



November 3, 2010

Jennifer B. McHugh
Senior Advisor to the Chairman
U.S. Securities and Exchange Commission
Mail Stop 1070
100 F Street, NE
Washington, DC 20549

Re: File Number 4-606; Obligations of Brokers, Dealers and Investment Advisers

Dear Ms. McHugh:

My colleagues and I appreciated the opportunity to meet with you on October 12th regarding the issues raised in the Commission's July 27th release seeking public comment on the its study regarding the effectiveness of existing legal or regulatory standards of care for brokers, dealers, investment advisers when providing personalized investment advice and recommendations about securities to retail investors.¹ At our meeting, you asked us to provide you with information available to us regarding individuals and firms engaged in both broker-dealer and investment advisory activities. Set forth below is information that we have compiled from the Investment Adviser Registration Depository (IARDTM) and FINRA's Central Registration Depository (Web CRD) system.²

A. Dually-Registered Individuals

As of mid-October, 87.6% of those individuals who are registered with one or more states as an investment adviser representative also are registered representatives of a broker-dealer. These dually-registered individuals may be representatives of a firm that is dually registered as a broker-dealer and an investment adviser, or of separate firms.

¹ Investment Advisers Act Release No. 3058 (July 27, 2010). The Commission's study is mandated by Section 913 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

² The IARDTM is an electronic filing system that facilitates investment adviser registration, regulatory review, and the public disclosure information of investment adviser firms. FINRA is the developer and operator of the IARD system. The system has been developed according to the requirements of its sponsors, the Securities and Exchange Commission (SEC) and the North American Securities Administrators Association (NASAA), along with those of an Industry Advisory Council representing the investment adviser firms.

Web CRD is an automated electronic system on which FINRA maintains the qualification, employment and disclosure histories of brokers and firms. The system is used by brokers, brokerage firms and regulators to submit new or updated information required to be reported on registration and licensing forms.

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Number of investment adviser representatives:	275, 873
Number of investment adviser representatives that are not dually-registered:	34,257
Percent dually-registered:	87.58%

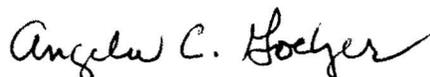
B. Dually-Registered Firms

Also as of mid-October, 4,642 firms are registered with FINRA as a broker-dealer. Of these, 842 also are registered as an investment adviser with either the SEC or a state.³ Thus, approximately 18.4 percent of registered broker-dealers are dual registrants. This compares with 19.4% in 2008, and 18.5 % in 2005. Since October 2005, our information suggests that approximately:

- 66 dually-registered firms have moved their investment advisory activities to an investment adviser affiliate and are no longer dually-registered;
- 250 broker-dealers that are not dually-registered have become affiliated with an investment adviser; and
- 150 broker-dealers have become dually-registered.

I hope that this information is helpful. Please contact me at (202) 728-8120 if you have any questions or comments.

Very truly yours,



Angela C. Goelzer

Cc: Elizabeth M. Murphy
Richard G. Ketchum
Stephen Luparello
Marc Menchel
Thomas M. Selman
Howard M. Schloss

³ These numbers include FINRA registered broker-dealers with an "approved" status and firms with an SEC or state investment adviser registration status of: transitioning, approved, 120-Day approval, conditional restricted, or limited.