

October 28, 2010

The following points are spot on regarding 12b-2 rules.

- I have been a licensed insurance professional and registered representative for over 36 years.
- 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.

My clientele run the gamut for the lower to upper middle class. I do my best to provide the best service I can to all of them. The biggest impediment to my efforts is government intervention in for the 'purpose' of protecting the consumer (my clients) from the scam artists. The creation of a new class of shares will cause reps like me to not want to work with the small investor (they take as long or longer than the well-to-do's) and make them more vulnerable to the predators.

Leave us alone. The vast majority of representatives are the most honest people in our society. Let us alone to provide our services and advice to all our clients. We will always have crooks and no amount of lawmaking/enforcement will eliminate them. It will only keep honest people from providing a service to those who need it.

When we catch a crook let's punish the heck out of him.

David J Mills CLU, ChFC