MEMORANDUM

To: File Nos. S7-07-18, S7-08-18, S7-09-18

From: Division of Investment Management, Division of Trading and Markets

Re: Roundtable on July 9, 2018 Regarding Standards of Conduct for Investment Professionals

Date: August 6, 2018

On July 9, 2018, SEC staff and Chairman Clayton held a roundtable at the University of Miami. Approximately 34 individuals attended. The roundtable was intended to gather information from retail investors who will be directly impacted by the Commission’s rulemaking regarding standards of conduct for investment professionals.

Attached is the entire transcript of the Miami roundtable discussions. The discussions at the roundtable were intended to be conversational, and the Chairman and SEC staff provided summary descriptions of the Commission rulemakings. To the extent that any descriptions contained in the transcript deviate from the Commission’s proposed rule text and rulemaking releases, such descriptions do not supersede the proposed rule text and releases. In this regard, see proposed Form CRS Relationship Summary, Regulation Best Interest, and Interpretation.
PARTICIPANTS:

SEC PARTICIPANTS:
Chairman Jay Clayton
Richard Hauser
Eric Bustillo
Lori Schock
Paul Cellupica
Lourdes Gonzalez
Lisa Roberts
Eric Diamond
Suzanne McGovern
Jennifer Porter
Elizabeth Miller

NON-SEC PARTICIPANTS:
Investor 1
Investor 2
Investor 3
Investor 4
Investor 5
Investor 6
Investor 7
Investor 8
Investor 9
Investor 10

NON-SEC PARTICIPANTS(CONT.):  
Investor 11
Investor 12
Investor 13
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PROCEEDINGS

RICHARD HAUSER: So we're going to go ahead and get started with the meeting.

So good afternoon and welcome to the participants from the OLLI program. And special thanks to all of you who are participating. And also I understand we have some non-OLLI folks here, and we welcome you as well.

And note, just looking, we have a few refreshments. Mr. Chairman, thanks to you, for taking things up a notch today. That's great.

Thank you.

For those of you who don't know me, I'm Richard Hauser. I co-taught and had the privilege of teaching the course on law and order. I tried to make the transition with law and order just earlier in this year --

because of the transitions to last year.

I think it's a real credit to OLLI to be chosen for this experiment, this roundtable session, to hear from real investors and get their different experiences. I think it's going to be a two-way street. I think we will learn a lot by having had this conversation, and hopefully the Commission will be better informed.
by taking your views as they go about fashioning new rules regarding investment advisers.

What I would like to do is, in a moment, just recognize Eric Bustillo, who is here, and many of you may remember along with his colleague, Lisa Roberts, who came and taught at the law and order course on securities fraud. And we were surprised to learn that even in Miami, there's securities fraud.

Before I turn it over to Eric, one housekeeping matter I wanted to mention to you. We have a court reporter here today who will be recording this session, and in order that we can have an accurate record of what is said, please identify yourself so the court reporter can get your name when you ask a question. That would be great.

Eric, I will turn it over to you for proper introductions.

ERIC BUSTILLO: Thanks, Richard, very much for that introduction. I want to welcome everyone here today for this investor roundtable discussion. We truly appreciate your coming, and hopefully having a robust discussion with Chairman Clayton as well as other members of the Commission proposed a significant package that would, among other things, require broker-dealers to act in the best interest of the retail customers. It will also reaffirm and in some cases clarify the fiduciary duty owed by investment advisers to their clients.

And it would also require for both broker-dealers and investment advisers to clarify for all retail investors the type of investment professional that they are, as well as key facts about the relationship.

This will help our mainstream investors in this country, and that is the reason that we are here today. In this roundtable discussion we would like, as I said, for you to discuss, with

Before I introduce Chairman Clayton, I want to take this opportunity to thank a few people, including INVESTOR ONE and INVESTOR TWO, INVESTOR THREE, INVESTOR FOUR, INVESTOR FIVE, Richard Hauser, as well as INVESTOR SIX, with the Division of Continuing and Internal Education and/or the Other Lifelong Learning Institute here at the University of Miami, for co-hosting this event.

We truly appreciate your efforts and your willingness to co-host today.

I also want to thank Lisa Roberts and Suzy McGovern from the Commission, who worked hard this week to organize this event, and we commend your efforts, both Lisa and Suzy.

It is now my privilege to introduce to you Chairman Jay Clayton. Chairman Clayton was nominated to serve as chair of the SEC in January of 2017 by president Donald Trump. He was subsequently confirmed by the Senate, and was sworn in as Chairman on May 4, 2017.

Prior to joining the SEC, Chairman Clayton was a partner at the law firm of Sullivan & Cromwell, where he was a member of the firm's management committee, and also served as co-head of the firm's corporate practice.

Since joining the Commission, Chairman Clayton has concentrated his efforts on the long-term interests of America's retail investors, and has made it a priority to increase the access of retail investors to a diverse range of potential opportunities, as well as to see and make sure that they continue to benefit from the protection of our federal securities laws.

As you know, in April of this year the Commission proposed a significant package that would, among other things, require broker-dealers to act in the best interest of the retail customers. It will also reaffirm and in some cases clarify the fiduciary duty owed by investment advisers to their clients.

And it would also require for both broker-dealers and investment advisers to clarify for all retail investors the type of investment professional that they are, as well as key facts about the relationship.

This will help our mainstream investors in this country, and that is the reason that we are here today. In this roundtable discussion we would like, as I said, for you to discuss, with

Chairman Clayton, as well as other members of the Commission, your expectations regarding relationships with your investment professionals.

Our goal is to hear from you so that we can enhance retail investor protection, as well as promote choice and access to a variety of investment services and products. Roundtable discussions like this here today have already been had in other parts of the country, with retail investors such as yourselves, and we intend to do a few other cities throughout the country.

I also want to add that there are others with Chairman Clayton here today from the Commission that are going to be a part of this discussion. And there is Lori Schock to my left, who is the Director of our Office of Investor Education and Advocacy.

Paul Cellupica, who is our Deputy Director of the Division of Investment Management, as well as Lourdes Gonzalez, who is an Assistant Chief Counsel with the Division of Trading and Markets.

Other SEC staff members that are here today as well are Eric Diamond,
Chairman Clayton: Thank you, Eric. Thanks for your hospitality in Miami. Richard, where did you go? There you are. Thank you, Richard.

RICHARD HAUSER: My pleasure.

CHAIRMAN CLAYTON: And INVESTOR ONE, thank you.

So, look. This is the third one of these that we have done. We did one in Houston. We did one in Atlanta. It's a pleasure to be here today. Someone asked me when I went around to introduce myself if I was okay with pointed questions. Yes. I am okay with pointed questions.

