



Via e-mail

March 9, 2011

The Honorable Mary L. Schapiro
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

**Re: SEC study on investment advisers and broker-dealers
pursuant to Dodd-Frank Section 913 (Jan. 2011) (the “Study”)¹**

Dear Chairman Schapiro:

Recently, Securities Industry and Financial Markets Association (SIFMA)² staff, together with several of our members’ senior business and legal representatives, met with the SEC staff task force who prepared and published the Study. A central purpose of our meeting was to share with the staff our views on some of the positive aspects of the Study, and discuss how we could remain most engaged in and helpful to the process as it unfolds. We noted as positives, for example, that the Study recognizes the need for rulemaking and guidance on the application of a fiduciary standard to broker-dealers, adopts an “eliminate or disclose” approach to conflicts, and would preserve principal trading by broker-dealers.

As you know, for about the past two years, SIFMA has supported the implementation of a new, federal fiduciary standard of care for brokers and advisers that puts customers’ interests first and preserves customer’ access to, and choice among,

¹ Study, available at <http://www.sec.gov/news/studies/2011/913studyfinal.pdf>.

² SIFMA brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA’s mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit www.sifma.org.

financial products and services.³ As we explained in our comment letter on the Study,⁴ we oppose any proposed approach that would simply impose the Advisers Act fiduciary standard on the broker-dealer business model. Such an approach would be ill-advised because the Advisers Act was not designed to regulate brokerage activity, the Exchange Act already pervasively regulates broker-dealers, and the implementation of a new harmonized fiduciary standard holds the most promise for overall better protection for retail customers, while preserving their access to, and choice among, financial products and services.⁵

On this point, the Study reads, in pertinent part, “The staff therefore recommends establishing a uniform fiduciary standard for investment advisers and broker-dealers when providing personalized investment advice about securities to retail customers that is consistent with the standard that currently applies to investment advisers.”⁶ While we recognize that the Advisers Act rules (and fiduciary standard) would continue to apply to registered investment advisers absent exemption, we also recognize that the Study and Dodd-Frank Section 913 generally represent a golden opportunity to establish a unitary, harmonized, clear, and well-guided standard for personalized investment advice to retail customers that would serve as the sole, controlling standard for brokers and advisers alike.

Accordingly, we respectfully request the opportunity to meet with you to discuss our continuing efforts and current thinking on this very important issue.

³ See SIFMA testimony before House Financial Services Committee in July 2009, available at <http://www.sifma.org/Issues/item.aspx?id=1515>, and again in October 2009, available at <http://www.sifma.org/Issues/item.aspx?id=1519>.

⁴ SIFMA comment letter to SEC dated Aug. 30, 2010 re: Dodd-Frank Section 913 Study, available at <http://www.sec.gov/comments/4-606/4606-2553.pdf>.

⁵ *Id.* at p. 5-8.

⁶ Study at p. ii.

If you have any questions regarding this matter, please feel free to contact me or my General Counsel, Ira Hammerman, at 202.962.7373.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Ryan, Jr.", with a long horizontal flourish extending to the right.

T. Timothy Ryan, Jr.
President and CEO

cc: The Hon. Luis A. Aguilar, Commissioner
The Hon. Kathleen L. Casey, Commissioner
The Hon. Troy Paredes, Commissioner
The Hon. Elisse B. Walter, Commissioner
Mark D. Cahn, General Counsel
Robert W. Cook, Director, Division of Trading and Markets
Eileen Rominger, Director, Division of Investment Management