June 21, 2007

Mr. Christopher Cox, Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20459

Dear Chairman Cox:

The decision by the U.S. Court of Appeals earlier this year to vacate the provisions of SEC Rule 202 which effectively permitted fee-based brokerage accounts, if allowed to stand without remedy, would be an incredible public disservice, resulting in fewer choices, higher costs and greater obstacles for individual investors in managing their finances.

In 1994, then SEC Chairman Arthur Levitt asked me to chair the Committee on Compensation Practices, commonly known as the Tully Committee. The committee was formed to identify the apparent and potential conflicts of interest in the retail brokerage business and the “best practices” used to address these conflicts. It was an extraordinary project that set a new standard for collegiality and cooperation between industry and regulators. Leading CEOs from competing firms put aside their parochial interests and came together to lend their expertise. The results of our work helped shape the future of financial services.

Among the most important issues that we confronted were the perceived conflicts inherent in commission-based brokerage accounts. In response, we identified fee-based brokerage accounts as a “best practice” to provide investors with a greater range of choices while aligning the interests of the client, the registered representative and the brokerage firm.

The good news is the Tully Committee and the SEC were right. Fee-based brokerage accounts resonated strongly with the public and have become extremely popular. Today, individual investors have more than a million fee-based brokerage accounts with nearly $300 billion in assets. It is easy to see why.

For the vast majority of people who have chosen the fee-based brokerage model, it is an efficient way to manage their investments. Investors industry-wide have saved billions of dollars when compared with what they would have paid for the same services by commission. Investors also greatly appreciate the transparency and stability of the cost structure. They can be secure in budgeting their investing expenses and also in the
knowledge that their interests are aligned with advisors and that they have more than the old commission only choice, which of course meant no choice.

Mr. Chairman, the challenges facing today's investors are extremely complex — the brokerage industry has been able to meet those challenges by providing innovative solutions in a more transparent, regulated environment. Part of that success has been the ability to provide their clients with products and services to help them manage their personal finances and create their own wealth in a single, highly useful account structure. Let's not take that choice away from them.

It is the right thing to do to protect and promote client choice and fair competition.

It is consistent with the progressive, bi-partisan government policies of the last quarter-century to modernize financial services and enhance the capital formation process in a way that serves investors.

And, above all, it is what's right for clients.

I urge the SEC, under your leadership, to act now to preserve the interests of the investing public, and allow fee-based brokerage accounts to continue.

If I can be of any help to you or the SEC as you consider these important issues, please let me know.

Sincerely,

[Signature]