We want to hear from you what you expect from your relationship with your investment professional. We want to hear what has happened in the past that hasn't sat well with you. Or things that you are worried about in the future.

And the reason we want to hear is something that Eric said, which is we found, all of my colleagues here and I, as we were trying to bring clarity to this space, clarity in terms of the relationships that we have.

We have broker-dealers and we have investment advisers. And the broker-dealer relationship model is a transaction-based model.

A broker-dealer makes a recommendation regarding a transaction to a client, and the client either accepts, rejects, or changes that. The broker-dealer gets paid on a transaction-by-transaction basis. The broker-dealer's obligations are around that transaction or series of transactions.

An investment adviser looks at their client's overall portfolio and has an ongoing relationship with the client. And they get paid on an ongoing basis for engaging in that relationship.

Those are the two models. Some people are probably better off with a broker-dealer model. Some people are better off with an investment adviser model. One of the problems we have is it's really hard for people to tell which one they have.

I hope that I have explained it in a somewhat clear way, but I want to get to a place where everybody understands the distinction between the two, and what they are buying.

Last preliminary, and then I will kick it off.

What we have done is -- I should say what we are trying to do, because we have already benefited from input -- is we are trying to require all investment professionals to disclose to their clients, in four pages or less, in plain language what type of relationship they have and how they get paid.

Because if you know how somebody gets paid, you know a lot about how they are motivated, and then what obligations they owe you, and if they have any disciplinary history.

Our view is that if you can't explain it in four pages or less, it's probably too complicated.

We then raise the standard of care that broker-dealers owe their clients to embody what I would call a true fiduciary concept, that a broker can't put their interests ahead of the client's. And then lastly, I think what we have done is set up a system that is much easier for us to inspect.

Words are good. They are nice, but unless you can inspect and enforce against them, they don't mean much. So that is sort of the three prongs that we have. To be very direct, all without being so onerous that people don't pull
out of the industry altogether, because having
individuated investment advice is important. So
in that vein, what we have done is
looked at the people who we think are behaving
well, the professionals we think are behaving
well, and model our rules so that they can
continue to behave the way they have. With that,
what I will do is kick it off
by asking any one of you who is willing to share
your experiences as a client, as a market
participant, what you haven't liked or have
liked, and we will just get the dialogue going.
If you don't, I will kick it off with one of
mine. I knew in this size group we would have
somebody who would have had an experience that
was less than satisfactory.

INVESTOR EIGHT: I'll be honest, one
of the reasons I was interested in coming today,
and this has bothered me for years. My mother
liked to dabble in the stock market, and she was
retired. I love the idea of the investor's
interest coming first, and I feel that my mother
helped the retirement fund of her broker because
she became a victim of churning.
It was constant. I would constantly
get calls from her, oh, man, "Ed called today with
a great stock deal for me on this great cancer
stock." And she put $10,000 into it, and today
it's worth zero dollars. And it was constant. I
am sure that there are some brokers still doing
that today.
So if you do have something in a rule
that says you have to put your client's interests
ahead of yours, how do you enforce it in cases
like that?

CHAIRMAN CLAYTON: So this is the most
important thing for me, is that, like I said, you
can have words that say put the client's interest
first or the words we use, because we are
lawyers, which is you can't put your interest as
a professional ahead of your client's, because
that is the standard that the courts have applied
over the years.
But how do you know? It's a great
question. There are -- Lori, you are going to
help me -- fifty percent of Americans have some
exposure to the market, right?
So there are, at a minimum, 130 million
relationships. How do we know, with 4600 people
at the SEC total, when somebody is being ripped
off? One of the components of our proposal is to
require policies and procedures at the broker-dealer against which we can test.
So we can go in -- and tell me if I am
being too technical. We can go in and say, we
want to see accounts one, seven, 35, 85, and we
want to look at the volume of activity in those
accounts, and then we want to measure it against
your policies for making sure that churning
doesn't take place.

One of the objectives of this is to
make it clear what kind of policies people have
in place so we can test against it. Churning is
one of the things we want to get rid of. Hidden
fees, another thing we want to get rid of. Sales
contests that clearly put the broker's or the
investment adviser's interests ahead of the
client's. All of those will be inconsistent with
this standard and with the policies that we hope
to develop.

I am looking at Lourdes, who spent 20
years -- Lourdes has spent 20 years on the
broker-dealer side. Paul has spent 20 years on
investment adviser side, if not more. This is
part of what we are trying to do. It's not just
the words that govern the relationship, but it's
what the professional has to do.

PAUL CELLUPICA: Every financial
professional gets paid in some way. And there
are always going to be incentives arising from
how that person gets paid. And that kind of goes
-- to some extent goes with the territory.
What we are trying to do is make clear at
the outset of the relationship what those
incentives are, so you, the customer, the client,
can factor that in in determining whether you
want a broker-dealer, whether you want an
investment adviser or whether you want none of the
above.

So in the standard broker-dealer
relationship where you have got someone who is
paid on a commission, yes, there's some incentive
to do more transactions. And good broker-dealers
with robust compliance policies and procedures
will have controls around that.

In the investment adviser space, there can
be the opposite incentive. Something called
reverse churning, where they come up with a
portfolio of funds and securities. And put you
in that portfolio, and they never reexamine
whether it makes sense for you as time goes on. They still take an asset-based fee.

CHAIRMAN CLAYTON: We would expect investment advisers to develop some procedures where they do review your account to make sure they are not just collecting the one percent a year without changing anything.

INVESTOR NINE: I hate to admit it, but I am a former Madoff investor. And I think what I am wondering is what did the SEC learn from it, and what are they doing now? You say you have 46,000 people.

CHAIRMAN CLAYTON: 4600.

INVESTOR NINE: 4600? I'm sorry. I misheard. 4600. What have you learned from this? Because this involved a lot of money. If anybody ever sat down and looked at it, it was obvious. But nobody wanted to admit to it, and it went on for so long.

CHAIRMAN CLAYTON: What did we learn from that one? The big one that you learn from that was custody. Which is understanding where the assets are and being able to actually check that they are there.

INVESTOR NINE: That is one of the notes that I made under disclosure, is that they should disclose who is the custodian.

CHAIRMAN CLAYTON: You know what? That is a great point. Who is our custodian? Do I self custody or do I not? More broadly to your question, yes, we learned in Madoff that we should have had a better handle on that. But what I keep asking myself today is are there other things that we should have a better handle on to prevent the next Bernie Madoff? Because that lives as -- I am on the Commission a year. That is not an excuse. What I am saying is it should be part of our institutional memory that we had this happen. Here was a guy who perpetrated an amazingly long fraud, and we should have caught it.

