June 7, 2013

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

Subject: **Release No. 34-69013; IA-3558**
File Number: **4-606 (Duties of Brokers, Dealers and Investment Advisers)**

Dear Ms. Murphy:

I am writing in response to your request for data and other information relating to the benefits and costs that could result from various alternative approaches regarding the standards of conduct and other obligations of broker-dealers and investment advisers. In particular, in a study (required by Section 913 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010) conducted by the Securities and Exchange Commission staff (the "Staff"), the Staff made two primary recommendations:

1. Engage in rulemaking to implement a uniform fiduciary standard of conduct for broker-dealers and investment advisers when providing personalized investment advice about securities to retail customers; and

2. Consider harmonizing certain regulatory requirements of broker-dealers and investment advisers where such harmonization appears likely to enhance meaningful investor protection, taking into account the best elements of each regime.

The Staff's recommendations were intended to address confusion on the part of retail customers about the obligations broker-dealers and investment advisers owe to those customers and to preserve retail customer choice without decreasing access to products, services, service providers or compensation structures.

I concur with the Staff that there is significant confusion in the marketplace among retail customers about the respective obligations of broker-dealers and investment advisers and I applaud the Commission's efforts to alleviate such confusion. However, I respectfully submit that, while the Staff is well intended, the recommendations are colossally misguided and impractical. I respectfully suggest that such recommendations would likely only <u>increase</u> investor confusion, thereby causing more harm than benefits,

and that **enhanced disclosures on the part of broker-dealers would likely offer far greater benefits** in mitigating confusion on the part of retail investors.

To that end, I respectfully suggest that the only practical solution to the problem of investor confusion was identified as one of the Staff's "Alternative Approaches to the Uniform Fiduciary Standard of Conduct." Namely, the Staff recommended applying a uniform requirement for broker-dealers and investment advisers to provide **disclosure** about key facets of the services and products they offer and the material conflicts they may have with retail customers **without imposing a uniform fiduciary standard of conduct** (refer to Part III C. 1. of Release No. 34-69013; IA-3558; File No. 4-606).

Commenter Background

I, Kevin P. Ellis, a Certified Financial Planner (CFP®) and Certified Public Accountant (CPA®), serve as President of Kyle Financial Services, Inc. ("KFS"), a registered investment adviser. I have been providing investment advisory, financial planning and tax services for more than 24 years. KFS is a fee-only registrant providing investment advisory, financial planning and tax services to retail investors. We currently have assets under management approximating $160 million spread among roughly 185 accounts. Our clients are generally retirees, current or former business owners, corporate executives and trust fiduciaries. We have no broker-dealer affiliation, although we have selected Charles Schwab & Co. as custodian of choice for purposes of economies of scale.

Sources of Retail Investor Confusion

While broker-dealers and investment advisers routinely provide many of the same services related to providing personalized investment advice to retail customers, these services are provided under distinctly different compensation structures and regulatory contexts. It is well established that registered investment advisers have a fiduciary duty to act in the best interests of clients, putting clients' interests above their own. For this purpose, **Advisers Act Section 202(a)(11) defines "investment adviser" to mean**:

> *"any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities."*

> ***Advisers Act Section 202(a)(11)(C) excludes from the investment adviser definition any broker or dealer (i) whose performance of its investment advisory services is "solely incidental" to the conduct of its business as a broker or dealer; and (ii) who receives no "special compensation" for its advisory services."***

Broker-dealers providing investment advice in accordance with this exclusion are **not** subject to the fiduciary duty under the Advisers Act. Such broker-dealers are merely subject to a standard of suitability.

The spirit of the definition of an "investment adviser" which requires a fiduciary duty on the part of such adviser is the presumption that advice is the foundation of the relationship with the client and, in cases in which an adviser provides advice for compensation, the adviser owes a fiduciary duty to clients that are paying for such advice.

In the case of a broker-dealer, advice is NOT considered the foundation of the relationship with the client, and investment advice is considered "solely incidental" to broker-dealer services.

