I work for a large Broker/Dealer as a financial advisor's assistant. I am a CERTIFIED FINANCIAL PLANNER® and I carry a series 6, 7, 63, 66, and an insurance license. The FA that I support is a special needs advisor because he is legally blind. I am much more involved in his business operations than an assistant normally would be. The advisor I work with is also out of the office 6-7 months of the year, so I am the first point of contact for all of his clients most of the time. While the FA is out of the office he will call me at the office on our 800 number then have me conference call out to the client so he can speak with them. This allows me to hear a lot of conversations that an assistant would not usually hear. **My FA is the perfect example of why the fiduciary standard must be extended to broker-dealers who provide personalized investment advice**.

The opinions expressed within this letter are based off my 30 years of life & 7 years of financial industry experience. I will comment of all of the 13 points that I am able to.

1) If current legal & regulatory standards are designed to protect the retail investor, than they are ineffective. The area where they are the most ineffective, in my opinion, is the suitability standard applied to broker dealers.
2) The suitability standard does not create a regulatory gap or overlap. It falls short in protecting the retail investor. There is a big difference in the standard of care that clients think they are getting from the FA & what they are actually receiving. Clients do not seek "suitable" solutions for their financial needs; they want the "best possible fit." Financial advisors are part of a commission based industry so they will always give the client what the client is looking for. Now whether the advice given to the client is ostensibly or it is truly in the best interests of the investor completely lies with the FA. The suitability standard allows an FA to market his/her services as a fiduciary but base the advice given to the client on the FA's income.
3) The vast majority of our clients do not know that there are different standards of care applicable to B/D's & investment advisors.
4) As a retail investor myself I know there is a difference between the standard of care for a broker vs. an investment advisor. Somewhere within the suitability universe lays the boundary of liability for a broker giving financial advice, but even as an industry insider I could not tell you where it is.
5) No comment available
6) See #2
7) A- The regulation of investment advisors does provide greater protection to retail customers than the regulation of brokers & dealers. The fiduciary standard that applies to RIAs forces the investment professional to base his/her advice on the client's objectives, risk tolerance, time horizon, and so on… When coming up with a recommendation, all of the factors that should be taken into consideration derive from the client and what is best for them. Personalized investment advice should always be given that way.
8) No comment available

9) If someone has a need for a product or service and another individual can make money by providing it, than that need will be fulfilled. Retail customers will always have a range of products & services offered to them from a commission based industry. By enforcing the fiduciary standard, regulators will be ensuring that the range of products and services being offered to customers are in the customer's best interest.

10) A) Section 202(a)(11)(c) of the Investment Advisors Act of 1940 is flawed. A broker conducts his/her business to generate revenue. In order to generate revenue he/she needs to convince clients to invest their money with them. In today's society, retail investors who know what types of securities they want to buy or sell will go to the broker with the lowest transaction costs (online brokers). B/Ds should not be allowed to give individualized investment advice. They should only be serving their clients as a platform to execute an unsolicited trade. Clients come to us (full service firms) because we provide an added value. **We give comprehensive individualized investment advice and that is absolutely integral, not incidental, to our business.** B) Obviously the number of the entities and individuals who would register as an investment advisor would greatly increase. The cost of doing business as an investment advisor would go up. The cost of regulating the industry would also go up. However the financial benefit to the retail customers would be much larger than the increased costs therefore creating a positive net effect to society.

11) We give general advice in the areas of tax planning, estate planning, and insurance planning. We give specific advice pertaining to client's investments including: stocks, bonds, options, mutual funds, annuities, life insurance, and retirement accounts.

12) If changes were made, with regard to the standard of care for brokers, it would give the clients more legal leverage. FAs would have to base their recommendations on the clients best interest because if they didn't the clients could sue them. Fees will become associated with investment advice.

13) A) Retail investors will have to pay for individualized financial advice just like they pay for legal and medical services. Financial advisors will have the same liability as doctors and lawyers do and that is how it should be. B) Brokers Dealers will have to change investment platforms and update their legal and compliance departments. Do not think that if the fiduciary standard is applied to B/Ds that these large firms will abandon their clients and leave them hanging out to dry. Large broker/dealers behavior is very predictable, just like the financial advisors themselves, "to maximize profit without getting sued." They will operate their business within the parameters that regulators create for them. So it will initially be costly for the companies to re-engineer themselves but they will do it and they will be profitable.

14) The current suitability standard seems as if it was written to protect the brokers. The financial professional exists to serve the individual investor and the regulators exist to protect the individual investor. If nothing is done, the advisor I work for will continue to put his interests ahead of clients and the old saying will ring true "2 of the 3 usually win… the broker and his company…"

Ben