INVESTOR NINE: One of the other things I wanted to ask you is that I would think you would want to encourage people to use investment advisers as opposed to broker-dealers because they are getting advice and they are getting assistance. Yet the new tax law that just came out no longer allows you to deduct the fees that you paid to an investment adviser. We can't debate tax code and everything else.

CHAIRMAN CLAYTON: They haven't made me Treasury secretary.

INVESTOR NINE: But that is one of the things --

CHAIRMAN CLAYTON: That is a hard job, too.

INVESTOR NINE: It maybe discourages it a little bit. You can deduct commissions if you are paying commissions on a stock sale that's part of your basis, so you don't have to pay taxes on it. I am digging a little deep into something. It's an interesting point I wanted to make.

CHAIRMAN CLAYTON: I will digress a bit. I expect the pricing in the market will adjust as a result of the tax law, as it always does.

But you bring up an interesting point about whether we are driving people towards advice or towards brokerage. What we want is people to have a clear choice. It may be correct for the majority of Americans an investment adviser relationship is right. But we are talking about big numbers here.

There are people for whom a brokerage relationship may be correct. Because if what you are going to do is buy a portfolio stock, you are going to monitor it yourself, but you are not going to trade a lot, turn them over a lot, you are going to end up paying a lot less over time than you would pay to an investment adviser who is going to charge eight percent.

I just want people to make a good, informed choice as to which model is best for them, or both. I have an investment adviser for some portion of my assets and I have a broker for another portion. That is really where I want to go. To INVESTOR THIRTY-ONE and then to INVESTOR TWENTY-SIX.

INVESTOR THIRTY-ONE: A couple of things. One, you mentioned auditing after the fact, and trying to find those who are not following the rules, broker-dealers. That is well after the fact. What can be done before the fact, before they mishandle?

And the other, an ordinary person that doesn't have an accounting or finance background, going into an investment brokerage house, they will have other titles for these positions.
There will be, I don't know, adviser, something
adviser. And out there, people call themselves
senior advisers. They call themselves other
tings. And ordinary people don't know the
distinction.

So how do you know you are working with
a broker-dealer and not an investment adviser,
and how you can control that, I guess is my
question?

CHAIRMAN CLAYTON: I think it's a great
question. It's a problem, and we are trying to
address it. Our proposal -- I don't know if
somebody wants to handle this. Do you want to
go? Go ahead.

LORI SCHOCK: A couple things.
Investor.gov is our retail-facing website. I
would encourage all of you to go there. I know
you have smart phones out there. Investor.gov.
You can do a background check on your financial
professional.

INVESTOR THIRTY-ONE: And I did.

LORI SCHOCK: Perfect. I'm glad to
hear that, in that you did it before you ever
turned over any of your money, right?

INVESTOR THIRTY-ONE: Well, no. I learned
about it after the fact. But I was happy when I
checked.

LORI SCHOCK: I'll take it. And what
did you find? You found out how long they'd been
in the industry, what licenses they held.

INVESTOR THIRTY-ONE: And that they didn't have
any grievances against them, or whatever.

LORI SCHOCK: Any regulatory issues.

Okay, no investor complaints. All right.

That is information that is readily
available. We know people spend more time
actually figuring out where they are going to go
on vacation, which hotel they are going to stay
at or where they are going to eat dinner, than
doing a background check. I'm glad you did that
first part.

Also from investor.gov, you can check
out the background news of -- I call it alphabet
soup. In fact, I was doing a program here in
Florida and somebody had a business card. After
the person's name, it said HSD. Anyone know what
-- high school degree. But that is what he had
on his business card.

Now, who knew? This database is
actually maintained by FINRA, and you can see the
credentials that go into holding certain
certifications. There are some that if there's
an accredited body, there's standards that you
have to maintain. You may have to have
continuing education credits. So some of them
are very rigorous.

There are others, though. I go online.
I pay my $200, and now I am a senior specialist
of whatever. If you don't -- this is a good one.
This is a bad one. I will show you what goes
into getting that credential. I also encourage
you to use that database, as well.

INVESTOR THIRTY-ONE: That might be important
to put in the offices of investment companies,
places where they can go to check things out.

LORI SCHOCK: That's a good idea.

CHAIRMAN CLAYTON: We are getting a lot of
good ideas from these. That is another one.

Custody is one. What we really want is this to
be readily available. That is why we are forcing
these professionals to fit it all into four pages
so we have it -- so when you go in there, there's
no way they can avoid giving you this
information. It starts the right conversation.

We are also looking at whether the
investment adviser title can be used by broker-
dealers. In fact, our proposal is to not let
them use it, unless they are also registered as
an investment adviser.

INVESTOR SEVENTEEN: How does investor.gov
relate to BrokerCheck, if at all?

LORI SCHOCK: Sure. Instead of seeing
how the sausage is made, it's the same
information. We combine the search results from
the investment adviser public disclosure website
and BrokerCheck. So whether the person is
registered as an investor adviser or as a broker-
dealer or if they are dually registered, you will
see the information and be able to look at both
reports.

CHAIRMAN CLAYTON: I just need to make a
plug. Need to go back to INVESTOR TEN and come back to
INVESTOR FIFTEEN. I will make a plug. We just did a new
database called SALL and this is for bad actors
that aren't registered as broker-dealers or
investment advisers. Because it turns out that a
lot of the fraud we see is from unregistered
people who are out peddling investments.

SALL.gov.

LORI SCHOCK: You can get to it from
Investor.gov.

CHAIRMAN CLAYTON: It was easy to find the registered people who were bad. But some of the really awful people are the ones who aren’t registered. We now have a new database that has our actions over the years so people can find them.

INVESTOR TEN, you are next.

INVESTOR TEN: My experience, for many years, I was with a broker that I didn’t know was a broker. I think you have all touched on that one way or another. He was an adviser. And because at the time I lived outside of the country, this was good to have somebody that was going to take care of whatever money I had at the time.

And when the market was good, I was good. And when the market wasn’t so good, I wasn’t so good. And because of the nature of my business, I really didn’t do a good job of following up. Until I had a conversation with somebody, and they said, you should really be with an investment adviser.

I didn’t know the difference. Because the broker was telling me he was an adviser. So

INVESTOR NINE: But Commissioner, one of the things I’m hearing, you said to make available quarterly statements. I think, at least electronically, they should be at least monthly electronically. I don’t think anybody should have to wait three months to find out how they are doing. Maybe they don’t want to do it on paper, but at least electronically.

CHAIRMAN CLAYTON: Your reference to quarterly statements?

INVESTOR NINE: You should be able to. But here it only talks about making available quarterly statements. That’s the way I read it, unless I read it wrong.

