

**MEMORANDUM**

October 12, 2010

**TO:** File No. 4-606

**FROM:** Holly Hunter-Ceci  
Division of Investment Management

**RE:** Section 913 of the Dodd-Frank Wall Street Reform Act of 2010 (the “Act”)

On October 12, 2010, Jennifer McHugh of the Chairman’s Office, James Brigagliano, Lourdes Gonzalez, Dan Fisher, Emily Russell, and Leila Bham of the Division of Trading and Markets, Doug Scheidt, David Grim, Sara Crovitz, Sarah ten Siethoff and Holly Hunter-Ceci of the Division of Investment Management, Mavis Kelly, James Reese and Brian Snively of the Office of Compliance Inspections and Examinations, Rich Ferlauto of the Office of Investor Education and Advocacy, and Jeremy Ko of the Division of Risk, Strategy and Financial Innovation, met with Christopher Gilkerson, Lisa Hunt, and Jeff Brown of Charles Schwab. At the meeting, the Charles Schwab representatives discussed the issues listed on the attached agenda that they provided in advance.

Proposed Agenda:

1. Schwab view on the Best Interest Standard

- Commission should use authority and harmonize the standard of conduct
- Importance of enabling multiple account relationships (data provided)
- Importance of definition of "Personalized Investment Advice"
- Maintain distinctions between brokers and advisers
- Importance of principal trading relief

2. Clear, timely disclosures

- Broker-dealer disclosures for non-discretionary investment advice need not follow Advisers Act model
- Look at broker-dealer best practices

3. No need for extensive rules-based fiduciary duty for brokers and advisers

- Beyond best interest at time of investment recommendation, allow facts and circumstances to govern scope of duties