As a result, brokerage account agreements include the following required disclosure (emphasis added):

> *"Your account is a brokerage account and not an advisory account. Our interests may not always be the same as yours. Please ask us questions to make sure you understand your rights and our obligations to you, including the extent of our obligations to disclose conflicts of interest and to act in your best interest. We are paid both by you and, sometimes, by people who compensate us based on what you buy. Therefore, our profits, and our salesperson's compensation, may vary by product and over time.*

Respectfully, such required disclosure falls woefully short in articulating the distinct differences between broker-dealers and investment advisers. It is one thing to disclose that "our interests may not always be the same as yours" and that "our profits, and our salesperson's compensation, may vary by product and over time" but it would seem far more direct and clear to require expanded disclosure such as the following suggestion:

> "as a broker-dealer, we may buy securities from you, or sell securities to you, for our own accounts (acting as principal), or we may buy or sell securities acting as an agent for a third party. As such, we have an economic interest in you buying or selling certain investment products and we do not have a fiduciary duty to hold your interests above our own interests."

Also, respectfully, suggesting that retail investors "ask us questions" seems somewhat futile since many retail investors likely aren't well-versed as to what questions to ask.

It is not surprising that retail investors are confused by the distinction between broker-dealers and advisers considering how broker-dealers advertise their services on an ongoing basis. In various media, broker-dealers commonly present themselves as trusted advisers, helping clients to plan and navigate through life's major events including college savings, starting a business, planning for retirement, etc. Broker-dealer representatives freely use titles such as "wealth manager," "retirement planner," "financial consultant," "private client advisor" and the like. However, **in spite of the overriding implication that broker-dealers are serving clients as trusted advisers, retail investors are generally unaware of the fact that such broker-dealers are not serving primarily as investment advisers but, in actuality, investment advice is "solely incidental" to broker-dealer services**. **In essence, these "advisers" are serving as commissioned agents or salespersons.**

Respectfully, I do not mean to denigrate salespersons or suggest that it is inappropriate for broker-dealers to trade for their own accounts (as principals) or to act as agents for others. The problem lies in the fact that, for broker-dealers, advice is NOT the foundation of the relationship with the client in the context of a brokerage account and, yet, presentations and disclosures are grossly inadequate at articulating this fact. To use an analogy, when a consumer buys a car from a car dealer, they are well aware that the dealer does not have a fiduciary duty to hold the consumer's interests above all others. A consumer may rely on the car-salesperson's advice about cars, but the consumer is cognizant of the fact that the car dealer has a vested interest in selling a car from his own lot. In the case of a broker-dealer, however, this distinction has become quite blurred due to the means by which broker-dealers present themselves and advertise their services and, in my humble opinion, **more robust disclosures would go a long way to promote clarity on this topic**.

As an example, Morgan Stanley Smith Barney LLC serves dually as a broker-dealer and an investment adviser. While I'm unsure as to whether the following is a required

disclosure, it does a far more thorough job of articulating the distinctions between broker-dealers and investment advisers than the watered–down disclosure (above) that is currently required:

http://www2.morganstanley.com/wealth/ourapproach/pdfs/UnderstandingYourRelationship.pdf

(Copy attached as Comments 2)

Perhaps such disclosure, or something comparable, should constitute a uniformly required disclosure and, to ensure that retail customers take the time to read such disclosure, broker-dealers and/or advisers should be required to obtain a signed copy of such disclosure from retail clients before opening an account. Further, **I suggest that such disclosure might go further to state clearly that, in the context of a brokerage account, investment advice is NOT the foundation of the relationship but is considered solely incidental to brokerage services**.

Problems with a Uniform Fiduciary Standard

In contemplating implementing a uniform fiduciary standard of conduct, the Commission cites the following excerpt from Section 913 of the Dodd-Frank Act:

> *"[t]he Commission may promulgate rules to provide that the standard of conduct for all brokers, dealers, and investment advisers, when providing personalized investment advice about securities to retail customers . . . shall be to act in the best interest of the customer without regard to the financial or other interest of the broker, dealer, or investment adviser providing the advice."*

Section 913 also provides that any standard of conduct adopted should be no less stringent than the standard applicable to investment advisers.

Respectfully, given the stark differences between the two business models and their compensation structures, implementing a uniform fiduciary standard of conduct for broker-dealers and investment advisers would not only be impractical, but would also likely diminish the fiduciary standard itself and exacerbate confusion among retail investors.

