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November 2, 2010

Securities and Exchange Commission
100 F Street NW, Washington, DC 20549

Re: File Number S7-15-10

Ladies and Gentlemen:

This letter is written in response to the proposed reform of SEC Rule 12b-1, which will result in the revised SEC Rule 12b-2. On behalf of myself and AdvisorNet Financial, I would like to comment on the SEC's proposal. I have been in this business for over thirty years, and seen many changes to the financial industries. I am fully supportive of certain components of the proposed SEC Rule 12b-2, such as maintaining the 25 basis points fee as compensation for providing ongoing service and advice, and utilizing the terms "marketing and service fees" and "ongoing sales charges" in place of "12b-1 fees." However, I strongly object to the SEC's proposal to allow mutual funds to issue a new class of shares at Net Asset Values and allow broker-dealers to set their own sales charge and commission amounts.

While competition based on price and cost sounds reasonable and fair, in reality the change will come at the expense of many middle market investors. These investors need the ongoing services and the advice of a registered representative as much as any other investor, but they will ultimately lose out on these benefits if the proposed rule is passed. As broker-dealers lower sales charges and other fees or costs of service in an effort to increase sales volume and gain market share, it will no longer be financially viable for registered representatives to provide the same level of individualized financial advice and guidance to these middle and lower market investors. Instead, only the wealthy, higher-earning investors, who can afford assets-under-management arrangements and / or higher costs of services will continue receiving vital personalized investment advice. Most investors with smaller fund account balances will be forced to self-direct their investments accounts if they want to own mutual funds, as their advisors will no longer afford to spend time advising them. This may result in discount brokerage platforms becoming the only affordable option for a significant percentage of investors.

I am in full support of the SEC's commitment to continually improving the securities industry by promoting healthy competition and providing consumer protection through consumer rights and industry regulation. However, I cannot support the proposed rule change because it will ultimately create more problems for middle and lower market investors, who are in fact the very same consumers the SEC is trying to protect. These investors deserve and require the financial guidance and advice of a registered representative as much, if not more, than the upper-income investors, but they will be deprived of that right if the SEC Rule 12b-2 is passed as proposed.

Thank you for your consideration of my thoughts and comments on this important issue.

Sincerely,

Daniel J. May, CFP
President & CEO, AdvisorNet Financial