

Aimee A. Toth

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

November 1, 2010

Dear Ms. Murphy,

Thank you for the opportunity to comment on File No. DF Title IX-Enhancing IA Examinations Study-Enhancing Investment Adviser Examinations-Title IX Provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

I am writing to recommend that you broaden FINRA's oversight authority of certain investment advisory firms. To give you some background, I hold a law degree and Series 7, 24, 63, and 65 licenses. I have served as an enforcement attorney for a state securities commission, and as chief compliance officer for a dually registered broker dealer and investment advisor, with an additional affiliated investment advisor. I am not naming the firm; because the opinions expressed in this letter are solely my opinions and do not necessarily represent the opinions of the firm.

I make my recommendation for several reasons:

First, FINRA already has an infrastructure in place that permits them to field examiners to perform examinations on broker dealers. A number of broker dealers are either dual registrants or are under common control with an investment advisor. Since FINRA has already established parameters for an examination schedule it would take little additional work to extend the examination beyond the broker dealer to cover the investment advisor.

Second, FINRA already has the authority to examine advisory activities of dual registrants. I believe that "advisor activities" are "private securities transactions" under FINRA Rule 3060. As such, they must be supervised as if these transactions had run through the firm. That makes these activities fair game for a FINRA exam.

Third, splitting regulatory oversight of one firm between two entities gives firms the potential to argue that certain conduct is controlled or permitted by the other regulatory regime. Certain issues can "fall through the cracks."

Fourth, while the SEC clearly works to attract the best and brightest, the majority of the FINRA examiners have actual firm experience. Much of this experience encompasses advisory as well as brokerage activities. Although additional training would be required, the training curve would not be as great as it would be for a new regulator. The firm experience also enables the FINRA examiners to more easily differentiate between the minor issues which simply need to be corrected, and the major problems which will substantially impact client service and investor protection.

Fifth, this process allows regulators to audit firms more frequently. While "small firm" RIAs and BDs are generally examined on an eight to ten year cycle by the SEC, "small firm" broker dealers are still on a two to three year cycle with FINRA.

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I read Commissioner Aguilar's May 2009 speech to the Investment Advisers Association, wherein he objects to an SRO in "the investment adviser space", stating that this "would take existing SEC responsibility and hand it to some as-yet uncertain private organization...it would be outsourcing a regulatory obligation rather than building on an existing structure. I personally believe that the SEC should not outsource its mission." Please note that this proposal does not deprive the SEC of regulatory oversight of investment advisors. The SEC would still have the same authority to perform periodic examinations on investment advisors that they now have over broker dealers. This structure would simply be supplemented by FINRA oversight.

After working with the various regulatory entities (state security regulators, FINRA [formerly NASD] and the SEC) I believe that the greatest efficiencies could be accomplished and impact made by letting each of these regulatory entities do what they do best.

The state securities regulators excel at "client protection" and are best suited to deal with individual client complaints. It is important to give them the support and resources they need to continue to serve in this role.

FINRA, as a self regulatory organization, has the greatest "hands on" industry knowledge. Let FINRA perform overall examinations of broker dealers, dual registrants, and "small" RIAs. In the past several years FINRA has concentrated on providing compliance resources to member firms. They are ideally suited to not only examine firms, but provide practical resources to help "fix" any issues and improve performance.

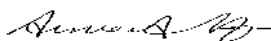
Dodd Frank gave the SEC an enormous task formulating the multitude of new rules and regulations Congress has mandated. I submit that this is their strength, to set oversight standards, and perform supervisory examinations to ensure that the other groups are doing their jobs.

As the various regulators performed their examinations each could provide copies of their reports or make referrals as they deemed necessary. I believe that all parties could profit from some better cooperation and communication between the various regulatory bodies.

I think that it is clear to all that additional resources and training are needed. SEC, FINRA, and the states could collaborate in training and work toward establishing some standards such as initiated by NASAA with their various examination modules.

I know that I have not covered many issues here—state sovereignty, federal preemption, personnel, or budgets. However, we have to make a start somewhere.

Sincerely,



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