



*The Commonwealth of Massachusetts*  
*Secretary of the Commonwealth*  
*State House, Boston, Massachusetts 02133*

*William Francis Galvin*  
*Secretary of the Commonwealth*

August 31, 2010

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

Re: Study Regarding Obligations of Brokers, dealers, and Investment Advisers  
Release Nos. 34-62577; IA-3058; File No. 4-606

Dear Ms. Murphy:

The Massachusetts Securities Division (the “Division”) welcomes this opportunity to comment on the U.S. Securities and Exchange Commission’s (the “Commission”) Request for public comments on the effectiveness of the existing legal and regulatory standards of care for brokers, dealers, investment advisers, and persons associated with them when providing personalized investment advice and recommendations about securities to retail investors.

The Massachusetts Securities Division is a department within the Office of the Secretary of the Commonwealth of Massachusetts. The Securities Division is charged with the responsibility to implement and enforce the Massachusetts securities laws. As such, the Secretary of the Commonwealth is the chief securities regulator for Massachusetts.

For too long, broker-dealers and their sales personnel have blurred the standard of care that they owe customers, and have confused customers about whether the broker-dealers are serving as true advisors. Under current law, such broker-dealers are treated as merchants dealing with their customers at arms length, subject to obligations of fair dealing and suitability. While broker-dealers often appear to be fiduciaries, their role makes them subject to significant conflicts of interest.

The Massachusetts Securities Division has seen many instances when broker-dealers have induced customers to trust their salespeople (particularly through misleading broker job titles like “financial advisor”), but later hid from responsibility by asserting that they were merely dealing at arms length with the customers. Now is the time to end such abuses, which current industry standards have fostered.

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We urge the Commission to apply the fiduciary standards of the Investment Advisers Act of 1940 to all financial professionals who provide investment advice, whether they are called broker-dealers, investment advisers, or financial planners. This fiduciary standard would require such professionals to put the interests of customers first, to disclose any conflicts of interest, and to take steps to minimize any such conflicts.

This fiduciary standard should apply to the full range of services such professionals may provide, including advising about; recommending; and offering and selling securities.

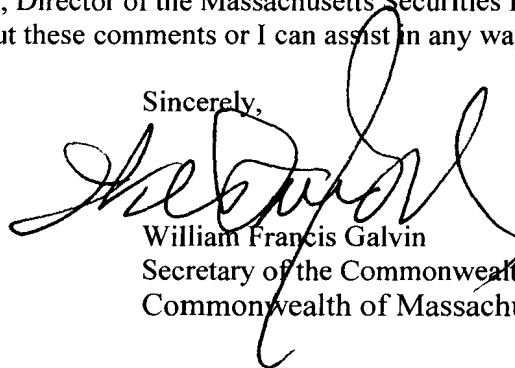
Some in the brokerage industry have suggested that brokers should operate under a “split” standard of care, with a true fiduciary standard applicable only to the provision of investment advice, and with a lower standard of care applicable to a broker’s specific recommendations of securities. We urge the Commission to reject all such suggestions. Allowing broker-dealers operate under a reduced standard of care in any phase of their dealings with customers will only increase the confusion that already exists in this area, and such a reduced standard could make it impossible to hold broker-dealers accountable as fiduciaries.

Our comments are in accord with the August 30, 2010 comment letter of the North American Securities Administrators Association (“NASAA”) on this Release, and we incorporate that letter herein.

We appreciate the opportunity to comment on these important issues. Because the standard of care applicable to broker-dealers has been a chronic source of problems and because retail investors are particularly vulnerable when taking advice from investment advisers, we urge the Commission ensure that the interests of investors be given the highest priority.

Please contact me or Bryan Lantagne, Director of the Massachusetts Securities Division, at (617) 727-3548, if you have questions about these comments or I can assist in any way.

Sincerely,



William Francis Galvin  
Secretary of the Commonwealth  
Commonwealth of Massachusetts