CHAIRMAN CLAYTON: Your reference to quarterly statements?

INVESTOR NINE: You should be able to. But here it only talks about making available quarterly statements. That’s the way I read it, unless I read it wrong.

CHAIRMAN CLAYTON: This is an example. Again, I get your point. Where we are going is most advisers make your statement continuously. This is more of what they have to do. But I get your point on monthly.

I promised INVESTOR FIFTEEN, and then we will come to you, INVESTOR THIRTEEN.

INVESTOR FIFTEEN: I have been in sales probably 45 or 50 years. I started out as a life agent many years ago. When I started, it was very simple, because insurance was insurance,
banks were banks, and brokerage was brokerage. I think it's done a great disservice to this country and made your jobs a lot more complicated.

I saw things that I wished I had never seen because of the greed of companies, and I won't name the companies. But these companies, for example, when you start out as a life agent, they have an attitude that you have a certain market because you are dealing with property casualty, for example.

And just because I write your auto or your homeowners or your umbrella, your jewelry policy, whatever it might be, it doesn't mean that I know everything about a variable annuity, of which I had to have a Series Seven license for.

Now, then they start moving you into an area. And in the meantime, a lot of these life agents have not been properly trained. There's quite a difference in training and selling something I can guarantee if you die, you die, you are going to get this. I can walk out and know that I did something, because if you pass away a widow is going to benefit from a life policy that I wrote.

A variable annuity is another ballgame. What frustrates me is that the companies took the attitude that they could train these life agents or these property casualty agents, and just make them life insurance agents that easily. It's a different type of training, a different type of thought process.

Then they take it a step further. They want you to start selling stocks and bonds. Well, you can only wear so many hats and be proficient at what you are doing. I wish to God they would bring this life agent back, and get back to the basics where we do insurance, banking does the banking. They don't have any damn business selling life insurance. And the same with the brokerage companies, brokerage houses.

Everything is so technical today that in selling, you have to spend a tremendous amount of time in C.E. courses, and look at the reading that you have to do to stay on top of what you have to do. I think if they could ever get back to something like that, I think it would help clear up the industry one hell of a lot.

And this thing going back and forth between the presidents, the former president wanted to do what he wanted to do with fiduciary, as far as going back not with commission but fees. Now there's a question they want to go back.

And everything is just -- then you have Merrill Lynch, for example. They say, well, they want to go back to commissions. There's this constant gray, and I think it would clear it up an awful lot if you just go back to the basics of 101. It worked.

CHAIRMAN CLAYTON: A couple things. Your observations about the complexity in the insurance product industry resonate with us. We don't have -- we have jurisdiction over some things but not all of it, as you probably know.

What I am -- in terms of going back to basics, there's a question that has come out of the town halls and the work that we have done, which is how much of your money as a customer is actually going to work for you? And that is the question that whatever you are buying, you ought to get a clear answer to.

So if you are buying a variable annuity, you are paying $100, but actually only 95 of it is going to work for you, either in the form of insurance or in the equity market, you should know that.

Just like if you are buying a mutual fund, and you are going to pay a fee up front and a fee along the way, you should know that every $100 you put in, maybe 98 is going to work for you.

That is something that I believe, regardless of the complexity, somebody should be able to explain it to you.

So to answer your question, with all the back and forth, all the discussion, that is kind of the focal point, that we, working together, have found, that transcends that. If somebody can't explain to you how much of your money is going to work, you probably shouldn't invest and they probably have a problem with us. I think that is where we should take this.

INVESTOR FIFTEEN: How do you feel then with the complexity of when you get a combination of a product with life insurance, and you have a mutual fund, and that is exactly what it is?

I never believed in mixing. I think you are asking for trouble right there. Either
stick with one or stick with the other. Because you try to explain it as carefully as you can, taking fiduciary, and make sure that they are not hurt in writing, in explaining, but it's very difficult. It's very hard.

LORI SCHOCK: In your experience, also, which one paid more? Variable universal life, variable annuities, right, as the salesperson. It's hard to have that disconnect. You have a mutual fund with an insurance wrapper, essentially. So are you betting off buying your mutual funds here, buying your insurance separately?

I know there's a fair amount of investor confusion with those products. We get the investor complaints that come into the Commission. It's a challenge. People don't understand also the fees that go into it. The contingent deferred sales charges. Say for some reason something changes, they need to get out of it. What do you mean, I am going to lose four percent off the top because it had a seven year contingent deferred sales charge, and it was one percent per year. Those are the challenges that we face. I think you raised really good points.

PAUL CELLUPICA: They are very complex products. That doesn't mean that they are never good for anybody. But the complexity is -- it's a challenge for the people who are selling them, and it's a challenge for us as regulators. And one of the things we are working on is to try to take a look at the disclosure that the variable annuities and variable life products -- or the companies issuing them provide, and is there a way to make that simpler and more understandable and reduce some of the complexity that confuses a lot of the subjects.

CHAIRMAN CLAYTON: Just to your point. If you can't explain why the combined product is better than the product separately, it probably isn't. And we are working on it.

INVESTOR FIFTEEN: I have seen a lot of people lose their job over that. A lot of people.

CHAIRMAN CLAYTON: I'm sorry, INVESTOR TWELVE. You wanted to --

INVESTOR TWELVE: Yes. Two comments. One is, so you get an explanation and this is what it looks like. Okay? [INVESTOR TWELVE pointed to a prospectus and showed the group.]

This is what it looks like.

Vote yes or no. What? You are kidding me, right? I am going to read this?

I guess my other comment has to do with the fact that it's incredible to me that an intelligent person can graduate from college, take a job where they get a 401(k), and have not a clue of what the difference is between a stock and a bond.

INVESTOR FIFTEEN: That is true.

INVESTOR TWELVE: And I don't know how much responsibility the SEC has for education, but we have got to find a way to start, way back, high school. People have got to be informed. I don't care how many regulations you pass. It's not going to work unless you have an informed consumer. Of those 50 percent of the people in this country who are involved, 40 percent of them have no idea what they are involved in.

CHAIRMAN CLAYTON: I agree.

INVESTOR TWELVE: So I don't know what your responsibility is for that. But four pages, five pages, 20 pages, one page, won't make a bit of difference if the person who gets this has no clue of what the whole thing is about.

CHAIRMAN CLAYTON: I agree with you. Look, it's not our jurisdiction. I try not to get out of my lane. But as a citizen, just as a citizen, you know, we are all living longer. We are all much more responsible for our own retirement, which means we have got to be more financially literate. That is just the facts.