A fiduciary standard of conduct requires an adviser to act in the best interests of the client and requires a duty of loyalty and a duty of care that is simply inconsistent with the broker-dealer business model. In stark contrast to the

advisory relationship in which advice is the foundation of the relationship, **the client's relationship with a broker-dealer is primarily transactional, and the interests of the parties are simply not aligned in a fashion that would be conducive to a fiduciary standard.** In such a transactional relationship, while it seems appropriate that the broker-dealer would be required to recommend investments that are suitable, it does not seem appropriate or practical to require the broker-dealer to act in the best interests of the client. To do so would essentially require the broker-dealer to negotiate against itself.

To force a fiduciary standard on broker-dealers would not only be impractical, but would also likely diminish the fiduciary standard and increase investor confusion. Unless one can truly expect the broker-dealer to act in the best interests of clients, a fiduciary standard will lose significance.

Anecdotally, I see this locally with certain dually registered advisers. While such local advisers charge fees to provide advice and thereby are registered advisers held to a fiduciary standard, by virtue of their broker-dealer affiliations they receive compensation that creates material conflicts of interest with advisory clients. While such conflicts are appropriately disclosed in their ADV Part 2, it perplexes me as to how such "advisers" practically resolve the conflict between their fiduciary duty to clients and the economic interests of their broker-dealer affiliations. From review of prospects' account statements, the portfolio recommendations of such advisers appear to be sadly predictable, commonly including high-priced annuity products, loaded mutual funds and other proprietary products that seem inconsistent with a fiduciary standard. Low-cost index funds are seldom seen in such accounts. Humbly, **I suggest that it is virtually impossible to expect a broker-dealer to act under a fiduciary standard, and dual registrants should likely be subject to heightened disclosure requirements that clearly articulate the conflict between the fiduciary standard and the economic interests of broker-dealer affiliations.**

In Release No. 34-69013 ("Release"), without committing to any rulemaking per se, the Commission discusses a possible approach to establishing a uniform standard of conduct. **With respect to the duty of loyalty, the Release suggests that components of a uniform fiduciary standard would encompass elimination of material conflicts of interest OR providing "full and fair disclosure" about conflicts of interest**. The Release also suggests expanded disclosures comparable to those found in Form ADV Part 2A.

While requiring "full and fair disclosure" in a broker-dealer context might serve to clarify material conflicts of interest with retail customers, it will not, nor is it practical to expect it to, rise to the level of a fiduciary standard which would require a broker-dealer to satisfy a duty of loyalty to act in the best interests of clients. Respectfully, simply calling it a fiduciary standard will not make it so, and inferring that a fiduciary standard applies in the context of a transactional relationship such as that between a broker-dealer and its customers seems wholly impractical and likely only impairs the meaning of the fiduciary standard.

With respect to the duty of care, the Release suggests that components of a uniform fiduciary standard would encompass certain minimum professional obligations which would be designed to promote advice that is in the best interests of retail customers. The Release indicates that such obligations might include obligations relating to suitability, product-specific requirements, best execution and requirements related to fair and reasonable compensation. Once again, respectfully, none of these would rise to the level of a fiduciary standard to act in the best interests of clients.

Any approach which intends to apply a uniform fiduciary standard to broker-dealers would only serve to diminish the fiduciary standard itself. **The only practical approach identified in the Release was the first alternative approach in which the Commission would apply a uniform requirement for broker-dealers and investment advisers to provide disclosure about key facets of the services and products they offer and the material conflicts they may have with retail customers without imposing a uniform fiduciary standard of conduct (refer to Part III C. 1. of Release No. 34-69013; IA-3558; File No. 4-606).**

Problems with Regulatory "Harmonization"

In the Release the Commission seeks data and other information on the nature and extent to which it should consider harmonizing the regulatory obligations of broker-dealers and investment advisers where such harmonization appears likely to add "meaningful investor protection." **Respectfully**, **given limited regulatory resources, it has been my understanding that the Commission has intended to take a risk-based approach to regulation, in which regulatory efforts would be directed toward areas in which the greatest risks lie. Given the drastic differences between the business models and compensation structures of broker-dealers and investment advisers, they present starkly different risks that demand distinctly different regulatory approaches, and attempts to "harmonize" such regulatory**

approaches strikes me as colossally misguided and unlikely to add any "meaningful investor protection."

The Release specifically identified advertising and other communications, use of finders and solicitors, supervision, licensing and registration, continuing education requirements and books and records as potential areas of harmonization.

