I am a financial advisor affiliated with an independent broker-dealer. My typical client is a middle-class investor who needs the financial advice, products, and services I provide to help them achieve their financial goals, such as retirement planning and college funding. Mutual funds are often the most appropriate investment option for my clients as they typically only have small amounts to invest. As a result, I am extremely concerned about the SEC`s proposal to replace current Rule 12b-1 with a new Rule, 12b-2, and make other changes to the securities laws. I understand that the proposal is attempting to address four primary objectives: 1) improve transparency through disclosure; 2) cap ongoing sales charges; 3) encourage retail price competition; and 4) modify the oversight role of fund directors.

Ms. Murphy, The SEC proposals in the above No. 37-15-10 in reality impact the client and the Financial Advisor both in a very different way however , most negative! In the ensuing comment I am focusing these remarks to the last two proposals in this letter.

Also I believe it is important for the commission to know in the past 14 years plus there has never been a negative comment nor complaint about charges.

I suspect you would hear the same results from most advisors. I believe and let me point out my next statements have been confirmed in annual surveys that clients are most concerned about service, than even investment performance or cost.

Next, let me share a common thought that most employees in the SEC, FINRA and American working people in general . What we have in common is we expect to be paid fairly and competitively for the work we do for an employer and in my case as an advisor working and servicing the client. I later will refer back to the previous statement. I too, as an advisor expect to be paid for my efforts. The concept is not strange nor different them most people expect.

A very important issue that the commission may not be aware of, but impacts the commissions concern directly. Please , in this case we are not speaking about Wall Street managers or employees but the financial advisors who serve clients around our country.

This issue hits very close to home for most advisors. It has been ten years or longer that nearly all investment companies or insurance companies have not increased fees or commissions to Broker Dealers or General Agents nor suggesting raises be reflected in advisors pay statement. Is it possible this issue could impact level of service? On the same note investment companies, insurance companies, broker dealers and general agents are striving to reduce paper, increase technology purportedly to help the client and advisor. In your survey, the advisors will tell you how significantly it has increased an advisors costs. It is understood the Commission can`t or would not address those issues, but the real point is it can and does impact level of service----So capping out costs and reducing fees will not serve the commission well when addressing those kinds of concerns . Before I finish my last comments let me disclose, I have referenced the FSI`s website.

In wrapping up my personal general comments, I would ask you to recall for both products and services with the results being quality most people will pay the price accepting the fact the cost is more. This also should have the Commission re-address their thoughts.

Next has the Commission thought about the small balance investor and the beginning advisors who service them. Any charges or fees addressed by Regulation does not cover an advisors cost for service over long periods of time. It is possible both client and advisor suffer, with the advisor assuming potential liability and has no way in the system to terminate the account unless the client agrees in which very few do.

Finally, one more comment, better yet a suggestion to research, if you truly wish to help the client. I am speaking of the Annuity product and you will be surprised not the costs as for today`s new and better living benefit products, prices should be increased.

I am solely addressing the surrender charge, more to the point the length of time impacting the clients ability to leave a product when they find new products that deliver better a benefit.
My suggestion is limit the surrender period and cost in the surrender period to maximum of five years.

. Improve Transparency Through Disclosure
o I support the adoption of the terms `marketing and service fee` and `ongoing sales charge` as common sense improvements to the language used to describe mutual fund distribution fees.
o I support the proposed changes to mutual fund disclosures of the `marketing and service fee` and `ongoing sales charge.` These disclosures are prepared by the mutual fund sponsors who are in the best position to report the information accurately. In addition, the prospectus places this fee and expense data in the appropriate context along with other information my clients should consider before investing.
o I oppose the adoption of confirmation statement disclosure of specific mutual fund fee details as overly burdensome, prone to unintentional error and without clear benefit to my clients. It is unreasonable to burden my affiliated broker-dealers with the duty of providing detailed post-transaction fee and expense data on confirmation statements when the mutual fund company controls this information and the disclosure will not influence my client`s decision-making.
. Cap Ongoing Sales Charges
o I oppose the Proposal`s cap of ongoing sales charges. My clients are in need of my ongoing support and service, including incidental investment advice. C-shares allow me to provide small account clients with services by outsourcing the expense of fee debiting, invoicing, and other costs associated with investment advisory accounts. In addition, my clients enjoy the benefit of putting their entire investment to work in the market and avoid capital gains taxes that would be incurred if positions were liquidated to pay me an advisory management fee. If ongoing sales charges are capped, many of my clients who currently own C-shares may find that they are no longer able to obtain my service and support.
. Encourage Retail Price Competition
o I oppose the Proposal`s effort to encourage retail price competition through a share class offered at Net Asset Value. I believe the proposal will alter the distribution model from one based upon relationships to one focused on transactions and costs. In addition, I believe this portion of the proposed rules has the unintended consequence of being an anti-competitive measure likely to result in pricing advantages for large mutual fund families, broker-dealers, and/or financial advisory practices.

I appreciate this opportunity to share my thoughts on the proposal. While I support efforts to improve disclosure of marketing and service fees and ongoing sales charges, I urge the SEC to reconsider its ill advised efforts to cap sales charges and encourage retail price competition.

Sincerely,

Mr. Wayne D. Leboeuf

President
Money Concepts Financial Planning Centre