And it's kind of sad, to use a more pejorative term, that you graduate from high school -- or more importantly, you graduate from college, and you don't have an appreciation for these basic concepts that are going to be important to your own lifestyle, because you are on your own, right, whether you use a professional or not.

We are trying to make the job of choosing a professional, making sure you get it right, making sure they behave better, but you still got to do it. If we don't have people who understand the basic concepts of equity market, a bond market, a bank account, the differences among those and what it means to you over time, that is not good.
Let me say, look, I will just wear my college degrees. I got my master's degree. I of what INVESTOR TWELVE said. First of all, four certificates. She actually had them in her desk. I have two broker-dealer accounts, and I have my call him my broker, he is called my financial advisor. I have a financial adviser at Morgan Stanley. I have many annuities. I don't think I am in Miami, and I am now using, and friends with lots of annuities. I don't think forced into it because of the nature of what I did. When she died, I got stock which I have always kept in separate accounts. And I knew nothing. And I am in Miami, and I am now using, and I am a Baby Boomer on top of that. And there's a zillion of them out there who are sitting with these IRA accounts. And when I retired a couple years ago, it's scary. I can't tell you how many of my colleagues came to me for investment advice, because I knew more than they did. And I knew nothing.

I am involved in the stock market as an observer, and I am involved on a daily basis many times. I am learning and learning and learning. And if I live to be 150, I will never know the things -- some basics, some very sophisticated -- that I need to know.

The education, obviously, needs to start in the public schools and the charter schools, whatever schools, early on, but I know we are not here to address that. It's a shame. But all of these people that were my colleagues around my age are being dumped into this market with IRA accounts. Fortunately --

I had Mom's stock certificates, she was very smart. She knew the most complex thing that I still don't understand. But all of these people that were my colleagues around my age are being dumped into this market with IRA accounts. Fortunately --

And at one point we thought some of them were lost, and fortunately, we found them. Anyway, I converted those into an account at a major house, and had a horrendous experience. I was then, fortunately, referred to another major house where a friend of a friend worked. This is out in California. I am in Miami, and I am now using, and still using, a financial adviser at Morgan Stanley who was a friend of a friend. I have been very happy with. But I haven't always understood. And I have always been, until recently, too busy with work and this and that, and plus, I am a liberal arts major, and that is another mistake in my next life I won't make.

But I am a liberal arts major, and that is okay. And if I live to be 150, I will never know the things -- some basics, some very sophisticated -- that I need to know.

The education, obviously, needs to start in the public schools and the charter schools, whatever schools, early on, but I know we are not here to address that. It's a shame. But all of these people that were my colleagues around my age are being dumped into this market with IRA accounts. Fortunately --
off not that much, especially after taxes.
So I have myself to blame. But that is okay. I just want to wrap up, because there's a lot of people being thrown into this. We are solicited constantly by people. Oh, you want to have dinner at Morton Steak House? I am sure you all get it. I called my broker.

CHAIRMAN CLAYTON: There's no free lunch.
INVESTOR THIRTEEN: Yes. I said, why is Morgan Stanley soliciting my business? Don't you know that I'm already -- you know, he has kept trying to straighten it out for years. But there are a million of them, and there's all kinds of brokers out there now.

One company that I was actually invested in keeps acquiring other smaller brokerages that are actually boiler rooms, and they sit there in little cubicles calling people, cold calling. I am not going to name names, but it's very scary for people who are basically -- I consider myself unsophisticated.

CHAIRMAN CLAYTON: Let me address two things. I think everybody around the table was nodding their head. Because you are articulating an experience that is all too common.

Two things I want to address. One is boiler rooms. We have no time for boiler rooms. As a regulator, you try to get at things that you can't get at directly, somewhat indirectly. People who run boiler rooms are not going to give you a disclosure document that tells you how they make money, which means it's going to be much harder for them to stay in business.

No tricks here, but this is my intent. They are not going to do this because, if they do it, we will be able to get them. That is my hope.

But going back to your disclosure thing, one of the things that has come out of this is there are people who are not written word people. We are thinking -- and I would like your reaction. We are all thinking about this.

We are thinking about doing a series of videos in connection with this, that would address the kind of conversation that we get back. Where you can go onto investor.gov, and Lori or one of us will walk through in kind of segments, five-minute segments. This is the type of relationship you would have with a broker-dealer. This is the type that you would have with an investment adviser. These are some products that have different types of fees.

Does anybody have a reaction to that?

INVESTOR THIRTEEN: Great idea.
INVESTOR TWELVE: Great.

CHAIRMAN CLAYTON: Now, the risk I have in doing that is people will say, that is not quite right.

You know how lawyers are. He didn't get that right. It works this way. But I think I am willing to take that risk because I think that, you know, you can look it up on your phone while you are going somewhere or go back to it. Go ahead.

INVESTOR EIGHTEEN: I would like to change the direction a little bit. 401(k) plans are becoming -- not becoming, are -- commonplace in this country now, and have replaced pensions in the private sector. Are there requirements for companies who provide their employees with a 401(k) plan, to educate them? And if not, there should be.

I know as a former owner of a company who started 401(k)s a long time ago, before they became popular, we held annual meetings on company time whose sole purpose was to teach our employees the difference between a stock and a mutual fund and a bond and so on.

I think this should become a requirement, especially with companies over a certain size. Because people in their daily lives -- one of the first things you mentioned -- are too busy to really -- they put more research into where they are going to eat dinner as opposed to choosing an investment vehicle.

So to answer the education needs that are so apparent, why wouldn't there be some kind of mandatory education process for companies who offer 401(k)s, which are wonderful things, but to help their employees get the most out of their plan? Because the plans generally are self-directed.

CHAIRMAN CLAYTON: The plans are generally self-directed, and this is not my area of the law. And there is a fiduciary obligation of the employer, as the administrator of the plan, to offer the different types of investments that are appropriate for the people choosing them.

INVESTOR EIGHTEEN: It's not the same.

CHAIRMAN CLAYTON: I was about to say. It's
It's an extra burden, so, therefore, I am not going to have a 401(k).

It's a good idea, but I want to make sure that if we do something like that, we are not reducing the incentive to offer a 401(k).

INVESTOR TWELVE: Can't it be the cost of the administrator rather than the employer?

CHAIRMAN CLAYTON: 401(k) plans are really -- this is an area where, in my view, there's a fair amount of leakage in the system. You set up -- one of my worst experiences with this market was a 401(k) plan. Because I got ahold of this employer's 401(k) plan, and I found out the mutual funds were very expensive. People were paying a percent and a half, two percent a year, for garden variety mutual funds. And then they were paying an administrative fee. And then the employer was paying an administrative fee.

This was a very nice employer, not sophisticated about the marketplace. And I called up the provider. I said, hey, what gives?

