

MEMORANDUM

TO: File No. 4-606

FROM: Leila Bham
Division of Trading and Markets

DATE: February 23, 2011

RE: Meeting Relating to Section 913 of the Dodd-Frank Wall Street Reform Act of 2010 (the "Act")

On February 23, 2011, staff members of the Securities and Exchange Commission ("SEC") met with representatives of the Bond Dealers of America ("BDA") to discuss issues relating to Section 913 of the Act.

The following members of the SEC Staff attended the meeting:

Jennifer McHugh of the Chairman's Office;
Holly Hunter-Ceci and Doug Scheidt of the Division of Investment Management;
Matthew Kozora of the Division of Risk, Strategy and Financial Innovation;
Leila Bham of the Division of Trading and Markets;
Mavis Kelly of the Office of Compliance Inspections and Examinations;
Bob Bagnall and Sarah Buescher of the Office of the General Counsel; and
Rich Ferlauto of the Office of Investor Education and Advocacy.

The following representatives of the BDA attended the meeting:

Michael Marz, Larry Bowden and Jay Hiniker, BDA Members;
Michael Nicholas, CEO;
William Daly, Senior Vice-President, Government Relations; and
Richard Y. Roberts, Outside Consultant.

At the meeting, the representatives of the BDA discussed the issues listed on the attached agenda which they had provided in advance of the meeting.

Proposed Agenda

- I. Introduction of the Members of the BDA in attendance at the meeting – Michael Marz, Vice Chair & Head of Fixed Income Trading and Sales, First Southwest Company, Dallas, TX; Larry Bowden, EVP & Head of Fixed Income, Stephens Inc., Little Rock, AR; and Jay Hiniker, President & Head of Fixed Income, Cronin & Co., Minneapolis, MN.
- II. Other representatives of the BDA in attendance at the meeting -- Michael Nicholas, CEO, BDA, William Daly, Senior Vice-President, Government Relations, BDA, Richard Y. Roberts, BDA Outside Consultant, RR&G, LLC.
- III. Discussion of the study that the Commission recently issued regarding the obligations of brokers, dealers, and investment advisers as required by Section 913 of the Dodd-Frank Reform Act -- The BDA filed a comment letter with the SEC with respect to this study on or about August 30, 2010, and the BDA is expected to mention some, if not all, of the points contained in this comment letter in the meeting. In addition, the BDA will provide its member perspectives on potential modifications to the existing legal and regulatory standards of care for brokers, dealers and investment advisers when providing personalized investment advice and recommendations to retail investors. Further, the BDA will provide its member perspectives on potential effective and efficient steps to address the gaps, shortcomings or overlaps in the current protections afforded to the retail customer. Consistent with its comment letter, the BDA remains of the view that any changes in the current regulatory regime, including with respect to the issue of principal trading, should fall primarily in the areas of increased disclosure to investors: (i) about the functions that an investment adviser or broker-dealer is performing, and (ii) about any potential conflicts of interest.