With respect to advertising and other communications, the Release seems to suggest that retail customer confusion is attributable to differences between investment adviser and broker-dealer regulation regarding advertisements and other communications. Humbly, **I suggest that retail investor confusion has nothing to do with such regulatory differences, but is largely driven by the fact that broker-dealers regularly present themselves as advisers in the media, and retail customers are expected to read the fine print of disclosures to discern that such broker-dealers are NOT primarily providing investment advice**.

As an example, there is a firm in Milwaukee, WI that serves dually as a broker-dealer and registered investment adviser. In their radio ads and on their firm's web site they regularly make the claim that they are providing "independent" and "unbiased" advice. The fact is, this is a patently false statement, because their broker-dealer affiliation creates material conflicts of interest with clients and, while they have a fiduciary duty to clients, their advice cannot possibly be considered "unbiased". Below is an excerpt from the firm's ADV Part 2 (emphasis added) with the firm's name omitted:

> "ADVISER frequently promotes itself as "independent" in its advertisements, radio shows, seminars, brochures and similar presentation to the public. The firm makes this representation to differentiate itself from other registrants whose ownership structure makes it beholden to a parent company such as a bank, trust, insurance, or similar financial service company. ADVISER also holds itself out as "independent" because it does not offer any proprietary products, participate in fixed income underwriting or issuance, participate in syndication or offering groups, offer Initial Public Offerings (IPO's), or create other similar in-house investment products where a conflict of interest might be created. ***The representation of independence notwithstanding, ADVISER's advisors are also licensed as securities representatives with FINRA Member H Beck, Inc. ("HBI"). ADVISER's advisors are also insurance agents of ADVISER Insurance Services, LLC. In such capacities, ADVISER and its advisors often receive commissions resulting from transactions involving a client***

> ***who may also be receiving advisory services. This compensation is in addition to the fees paid to ADVISER and its advisors for investment advisory services. Consequently, a conflict of interest exists because ADVISER and its advisors receive a fee for rendering investment advisory services and a commission or other remuneration for effecting securities or insurance transactions on the basis of that advice.*** It should be clear, however, that advisors are not permitted to collect a commission and an advisory fee for the management of the same investment. It is important for clients to know that investment advice, investments, and insurance may be available from other firms at a higher or lower overall cost. Roughly twenty percent (20%) of revenues generated by ADVISER come from commissions on the sale of securities, life insurance, annuities and similar registered and unregistered products offered through HBI or ADVISER Insurance Service, LLC. The total compensation ADVISER and its Representatives receives for investment advice, securities, and insurance may vary depending upon the programs, securities, and insurance selected by the advisor. Therefore, ADVISER and its Representatives may have a financial incentive to recommend one program or product over another."

While such ADV Part 2 appropriately discloses material conflicts with clients, the tortured definition of the word "independent" illustrates how challenging it would be for a retail customer to assess the adviser's true level of objectivity.

Respectfully, attempts to harmonize the regulatory requirements of broker-dealers and investment advisers regarding advertisements and other communications would accomplish little to nothing with respect to adding meaningful investor protection or alleviating confusion on the part of retail customers. **Significantly greater benefits would likely be achieved by regulating the use of terms in advertising and other communications such as "independent" and "unbiased", and I submit that any adviser with a broker-dealer affiliation should NOT be allowed to use such terms, because it is simply too confusing for retail customers to understand the context in which they are being used.**

With respect to supervision and control procedures, the Release notes that broker-dealers are subject to more specific supervisory requirements and suggests that harmonizing such requirements might enhance investor protection. I submit that **the current differences in regulatory requirements with respect to supervision reflect**

the distinctly different regulatory risks that are posed by the two business models, and attempts at harmonizing such requirements would simply increase costs of compliance while adding little to nothing in the way of meaningful investor protection.

With respect to licensing and registration, the Release indicates that broker-dealers have a more rigorous application process and suggests that more substantive review of investment adviser applications could improve investor protection by preventing firms that are unprepared to engage in the advisory business. Frankly, I find this assertion to be preposterous on many levels. Once again, the risks of the two business models are distinctly different, so the two should take very different approaches to evaluating capability to conduct business. Further, the minimum threshold of assets under management for SEC registration is currently $110 million, a sizeable amount that is unlikely to be accumulated by anyone "unprepared to engage in the advisory business." Finally, it escapes me as to what criteria the SEC would employ to evaluate the preparedness or competency of an applicant. Such criteria would seem to be highly subjective in nature and would likely increase compliance costs while adding little in the way of meaningful investor protection.