And the fact that we went from, you know, four percent drag a year to two percent drag a year overnight meant that there was something going wrong. They were willing to give it up.

There's a fair amount in that industry that transparency in competition should bring down. I am hopeful for that. I'll think about your suggestion, but I don't want to make any promises because I don't want to put -- the people who are doing the good in that industry are often the employers. I don't want to burden them further. Maybe we can do something with the administrators to require it. I don't know.

PAUL CELLUPICA: Employers aren't required to have 401(k) plans, necessarily. A lot of the larger ones do, and that is something that we want to foster. There's a certain amount of disclosure that the plan sponsors, the employers, have to provide to people. But education, I agree it's sorely needed. I am just not sure the employer is well-suited to provide that. Could you have a mechanism to kind of incentivize the administrators to do that?

INVESTOR EIGHTEEN: First of all, the administrators were the one who came down and made the presentations. And 401(k) plans are two-way streets. They are not only a benefit for the employees. They are a benefit for the employer in terms of pension, company loyalty, et cetera.

So they have a vested interest in the employees' growth of their portfolios and satisfaction with the results.

CHAIRMAN CLAYTON: One thing I always say to the AARP folks if they ask the question, what should we tell our children or grandchildren that are just starting out? I say, if the employer is matching your 401(k) contribution, do whatever you can to find enough to put in to get the match. It's free money. Free money is good money.

INVESTOR ELEVEN: and then INVESTOR SEVENTEEN.

INVESTOR ELEVEN: I am a novice when it comes to financial literacy, and I have been taking a course because I want to educate myself on this better. But I had a 401(k) and I had a 403B, and I think it was in 1998 when the stock started to go down.

And again, like INVESTOR NINE says, you don't get these reports for almost three or four months. It came in the mail. My husband took a look at it. He got on that phone faster than I can even say my own name. He is calling the 403B and the 401(k). He's got one phone in one hand and one in the other.

He said, I don't care what you have to do, but get her out of the stock market. I am going to have a 401(k).

But his financial person that he was making the presentations. And 401(k) plans are two-way streets. They are not only a benefit for the employees. They are a benefit for the employer in terms of pension, company loyalty, et cetera.

So they have a vested interest in the employees' growth of their portfolios and satisfaction with the results.
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<td>working with at Credit Suisse actually backed out. It had to do with oil stocks. And I don’t know if anybody knows about that, but my husband, who has never seen anything like it, we lost a lot of money. He has made it up for it since, but nobody was following what was going on with those stocks, and he started to have to reach out and do things. What I am saying is every one of us has to be educated in our own way. I found in my later life I would like to learn more about stocks because I don’t know much about it. And if I hadn’t been married to my husband, who kept talking about it all the time, I would have never gotten interested in it at all. So I think it’s a learning curve, and I think it’s what everybody feels comfortable in doing. And like everybody else in this room, I don’t want to get screwed either. CHAIRMAN CLAYTON: Let me say this. Going back to INVESTOR EIGHTEEN’s point, one of the areas where we have seen problems is in education, and teachers who have a little bit of synergy here. Teachers have a lot of money in these types of plans, where they need to know more to get the most out of them, which is really interesting. It’s true. Coming into this job, I had no idea. This is an area where there’s a lot of things that I knew that I did not know. And we can do a lot for teachers in this area, because they have a lot of what I call long money in the market. It’s money that is invested. It’s going to be there for a long time. A percent a year makes a big difference. INVESTOR FOURTEEN: No, I’m sorry. I skipped INVESTOR SEVENTEEN. INVESTOR SEVENTEEN and then INVESTOR FOURTEEN and then INVESTOR TEN. INVESTOR SEVENTEEN: Two things. One is sort of an off to the side comment. One of the things that I heard, which I think is absolutely correct, is the reason people can make a lot of money in the car industry is because the American public is so bad at math. With that said, it pertains, I think, generally to a lot of what we are talking about.</td>
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<td>INVESTOR NINE: Being in the car industry, I take exception to that. INVESTOR SEVENTEEN: What I wanted to suggest here, I am looking at your hypothetical sheet. Particularly investment advisers where you say, &quot;Investment advice will cover a limited selection of investments.&quot; One of the things most people probably don’t realize is there are also wholesale dealers of mutual funds, who sell funds to retail broker-dealers, who sell them to their customers. And there’s certainly an incentive on the part of the middleman to push certain funds, and then presumably the retail broker-dealers who sell them to customers. So maybe what you ought to add after that sentence is something along the lines of, You may ask us how we are compensated as to any particular investment, because it changes and it’s different, and it isn’t just a limitation. Yes, we have a limited number of funds, but how are you compensated for advising me to take a particular fund as opposed to another? CHAIRMAN CLAYTON: You are right. What we are also trying to accomplish is if that changes, they have to tell you. If the way someone is getting compensated changes, they have to tell you. Which it’s fine to find out up front that, oh, I am just getting paid a certain amount a year, and then later that changes, they have to tell you. I think that is the way it should be.</td>
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<td>INVESTOR EIGHTEEN: I have to say, my name is INVESTOR EIGHTEEN. I am a microbiologist, and I am bilingual. I have to say that for the first time when you presented, Mr. Commissioner, I heard so clear and simple all the language of finance. It’s not just about education, my point of view. It is about the language that we use. Because I can speak Spanish, and I think if I ask others to raise their hands, at least a few of them are going to speak Spanish. So I could have a very interesting communication about microbiology in Spanish. But for people that don’t have the same background and don’t have the same language, it means nothing. So I agree, communication is very important. I am a baby boomer. I do have a 401(k). I do have some investments, but I am still dealing</td>
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with the communication that is towards me. It's not simple. It's not clear. My continual question about this is when I got those reports, and we have an amazing platform, where we work with the employees -- and I work with AARP, and I have amazing opportunity to learn about my investment, but I am still -- when I go there, I ask myself how do people that don't have all this support can get through this.

The four pages of the clear identification of relationship are very interesting, as long as it's in the accurate language. Because otherwise, it's nothing. And I agree. We cannot fill right now the education gap, but I think that it has to be imposed, the way that the investor or the broker or whoever is representing my personal money interest and my return and my financial security for life needs to communicate with me.

So I just want to say that. I know that there are people here very educated with the career in investments, but I am not. I don't think that I need to study stocks, as INVESTOR ELEVEN, that she has the ability to go to educate herself in an academic way. I just need to work with the people that are managing my money in the way that I can understand, that is clear language. It has to be simple.

LOURDES GONZALEZ: This is supposed to be a very plain English document. It was written by lawyers. Do you find, people in the room, that this is, in fact, readable? I know, INVESTOR THIRTEEN, you liked the idea of a video.

