

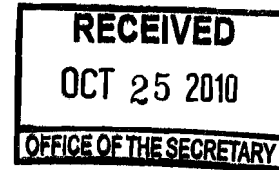


592

PARIOS ASSOCIATES, INC.
CHRISTOPHER J. PARIOS, CFP®

Thursday, October 21, 2010

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



RE: File Number S7-15-10

Dear Ms. Murphy:

As a broker, RIA and Certified Financial Planner who has operated under both commission and fee-based compensation business models for almost twenty years, I feel I am qualified to provide a perspective on the 12b-1 issue.

Our experience has been that the majority of middle-class investors (those having less than \$1,000,000 portfolios) prefer NOT to have advisory fees billed separately or broken-out from their account values and debited from their accounts. They find it inconvenient and distracting, especially during periods of negative performance. Over the years, we have found that for most households with under \$1,000,000 to invest and that require an initial comprehensive investment or personal financial plan, an "A-share" structure with breakpoint discounts and a 25 bps trail is less costly both initially and over the long run for the client.

We disclose our compensation upfront, including an explanation that the ongoing 12b-1 will cover our ongoing service which includes reporting and periodic reviews. We have yet to have anyone complain or question the value vs. cost of this arrangement. In fact, most of the new clients we receive are LEAVING pure fee-based and wrap arrangements at wirehouse firms and banks because they were too expensive, provided too little service and had not made money over the long-run. A review of what they had been paying for some of these "programs" was, quite frankly, obscene.

If you feel disclosure is an issue, consider re-naming the 12b-1 fee to reflect what it is primarily used for; Ongoing Advisor Compensation (OAC). As for the amount or limit, I am quite comfortable with a 25-35 bps maximum fee level for equity mutual funds and 5-10 bps level for bond funds. In my opinion, these levels are fair and reasonable for both the advisor and investor given long-term historical performance.

TEL 540-428-3578 • FAX 540-428-3579
8439 SYCAMORE LANE • WARRENTON, VIRGINIA 20186

Also, please consider that as an ongoing business operation, we count on 12b-1 revenues to support our practice during slow periods and to allow us to continue servicing accounts that are no longer investing additional funds (i.e. retirees). Eliminating 12b-1 fees would force us to change our business model, incur more overhead, limit investment options and services and probably force us to eliminate or restrict services to smaller (<\$500,000) accounts. These accounts tend to be held by individuals and families who cannot afford higher fee structures.

My advice is to:

1. Retain the A-share format with an annual limit on ongoing advisor compensation (maybe 35 bps) with no lifetime limit.
2. Eliminate B-share and C-share formats.
3. Rename 12b-1 fees to reflect what they are truly being used for: OAC.

I may be reached at 540-428-3578 with any questions.

A handwritten signature in black ink, appearing to read 'C. Parios', with a stylized, flowing script.

Christopher J. Parios, CFP
Principal
Parios Associates, Inc.
8439 Sycamore Lane
Warrenton VA 20186
Email: cparios@investmentctr.com