



Securities Industry Association

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September 13, 2002

The Honorable Cynthia A. Glassman
Commissioner
U.S. Securities and Exchange Commission
450 5th Street, N.W.
Washington, DC 20549-0506

Re: Proposed Rule 202(a) 11-1 (File No. S7-25-99)

Dear Commissioner Glassman:

SIA wishes to express its continue support for Proposed Rule 202(a) 11-1 (File No. S7-25-99). SIA believes that the proposal fully protects investors by drawing an appropriate distinction between broker-dealers and investment advisers. The proposed rule is designed to clarify that traditional brokerage account relationships and services will not become subject to the provisions of the Investment Advisers Act of 1940 merely because clients are offered fee based or similar alternatives for compensating brokers, rather that doing so through commissions. In our view, the broker-dealer regulatory system is vastly more extensive than the regulation of investment advisers. Moreover, the asset-based fee arrangement that the proposed rule permits fully aligns the interests of investors and registered representatives and their firms.

We understand that the Financial Planning Association ("FPA"), and possibly others, are seeking to meet with one or more Commissioners in the near future, in furtherance of their ongoing efforts to oppose adoption of the above referenced rule proposal. We are enclosing copies of a comment letter we filed with the Commission in conjunction with the issuance of the proposal¹ as well as a more recent submission to Chairman Pitt.² We believe these submissions will be helpful to you in considering the merit, or lack thereof, of the FPA's views, with respect to the proposal. In particular, these submissions clearly articulate that the proposal is consistent with Commission objectives, will not create any regulatory vacuum and is beneficial to the investing public.

¹ Letter to Jonathan G. Katz from Jean Margo Reid, Chair, SIA Investment Adviser Committee (January 13, 2000)

² Letter to SEC Chairman Harvey L. Pitt from Stuart J. Kaswell (February 14, 2002)

If you have any questions regarding our submissions or would like to meet with SIA representatives to explore any of these matters further, please do not hesitate to contact me at (202) 296-9410 or SIA Associate General Counsel Michael Udoff at (212) 618-0509.

Sincerely,

Stuart J. Kaswell
Senior Vice President and
General Counsel

cc: The Honorable Paul S. Atkins
The Honorable Roel C. Campos
The Honorable Harvey J. Goldschmid
The Honorable Harvey L. Pitt-Chairman
Annette Nazareth, Esq.-Director, Division of Market Regulation
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