

Greetings,

I have been a licensed professional in the Financial Services industry continuously since 1982, I have recruited and trained hundreds of registered rep over the course of my career.

While I have general support for the reform of 12b-1 fees as outlined in the proposed rule, I have strong objections on several levels to the part of the proposed rule that authorizes a new class of mutual fund shares that would allow broker dealers to set their own sales charge and or commission amount.

The market itself has been very effective in controlling and reducing the cost and commission level of mutual funds. Over the course of my career I have witnessed the drop of mutual fund sales charges from the maximum allowed under law of 8.5% to a much more common 4.5%-5.25% a drop of nearly 50% below the maximum allowed. The free market is the best way to set sales charges. No load funds already exist and compete everyday against loaded funds. There is no lack of competition in the marketplace. This will simply push the smaller firms and advisors out of the business as they will not be able to compete and the smaller average consumer will be left with no one who is willing to work with them and offer them advice and guidance. By allowing broker dealers to further manipulate the market you will force the smaller producers to abandon the market as they simply will not be able to compete. Smaller advisors will be forced out of the business as it will simply not be economically viable. Already our industry is seeing a severe shortage of financial advisors, and the average age of advisors is approaching 60. The shortage of advisors when demand and need for advice is at a peak is a serious problem and this issue would exacerbate the problem severely at the expense of the small investor.

Consumers need advice and guidance, advisors must be compensated for their time. Advisors are for the most part, small business men themselves. Allowing B/D to set and negotiate simply allows those with the deepest pockets to under price and force competition out of the marketplace. That is not what you are looking to accomplish but it will be the result of the rule as written.

I strongly urge that this provision of the new rule be removed.

Larry Taunt

Chief Executive Officer
Regal Financial Group