PROPOSAL FOR A RELATIONSHIP SUMMARY DESCRIBING INVESTMENT/ADVISER OR BROKER-DEALER RELATIONSHIPS WITH CLIENTS.

File# S7-08-18

Question 1. Overall, I found this Summary very useful. The few tweaks I offer are described in the following answers.

Question 2. The discussion of the differences among the relationships is very useful as it described the differences in services provided, obligations of each type of provider to the client and, most importantly, the difference between a commission-based fee and an ‘asset-value’ fee.

Graphic and hypothetical examples could be helpful. Mary invests $50,000 with a broker-dealer and Jane invests $50,000 with an investment adviser and present some scenarios with each. An example of a mark-up or a mark-down in the purchase of bonds would be helpful.

The inclusion of other types of fees, e.g., custodian, taxes, load vs. no-load fund fees, inactivity fees, etc. is essential. How do variable annuities or single annuities work regarding fees, commissions, etc.

As fees, commissions, etc. may vary and be negotiable, a range of typical, usual, main-stream commission charges and asset-based fees would be helpful to alert the client to possible overcharges.

The obligation of the broker/adviser to act in the best interest of the client is essential and commendable but how does the client ever know if this is happening.

A sampling of possible conflict-of-interest situations is most desirable.

the key questions are very useful as they give words to an unsophisticated client. Helpful also were the website links, i.e., sec.gov, investor.gov, BrokerChect.Finra.org. Please explain IAPD.

Question 3. The double column format, comparing the two classes, was clear and easy to follow. The progression of topics was logical. It became clear during the roundtable discussions, however, that the condensed language was a stumbling block for many novice investors. It may be more helpful to have detailed
definitions (Ex. “transaction-based fee”) that, unfortunately, result in a longer
document.

The wording in the document would be well served by a review that it meet 10\textsuperscript{th} grade reading levels.

Beware of alphabet soup. All initials should be explained. Accrediting agencies, professional organizations should be described. Are there licenses or certifications that a broker should have? If so, they could be described.

The degrees and accreditations that brokers/advisers put after their names on their printed material should be explained. Ex. CPA, MBA, CFP, PFS, or whatever.

I found the document overall extremely useful and learned, most importantly, to refer to the sec.gov website often.

It may be that the most explicit and transparent summary will not get read or may be just handed out and glossed over by a broker/adviser or a client. **Would it be possible that the broker-dealer and/or investment-advisor be required to review each section of the Summary with a new client?**