With respect to continuing education requirements, the Release notes that no such requirements exist for investment advisers and suggests that requiring investment adviser associates to be subject to federal qualification examinations and continuing education requirements would add meaningfully to investor protection. While there are no federal requirements for continuing education on the part of investment advisers, investment adviser representatives are required to pass the Series 65 examination (i.e. Uniform Investment Adviser Law Examination) for purposes of licensing. Also, competitive market forces have driven many adviser representatives to attain respected professional designations such as Certified Public Accountant (CPA®), Certified Financial Planner (CFP®), Chartered Financial Analyst (CFA®) and the like. These professional designations already encompass rigorous certification requirements and generally require ongoing continuing education. As such, while imposing federal requirements for qualification and continuing education would likely add very little, if anything, to meaningful investor protection, to the extent that you pursue such rulemaking I respectfully suggest that, to avoid costs of duplication and redundancy, you recognize the requirements of such other professional designations for purposes of any new requirements that you might impose.

Summary

In summary, while the Staff's recommendations to implement a uniform fiduciary standard and harmonize the regulatory structures of broker-dealers and investment advisers are well intended, they strike me as colossally misguided given the distinctly different risks that are posed by the two business models and compensation structures. **Respectfully, I submit that a risk-based approach to regulation and meaningfully enhancing investor protection would focus on the following prominent threats:**

1. **Poor disclosure and/or misleading advertising on the part of broker-dealers regarding the fact that, <u>in a brokerage account, investment advice is NOT the foundation of the relationship</u>, but is solely incidental to brokerage services;**

2. **Cases in which advisers have actual or constructive custody of assets, thereby increasing risks of misappropriation.**

Imposing a uniform fiduciary standard or "harmonizing" the regulatory structures of broker-dealers and investment advisers will likely dramatically increase regulatory compliance costs while adding little or nothing to meaningful investor protections.

Thank you for the opportunity to comment.

Sincerely yours,

Kevin P. Ellis, CFP®, CPA®
President, Kyle Financial Services, Inc.

Morgan Stanley

Understanding Your Relationship with Morgan Stanley Smith Barney LLC

Brokerage and Investment Advisory Relationships

October 2012

Depending on your needs and your investment objectives, you may have brokerage accounts, advisory accounts or both. There are important differences between these types of accounts, and you should understand them so you choose the services that are right for you.

Morgan Stanley Smith Barney LLC ("MSSB") is registered as both a broker-dealer and as an investment adviser under federal and state securities laws, and provides services in both capacities. MSSB is a member of the Financial Industry Regulatory Authority (FINRA) and other self-regulatory entities. In accordance with the rules of FINRA and other self-regulatory entities, whether acting in a brokerage or advisory capacity, MSSB must observe high standards of commercial honor and just and equitable principles of trade.

There are several fundamental differences between brokerage services and advisory services. We want you to be informed of the following differences between those types of services.

Brokerage Services

As a broker-dealer, we will work with you to facilitate the execution of securities transactions on your behalf. In addition to taking your orders, executing your trades and providing custody services, we also provide investor education, investment research, financial tools (including financial calculators and financial analyses) and professional, personalized information about financial products and services, including recommendations to our brokerage clients about whether to buy, sell or hold securities. We do not charge a separate fee for these services because these services are part of, or "incidental to," our brokerage services.

When we act as your broker-dealer, we will not have discretion to buy and sell securities for you (except in some very limited circumstances). This means that you will provide approval for each trade before it is executed and that you, not we, will make individual buy, sell and hold decisions. When recommending that you purchase, sell, hold or exchange a security, we must have a reasonable basis for believing that the recommendation is suitable for you. However, we do not have a fiduciary or advisory relationship with you, and our obligations to disclose information regarding our business, conflicts between our interests and yours, and other matters are more limited than if we had fiduciary or advisory duties to you.

For example, we may buy securities from you, or sell securities to you, for our own accounts (acting as principal), or we may buy or sell securities acting as agent. We are not required to notify you or obtain your prior consent regarding the capacity in which we act, which may affect our profit on trades. Further, when we act like a broker-dealer, we are paid by you and, sometimes, by people who compensate us based on what you buy. Therefore, our profits, and our Financial Advisors' compensation, may vary by product and over time.