INVESTOR THIRTEEN: But if you had to have this, this is not clear. This is not well written. I used to be, before I was what I am now, I was a communicator professionally. This lady is a professional journalist.

INVESTOR EIGHT: It is not clear. It is poorly written. I mean, we are college graduates but we are also professional writers and educators. Can't understand it.

INVESTOR THIRTEEN: It's ambiguous. It's confusing. We were both saying, when did adviser become spelled with an "E-R."

CHAIRMAN CLAYTON: That's a question.

INVESTOR THIRTEEN: Whatever.

That's a small point, but this is the sort of thing where my brain shuts down. Maybe it's age.

CHAIRMAN CLAYTON: It's not age. Let me give you some history around this. This four pages is an effort to distill -- can you hold that up again, your prospectus.

INVESTOR TWELVE: Here you go.

CHAIRMAN CLAYTON: It's an effort to put that into four pages. What we are finding out through these town halls is if you handed this to your lawyer, oh, this makes a lot of sense.

INVESTOR THIRTEEN: No. I am a lawyer.

CHAIRMAN CLAYTON: Maybe not.

INVESTOR THIRTEEN: And a professional writer.

CHAIRMAN CLAYTON: But I think, like I said different people process things different ways, and what we are finding out is we need to come at this in more than just one way. I think that is what we have learned through these -- and guess what? In Washington, they didn't tell us that.

Does that surprise anybody?

INVESTOR EIGHT: Can I just add one other thing about the fees? When we talk about the fees in here, I think it's very ambiguous. I think people, if they are given an idea of the actual monetary amount of the fee, sort of like a concrete example. When they're talking to an adviser, you can hand them this. This doesn't mean much to them.

CHAIRMAN CLAYTON: Here is what we have done with this. We have sent this out during this comment period. This is the way rulemaking at the SEC works. We propose a rule and then we have a comment period where people comment. And because you guys don't have time to comment in writing, that is why we are here. But people comment.

We have challenged the industry, the people who provide the products. It's easy to criticize, but we said, "Do this better." Show us how you would communicate in a better way with your clients.

We are actually seeing some efforts, and they are -- I hate to admit, they actually did get a little better. But that is part of the process is to challenge the people who are going to be selling products to do this better.

So we will see.

PAUL CELLUPICA: We are an agency of a lot of lawyers, some accountants, some economists. Not a whole lot of marketing
CHAIRMAN CLAYTON: We are not supposed to be marketers.
LOURDES GONZALEZ: I would add, though, if you turn to the very last page, there are key questions to ask on the bottom. Our idea for this forum was that it was a conversation starter. Take a look at it. And then maybe you ask them the key questions we want to ask.
CHAIRMAN CLAYTON: We'll go to people who haven't had a chance yet. INVESTOR TEN.
INVESTOR TEN: I am a big proponent of education. Everything is pro and con. Right here we have an investment class. We started with five people. We now have 35 people in there, and we go over the above that we are allowed in the room.
And that investment class is not to advise you on particular investments. It's advice on how you should deal and to better understand what goes on in the market. And sometimes you know more than your broker, with all due respect to brokers, and sometimes you know more than your investment adviser, with respect to the investment adviser because we learn. This is what we do.
Now, if we do this -- and many of the people that are in this room are in these classes. We have gone so sophisticated with all the technical stuff that is around and everywhere else, that we now have a second class for beginners. And the leader for that class is sitting in here, and he is also a student in the other class.
Where does education begin? And I think this is the question that really should come up. Where does it begin? We can't just look at today. We have to look at tomorrow, because that is what we should do. Maybe we should start teaching in high school or maybe middle school. Some of the private schools have already begun these things, because they are not under the restrictions that the public schools are. But I think that that is an important thing.
To begin slowly, to begin at a point where kids begin to learn the difference between a stock and a bond and a mutual fund or an ETF or whatever else. So they begin to learn this stuff. Are they going to be bored with it?
Sure, they are. They want to go out and play ball. I don't blame them.
CHAIRMAN CLAYTON: I am going to give you some stats in a second, but I want to go to INVESTOR SIXTEEN. But I am going to come back to that.
INVESTOR SIXTEEN: Regarding the issue of the elective, this thing being four pages in the language, when I first read it, I didn't think it was bad. Like you say, it's a starting place. Anybody that is going to be involved in investing, they are going to go through a 10-K, this is nothing.
My question is, what kind of feedback have you gotten from the institutions as to whether they can do this in four pages or less?
It looks good here. What is J.P. Morgan going to do?
CHAIRMAN CLAYTON: Do you want to give your view?
LOURDES GONZALEZ: I was at a prior event where one institution said they had tried to do it in one page, and it seemed better. We have this debate. One page, but there's a tradeoff for that, right? Which means you are going to lose boxes and topics. So our question to you would be, then, okay, which topics are you willing to lose if you are going to have -- what is most important if you have one page, for example?
And then you also heard about maybe better graphics and putting more in the forms of questions. We had some suggestions -- I heard at a prior event to make it more along, for example, the privacy notice that you get annually under, whether you have a bank account or brokerage account. But I don't know if that works.
INVESTOR SIXTEEN: I am sure their interest is to obviously not be as clear as this is going to be. So that is a battle that you have to fight.
CHAIRMAN CLAYTON: Let me tell you this. If it's not clear how your professional is getting paid, and complete, it doesn't work for me. And I think -- I am not giving away anything because I would say it in any forum. But any time you enter into negotiation -- every rulemaking is a negotiation with the marketplace.
There's some things that you are willing to be flexible on and some things that
you are not willing to be flexible on. I am completely inflexible on investors being told how their professional makes money. Because you should know how your professional makes money. The rest of it I can understand how that is too long or complicated. You know, let's do it this way. But that is kind of the basis.

INVESTOR SIXTEEN: I have one quick follow-up, and then I will defer. When you go to the website that you mentioned or when this document is in its final form, is there going to be a way to look at the investment professional's actual performance, not just how he has gotten paid? What has he done for ten years?

CHAIRMAN CLAYTON: Unfortunately, there's some restrictions on that for protection reasons. Go ahead, Lourdes.

LOURDES GONZALEZ: That is not something that is going to be covered as part of this. People would love to know it, right? How did you do in the past. Although we do say past performance isn't an indicator of future returns. But people would love to know that. That is beyond the scope of what we are.

CHAIRMAN CLAYTON: Also, going back to the reality of my job, I am only biting off as much as I think I can get done, if I go down that road. Let me go to you two, and then I am going to wrap up.

