To whom it concerns,

With regards to the 12b1 proposals, I believe NAIFA has done a very nice job summarizing below many of the key points noted below. As a licensed insurance professional and registered representative for over 15 years, I would like to add the following. While product cost is an important component, it should never be the over riding reason to make a change. Since the mid 1980's there has been over regulation cost in Great Britain and the 25 years of results of these burdens have clearly taken its toll. Now, the middle class only gets very plain vanilla products which are only sold through the banks. This is because all the financial advisor left (over regulation has cost 100,000 plus financial advisor jobs in their country) are only servicing the wealthy because it is inefficient and a low cost unprofitable mix of clients.

Financial Advisors traditionally provide the best form of service to their clients and since they are independent business owners inside of a B/D structure the are much more likely as a group to be the most proactive in dealing with client issues compared to large institutions such as banks. The less educated middle class will clearly suffer with the proposed net asset value approach.

This will also effect smaller 401K plans typically sold to the small business owner, because most of them are set up in 12b1 format as currently this is by far the most cost effective format (including the 12b1 fee cost) to small business and their employees. The proposed rules would likely cause many advisors to switch to a managed approach which could be more expensive in smaller 401K plans which have the opposite effect.

Please be aware, the plans proposed will cost American jobs, effect small businesses, and hurt the middle class.

<u>NAFIA Summary</u>

- I Support new SEC rule 12b-2, which would continue the 25 basis points fee that is used to ensure investors receive ongoing service and advice, and the SEC's proposed use of the terms "marketing and service fees" and "ongoing sales charge" in place of "12b-1 fees" to improve transparency in disclosure documents.
- However, I strongly object to the SEC permitting mutual funds to issue a new class of shares at net asset value that would allow broker-dealers to set their own sales charge and commission amount.
- Competition based on price and cost sounds good but will come at the expense of needed advice and service for middle market investors.
- As broker-dealers lower their sales charges and fees in an effort to gain market share, it will no longer be financially feasible for registered representatives to continue to provide the level of individualized advice and ongoing service that we currently provide to our middle and lower market clients.
- As a result, only upper-income investors who can afford assets-under-management arrangements or higher cost/higher service classes of shares will continue to receive personalized investment advice.
- Investors with smaller fund account balances will be forced to self-direct their accounts if they wish to continue to own mutual funds because their advisors will no longer be able to afford to spend the time to

guide and advise them, leaving discount brokerage fund platforms as the only affordable option for middle and lower market investors.

- The people the SEC is trying to protect the most--middle and lower market investors–will be hurt the most, since they will be deprived of the guidance and service they need and deserve.

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To help clients with their financial dreams, goals, and aspirations. To take them from financially where they are today, to where they want to go tomorrow.