Your Financial Advisor's Role When Providing Broker-Dealer Services

Your Morgan Stanley Financial Advisor can provide you with the brokerage services described above and assist you in identifying your investments needs and goals and creating investment strategies to pursue them as part of a brokerage relationship. Some of the investment guidance we offer through our brokerage relationships may involve suitability assessments and targeted planning services; such investment guidance should not be considered an advisory service unless we expressly state in writing that it is offered as a component of an investment advisory service.

Investment Advisory Services

In addition to brokerage services, MSSB offers a variety of investment advisory programs and services to our clients, including comprehensive financial planning, nondiscretionary and discretionary asset management, and advice on the selection of professional asset managers, exchange-traded funds and mutual funds offered through our investment advisory programs.

We act as your investment adviser only when we have entered into a written agreement with you to do so. In such agreements, we expressly acknowledge our advisory relationship and obligations to you. When we act as your investment adviser, we provide you with a disclosure document about our advisory services that describes, among other things, information about our business, the services we provide, our advisory fees, our personnel, and potential conflicts between our interests and yours.

When acting as your investment adviser, we also have fiduciary duties to you and are required to obtain your consent prior to purchasing securities from you, or selling securities to you, for our own accounts (acting as principal). Please note that the fact that we owe fiduciary duties to you under the Investment Advisers Act of 1940 does not mean we are or have accepted responsibility as a fiduciary under Employee Retirement Income Security Act ("ERISA") or the prohibited transaction provisions of the Internal Revenue Code. We do not accept those duties unless we accept them in writing in our agreements with you.

In connection with our advisory services, you generally pay an annual fee, payable quarterly based on the total value of the assets in your account at the end of the previous quarter. The fee typically covers both the advisory and the brokerage services provided by MSSB that are described in the investment advisory agreement and, in certain programs that offer professional third-party money management, the fee also includes the professional money manager's fee. In advisory programs that include exchange-traded funds or mutual funds, you will pay additional expenses charged by the funds that are not reflected in MSSB's fees.

Investment Advisers are governed by the Investment Advisers Act of 1940 and applicable state securities laws, which govern conduct and disclosure requirements, creating a high legal standard that is referred to as a "fiduciary" duty to clients.

These rules and laws require Investment Advisers to:

- *Disclose or avoid material conflicts of interest.*
- *Conduct proper due diligence and review clients' investment restrictions and guidelines to make suitable and appropriate investment recommendations or decisions on behalf of clients.*
- *Act in the best interests of their clients by providing investment advice that is based on the client's stated overall financial situation and investment objectives.*
- *Owe their clients a duty of undivided loyalty and utmost good faith.*

Your Financial Advisor's Role in Advisory Programs

Your Financial Advisor can provide you with a variety of services depending on the advisory program that you choose. For example, in our Portfolio Management program, and where you elect in our Select UMA program, your Financial Advisor will have the discretionary authority to execute investment decisions on your behalf. In our Consulting Group Advisor program, and the TRAK Fund Solution program, your Financial Advisor will work with you and make investment recommendations, but you will maintain discretion over all the investment decisions made in your account.

When We Act as Both Broker-Dealer and Investment Adviser

We may act as investment adviser and as broker-dealer to you at the same time, and the fact that we do so does not mean that our brokerage relationships are advisory ones. For example, although we consider your brokerage account assets in preparing guidelines or determining suitability for your investment advisory services, your brokerage relationship continues on your brokerage assets.

As another example, a client who has a comprehensive financial plan prepared by his or her Financial Advisor has an investment advisory relationship with MSSB with respect to the delivery of the financial plan. The investment advisory relationship starts with the delivery of the financial plan and ends thirty days later and does not extend to any existing brokerage accounts or to implementation of the financial plan. Further, the implementation may be done through brokerage accounts, advisory accounts, or a combination of both.

For More Information

We encourage you to ask questions so you completely understand when we are acting as broker-dealer and when we are acting as investment adviser, as well as the differences between your brokerage and advisory accounts, including the extent of our obligation to disclose conflicts of interest to you. The disclosure documents for our investment advisory services, which are available on request, provide information about our advisory services, including conflicts.

If you have additional questions about the nature of your accounts or the services you are receiving,please consult with your Financial Advisor, or with the Branch Office Manager at your Morgan Stanley branch office.

Morgan Stanley