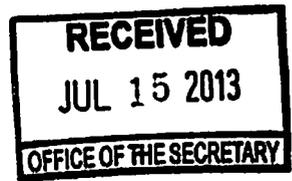


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**Edward Jones**

July 12, 2013

Via E-Mail to: [rule-comments@sec.gov](mailto:rule-comments@sec.gov)



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

**Re: Edward D. Jones and Co., L.P. Comment on Duties of Brokers, Dealers and Investment Advisers (Release No. 34-69013; IA-3558; File No. 4-606)**

Dear Ms. Murphy:

Edward D. Jones and Co., L.P. ("Edward Jones") appreciates the opportunity to provide comment in response to the Securities and Exchange Commission's ("SEC") request for data and other information, SEC Release No. 34-69013; IA-3358. In submitting this letter, we express our strong support for the deliberate approach taken by the SEC in its analysis and exploration of whether to adopt a uniform standard of care for the provision of personalized investment advice to retail clients by broker-dealers and investment advisers. The Staff's initial Study, directed by the Congress in Section 913 of the Dodd Frank Act (the "Study"), recommended that broker-dealers and investment advisers be held to a "uniform fiduciary standard" and the current request for data and other information is in furtherance of that recommendation. We submit these general comments to aid the SEC in its analysis and welcome additional opportunities to be supportive of this effort.

**1. Uniform Standard of Care**

Edward Jones is in favor of the development and application of a uniform standard of care. We agree with the Study that such a standard can and should be carefully crafted to preserve investors' ability to choose the type and level of service they desire and to choose how to pay for those services. We also agree that the level of access individual investors have to the full array of brokerage services today should be maintained, and that the standard as defined and implemented should be business model neutral.

Edward Jones is a full-service broker-dealer dually registered with the SEC as a broker-dealer and investment adviser. The firm is headquartered in St. Louis, Missouri with more than eleven thousand financial advisors and more than ten thousand branch offices in the United States. Our firm is focused on helping individual investors achieve their long-term financial goals and is committed to a long-term investment philosophy that emphasizes quality and diversification of investments.

Today we serve more than 4.3 million households comprising nearly 7 million clients. The majority of our firm's clients invest exclusively through brokerage accounts. This is in part due to the fact that the firm offers only a limited number of investment advisory programs, the broadest of which we began offering in 2010. As is the case throughout the industry, our advisory account programs have a minimum required level of investment. Of our clients who hold investment advisory accounts almost all also maintain a brokerage account. In our experience these clients utilize their brokerage and advisory accounts to meet different and distinct needs. For example, clients with advisory accounts are granting discretion to the firm over asset allocation, investment selection and portfolio rebalancing. However, check writing is not available in our advisory accounts, so a brokerage account would be needed for that service.

Importantly, of our clients who maintain only brokerage accounts, a significant percentage hold total assets in their accounts well beneath the minimum threshold required to invest through our advisory programs. It is therefore critically important, to these clients and, we submit to our firm, that a uniform standard of care should not require all clients to automatically default to an investment advisory account. We do not want to deprive clients of their ability to work with financial advisors in a similar manner to the way they work with their financial advisors today.

## **2. Enhanced Disclosures**

Edward Jones supports the SEC's efforts to enhance disclosure to retail investors regarding the services they receive. We agree that clear, plain-language disclosures regarding fees, the range of services offered, and potential and actual conflicts of interest is a meaningful and effective way to manage issues of conflicts of interests. In that regard, Edward Jones is supportive of the idea suggested in the use of a Form ADV Part 2A, or a similar requirement, to provide more robust written disclosure to investors. Given the significant number of clients who maintain both investment advisory and brokerage accounts, we strongly encourage the SEC to develop a uniform disclosure framework for broker-dealers and investment advisors, as we believe this uniform approach could minimize investor confusion and eliminate duplicative disclosure requirements for broker-dealers and investment advisors.

We furthermore support efforts by the SEC to layer such disclosures through uniformity, leveraging websites and other means, and urge the SEC to consider how best to leverage the internet and websites in the delivery and availability of information to investors. The sheer volume of information available to investors generally, combined with the volume of transaction or product specific disclosures and information available today, can at times result in investors being overwhelmed with the information they receive. We agree with and support the SEC's efforts to ensure that investors have the information necessary to help them make informed decisions. We also believe it is critical that the SEC's efforts recognize investor preferences as to the optimal level of account or transaction detail the investor finds most valuable to receive.

## **3. Harmonization of Fiduciary Standards**

Edward Jones supports the harmonization of regulatory obligations between broker-dealers and investment advisers in the areas of supervision, advertising and other communications, continuing education, books and records and registration requirements. In addition, the firm urges the SEC to identify initiatives that promote consistent oversight and examination of investment advisers and broker-dealers.

Furthermore, we support the harmonization of the rules that impact individual investors whether they are engaging with a broker dealer or investment advisor. Standards of care applicable to individual investors dealing with their investments must be harmonized across all regulatory schemes so as to best avoid investor confusion, one of the pillars of Section 913. We are disappointed that the SEC's data and information request made no explicit reference to the Department of Labor's ("DOL") ongoing rulemaking initiative that seeks to establish an expanded fiduciary definition for retirement accounts pursuant to the Employee Retirement Income Security Act (ERISA). The DOL's proposals, as reflected in their rule proposals that were withdrawn in 2011, are fundamentally inconsistent with the statements in the SEC's Staff Report and Data Request in many critical respects, and operate under a statutory scheme that the DOL has interpreted to restrict the availability of disclosure as a means of handling certain conflicts of interests.

We respectfully submit that if the end result for investors is not one but two new standards: a "uniform fiduciary standard" under SEC rules applicable to brokerage and investment advisory accounts, and a very different "fiduciary" standard under DOL rules applicable to retirement accounts including IRAs, the objective of the rulemaking to reduce investor confusion will be lost. In light of Section 913's stated intent to minimize investor confusion, we believe it is imperative that the SEC and DOL collaborate on a harmonized standard of care putting the best interests of the client first, regardless of whether the client's dollars are for investing or retirement.

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Edward Jones appreciates the thoughtful approach the SEC has taken in evaluating the implementation of a uniform fiduciary standard of care for broker-dealers and investment advisers. The firm sincerely appreciates the opportunity to provide comments on this significant regulatory initiative. We support a business model neutral fiduciary standard of care that promotes a retail investor's ability to choose how they pay for products and services, while preserving the investor's access to a full range of products and services to meet their financial needs. Please contact the undersigned if you have questions regarding this comment letter.

Sincerely,



Jesse Hill  
Government and Regulatory Relations  
Edward Jones