INVESTOR TWELVE: One quick thing is I would like to see a piece of paper from my adviser every quarter on how much I paid him and how it was calculated. Everybody who sets himself out as an adviser should send that out every quarter. A separate and apart from that big thick statement.

The other thing, I would like to make a comment on this, I know for us we read through it and it sounds pretty easy, but this is not easy to read. And I will give you an example. The first line, it says, "If you open an advisory account, you will pay an ongoing asset-based fee for your services." Okay?

There's a law in Florida that says every hospital, ambulatory, surgery center and HMO must provide risk management education to every new employee within 30 days of employment. I am a risk manager. I provide that education.

So the first thing I say, I introduce myself, and I say, Do you know what a risk manager does? No, I have no idea what a risk manager does.

Well, the role of the risk manager is to protect the assets of the organization. Now, tell me what our assets are? They don't know what an asset is. This document is not easy to read. It just isn't. Transaction. What the heck is a transaction?

CHAIRMAN CLAYTON: When I explained the difference, was it understandable at the beginning?

INVESTOR TWELVE: Yes. But this document, for the average person, we are not talking about somebody with a master's degree. For the average person, this is much too difficult to read. It doesn't matter if it's one page or six pages, it's too hard, unless you want to put a glossary at the end and put a definition.

CHAIRMAN CLAYTON: I didn't read the glossary in high school.

INVESTOR TWELVE: If you don't know what an asset is, you don't even know what an asset-based fee is.

CHAIRMAN CLAYTON: This is good to know.

INVESTOR FIFTEEN, let me go to you.

INVESTOR FIFTEEN: We have covered a lot in here today. I have thought for 50 years of selling, the people I reached and I didn't reach. And I always wondered why. For example, in the school of business in the roundtables, you can sit at the undergraduate, graduate level, and listen to some of these young men and women talk. And within a very few minutes, you can put together a click. They just know how to do the right thing.

In selling over the years, hours and days and nights trying to convince people how to save money, 101 saving money. You have a budget. You have no idea how many people I have talked to. They don't even know how to do a budget.

I was at a party the other night. I have a millennial daughter. She is 36 years old. All of her friends have college degrees. And I sit periodically with some of them and ask questions. And they are in good jobs. Some are making good over 100,000 a year. Are you maxed out on your 401(k)? No. Why? Why not? I have tried to explain to them.

I have a wife with a Ph.D. It's taken
me 20 years just to convince her or try to help
her or to show her how to manage health insurance
alone, and now the stocks and bonds. I have seen
people that I have tried to write insurance on who
had no college education, running a service
station or running a little drugstore, and they
are worth five-and $6 million. Unbelievable.

Somehow, it has to get down to the
responsibility of the individual and taking
control of your life. If you can't take control
of your life in the basics -- there is, there's a
budget. This is what I can spend, and this is
what I can't spend.

If you can't teach that concept in high
school or college, I don't know where it's all
going to end up. Because you can't -- some of
these young people I am around, it's like they're
anti-intellectual. They are brain damaged when
it comes to trying to inform themselves what a
stock or bond is, or even any other form of
insurance.

It's really sad because the more of
those people who don't take control of their
lives, try to learn these things, no risk, no
gain.

This is your job of selling. If they
can't learn this, then they are going to be more
and more and more turning to government to do it
for them.

I think it's sad, and I wish somebody
could come up with some way of just trying to
Teach young people or adults the responsibility
of managing money.

CHAIRMAN CLAYTON: I am going to make two
observations. One to follow-up on INVESTOR FIFTEEN and one
from INVESTOR TEN, and then I want to just try to
summarize what we have heard.

Something about, there's some special
things about America. Let me go to what INVESTOR FIFTEEN
said. We are all human beings. We generally
don't take responsibility for things unless we
understand the importance of them.

One of the educational things that is not
well understood is that to have a comfortable
life beyond your working years, or in the later
part of your working years, you need to take
responsibility for your own budget and
investments.

And you can say that. Again, it's just
words. But actually now, the proof is there.
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<td>CHAIRMAN CLAYTON: Lourdes?</td>
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<td>LOURDES GONZALEZ: I like the</td>
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<td>11</td>
<td>conversation that we had about fees. That is</td>
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<td>12</td>
<td>something that we focused on, and I wish that we</td>
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<td>13</td>
<td>had had more time to get more in depth into the</td>
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<td>14</td>
<td>conversation about what you are paying and what</td>
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<tr>
<td>15</td>
<td>you think you are paying and how to calculate</td>
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<tr>
<td>16</td>
<td>those fees.</td>
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<td>17</td>
<td>It's very important.</td>
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<td>18</td>
<td>CHAIRMAN CLAYTON: And the once a month, how</td>
<td>18</td>
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<tr>
<td>19</td>
<td>much did I pay you?</td>
<td>19</td>
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<td>20</td>
<td>INVESTOR TWELVE: Once a quarter. How much</td>
<td>20</td>
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<tr>
<td>21</td>
<td>did you pay me and how did you calculate the</td>
<td>21</td>
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<tr>
<td>22</td>
<td>amount?</td>
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<td>23</td>
<td>CHAIRMAN CLAYTON: Eric?</td>
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<td>24</td>
<td>ERIC BUSTILLO: I hear education and I</td>
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<td>25</td>
<td>just want to throw out there, we have limited</td>
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<td></td>
<td>resources but we try to spend a fair amount of</td>
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<td></td>
<td>time on investor education.</td>
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<td></td>
<td>And for those of you that mention going</td>
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<td></td>
<td>all the way down to high school, for the past</td>
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<td></td>
<td>couple of years we have been reaching out to a</td>
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<td></td>
<td>couple thousand high school students around the</td>
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<td></td>
<td>South Florida area for that very same purpose</td>
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<td></td>
<td>that you guys pointed out over and over.</td>
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<td>We want to make sure that people from</td>
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<td></td>
<td>the time that they are in high school start</td>
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<td></td>
<td>learning the importance of saving and the</td>
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<td>importance of learning how to invest. Because</td>
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<td></td>
<td>ultimately, that is what is going to hopefully</td>
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<td></td>
<td>help.</td>
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<td>INVESTOR ELEVEN: I agree with that.</td>
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<td>But I think it should never be an elective. It</td>
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<td>should be a requirement. There's a difference.</td>
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<td></td>
<td>ERIC BUSTILLO: I can't speak for the</td>
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<td></td>
<td>education.</td>
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<td>I am telling you that I completely</td>
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<td>agree that if they made it a requirement, it</td>
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<td>would be that much better.</td>
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<td>CHAIRMAN CLAYTON: Richard?</td>
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<td>RICHARD HAUSER: Mr. Chairman, thank</td>
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<td></td>
<td>you for coming. This is a great discussion. And</td>
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