 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”). We agree with the Securities Industry and Financial Markets Association (“SIFMA”) that pursuant to the Dodd-Frank Act, in order to enhance investor protection, the Commission should consider implementing a strong, uniform standard of care applicable to both broker-dealers and investment advisers when providing personalized investment advice about securities to retail clients. We also wish to emphasize the following points:

The rules relating to the standard of care must be carefully designed to allow retail clients full access to the wide range of investment products and services they enjoy today. Retail clients are not looking for “one size fits all” investment solutions, and any rule-making should be “business-model neutral.” Clients have unique investment needs, which can only be satisfied by access to a wide variety of investment service and compensation models (ranging from full discretion to unsolicited online trading), as well as a full range of investment products and services, whether offered on an agency or principal basis, and whether developed by the firm or its affiliates, or an unaffiliated third

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party. Investors need access to firm inventory, new issues and affiliated product in order to obtain the best investment opportunities at the best price.

The statute also requires that the Commission consider the costs and burdens to retail clients, broker-dealers and investment advisers, resulting from changes to existing regulatory requirements and legal standards. Unduly burdensome and costly requirements will result in fewer investor choices, and that is not in retail clients' interests. Regulatory requirements and legal standards must not only provide for strong investor protection, they must be workable to be effective. In that regard, clients should be allowed to consent to disclosures of material conflicts of interest in practical and traditional ways that do not impede their access to financial services, including in writing as part of the account opening process, or (for existing clients) by continuing to maintain their brokerage relationships or accept account services, after receipt of these disclosures.

As the Commission proceeds with its study and rulemaking, we believe our extensive experience in providing a wide range of investment products and solutions to retail clients can be of great assistance in designing a practical standard of care and clear rules that will promote strong investor protection and allow retail clients access to the products and services they need. We look forward to assisting the Commission with its study and rulemaking as it examines these issues.

Sincerely yours,

/s/

Charles D. Johnston
President
Morgan Stanley Smith Barney LLC

cc: Mary L. Schapiro, Chairman
Luis A. Aguilar, Commissioner
Kathleen L. Casey, Commissioner
Troy A. Paredes, Commissioner
Elisse B. Walter, Commissioner
Robert W. Cook, Director, Division of Trading and Markets
Andrew J. Donohue, Director, Division of Investment Management