



California State Teachers'
Retirement System
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June 13, 2013

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

RE: Duties of Brokers, Dealers, and Investment Advisers
File 4-606

Dear Ms. Murphy:

I am writing to you on behalf of the members of the California State Teachers' Retirement System (CalSTRS). CalSTRS is the second-largest public pension system in the United States and is celebrating 100 years of providing retirement benefits to California's public school educators. The CalSTRS portfolio is currently valued at \$167 billion and serves the investment and retirement interests of 862,000 plan participants.

At CalSTRS, we have a fiduciary duty to solely and exclusively provide retirement benefits and related services to our members and beneficiaries as cost effectively as possible. We support the mission of a financially secure retirement for our teachers. Since most of our members do not have Social Security benefits, all retirement savings are crucial, including investments into their defined contribution accounts.

Therefore, we strongly support the implementation of a uniform fiduciary standard that would be applied to any professional providing investment or financial advice to retail investors. This standard should be clear, principle-based, and enforceable. Currently brokers are held to the suitability standard when working with retail investors. Requiring only disclosure of conflicts of interest or allowing a stronger standard to be waived would not result in advancing retail investor protection. On a practical level, our teachers, like most retail investors, have to confront the complex nuances between suitability and fiduciary standards. If you add to this mix the various titles and duties of the financial services providers, it's not surprising that there is confusion.



Ms. Elizabeth M. Murphy

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We are also very aware that the industry and some participants may have differing views regarding the best solutions to remedy these misconceptions and realize that there will likely be some costs associated with implementing these new standards. We hope that the SEC and those involved in solving these issues do so very thoughtfully.

We are pleased that the CFA Institute supports the uniform fiduciary standard and hope that it will be involved in crafting the proposed changes in support of this endeavor. We agree that the SEC needs to adopt a fiduciary standard that makes brokers more accountable. Also, we hope that the SEC is tough in crafting new regulations; regulations that broker/dealers cannot easily circumvent.

We believe that the industry needs to have a transparent and level playing field, with accurate, honest and clear advice. We support the implementation of a uniform fiduciary standard and hope that the SEC will be very diligent in creating strong regulations that help provide clarity to the retail investor, which includes our teachers.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Ailman", with a long horizontal flourish extending to the right.

Christopher J. Ailman
Chief Investment Officer