April 12, 2011

The Office of Regulations and Interpretations
Employee Benefits Security Administration
Attn: Proposed Definition of Fiduciary Regulation
Room N-5655
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

Re: Proposed Definition of Fiduciary Regulation

Ladies and Gentlemen:

The Securities Industry and Financial Markets Association ("SIFMA") is pleased to provide additional comments regarding the Department of Labor's ("Department") proposed regulation under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") that will redefine the term "fiduciary" under section 3(21) of ERISA and section 4975(e) of the Internal Revenue Code of 1986, as amended ("the Code").[1] We appreciate the opportunity to comment and to testify, as well as for the extended comment period after the hearing and publication of the transcript. This supplemental comment will respond to the questions the Department posed during the hearing and respond to certain other comments made by others who testified.

We appreciate the Department's stated willingness to make changes to the proposal, which we feel are absolutely necessary, as well as the Department's openness to discussion of prohibited transaction relief that may be necessary should the Department move forward on its proposal. However, given the number of comments received by the Department to date and the Department's own acknowledgement that the Proposed Regulation's language may have drafting issues, we remain concerned that unless we and other interested parties have the opportunity to review the new version, and provide feedback, the final regulation could still result in a significant disruption to and a very material cost impact on retirement accounts and retirement savings. For that reason, we continue to believe the Department should re-propose this proposal after reviewing the comments and suggestions made by ourselves and others. This regulation, which is fundamental to ERISA's regulatory scheme, is too important to rush. We urge the

[1] The Securities Industry and Financial Markets Association (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.

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Department to take the time to vet these issues so that the regulation does not unduly harm participants.

Brokers Will Need to Assume They May Be Fiduciaries if Current Proposal is Finalized

The Department asked why brokers would decide to act as fiduciaries, rather than attempt to meet the requirements for nonfiduciary status under the proposed regulation. The answer lies in risk management. If the test for being a fiduciary is vague, subjective or one-sided, while the penalty for engaging in transactions that violate the prohibited transaction provisions of ERISA and the Code are extraordinarily high – reversal, reimbursement of losses, guarantee of a portfolio rate of interest on the value of the transaction, disgorgement of profits, and a 15% annual excise tax – a prudent business decision would be to avoid that risk and revise the business model. That decision would be made on a risk/reward/cost continuum; the greater the risk and the higher the potential cost of an error, the lower the reward in attempting to retain the current business model.

Thirty-five years of experience with the current definition has resulted in a familiarity with the "rules of the road," and compliance and training system which we and our clients can understand and can rely upon. Where brokers act as fiduciaries, they clearly state that status in their documents, and systems are built to ensure that prohibited transactions do not occur. We do not seek a rule that allows a person who agrees he is acting as a fiduciary to later claim the contrary. But where brokers do not agree to act as fiduciaries, there is a set of client and service provider expectations which strike a balance between adequate market and investment education information on the one hand and efficient execution on the other.

If that same market and investment information is subject to a standard where it is more likely than not that a client would prevail if he or she sued claiming that he or she might have considered the information provided to be a recommendation, no reasonable business would take the risk of guessing where the line is. The words the Department chooses are the words that move the balance -- there is a long way between "a primary basis" and "any potential basis at all" which is what "may consider" can be read to mean[2].

Restricting the Selling Exception from Applying to Participant Advice Will Hurt Participants

SIFMA also wants to respond to the views expressed in comments and at the hearing that the selling exception should not apply to participant recommendations. We believe that such a limitation on the selling exception would be a mistake and would hurt participants. The type of market color and investment information that participants receive currently from brokers that may qualify as a recommendation if the Department's proposal is adopted as proposed will

[2] The Department suggests that commenters are reading the regulation too broadly and the exceptions too narrowly. The rules of statutory construction may well require a court to do the same, and in the end, the decision regarding how to organize a broker-dealer business requires a realistic assessment of a court's likely reading of a remedial statute.

simply stop. The only way that type of information can be provided to participants is in the context of the selling exception. Without it, brokers will likely advise participants that they can either pay for fiduciary advice and more costly securities execution, or brokers can execute their transactions if they call the broker but the brokers are prohibited by ERISA from having a conversation about their options.

Today, a service provider may provide information of a kind that is not described in Interpretative Bulletin 96-1, but still not have a mutual agreement and understanding to provide fiduciary advice. Where any participant education that falls outside the safe harbors in Interpretative Bulletin 96-1 will automatically be deemed to be fiduciary advice, we fear that those entities now providing participant education may be hesitant to do so in the future. We urge the Department to consider the cost of limited participant education on participant choice, as well as the cost of fiduciary advice on the $4.3 trillion of assets in participant directed accounts in 401(k) plans.

Additional Exemptive Relief Would be Necessary if the Regulation is Finalized

The Department posed several questions regarding applicable prohibited transaction exemptions to SIFMA and to others. Mr. Hauser and Mr. Strasfeld both suggested that in light of PTE 84-24 and PTE 86-128, they were curious what other exemptions might be required if all brokers were deemed fiduciaries. As we noted in our original comment, if a broker were deemed to be a fiduciary (or agreed to be a fiduciary because of the risks inherent in a vague, one-sided or subjective standard), it would likely charge an advisory fee, both to cover the additional training, compliance, systems enhancement and insurance that would be required, and also to facilitate a broad range of product offerings, such as that described in DOL Advisory Opinion 2005-10A.

In addition, the Department's section 408(b)(2) interim final regulation requires every covered service provider to state whether it is acting as a fiduciary under ERISA or the Investment Advisers Act of 1940. With that in mind, we note that many practitioners have raised issues about whether any section 406(b) relief is provided by PTE 84-24 where the fiduciary is not "an inadvertent fiduciary" or where the fiduciary is providing investment advice for a fee and not simply for commissions. As noted earlier, if the final regulation uses the "may consider" standard, we believe most brokers who continue to serve these markets will agree to act as fiduciaries only if they are paid an asset-based fee to cover the added costs and private plaintiff litigation risks of acting as a fiduciary, if they agree to deal with plans, and especially small plans and IRAs at all. While we would appreciate the Department's clarification that our concerns are without basis, we are concerned that PTE 84-24 would not provide relief for the sale of annuities. Unless additional relief is provided, neither IRAs nor plans could purchase annuities, significantly interfering with the Department's encouragement of investment options which provide lifetime retirement income. In addition, the Department has noted that PTE 84-24 does not provide relief for the purchase of mutual funds to any broker or pension consultant other than a principal underwriter. While practitioners have urged the Department to read the exemption

more broadly, it would be difficult to advise a broker that the exemption provides any relief for the sale of affiliated mutual funds unless the broker is the principal underwriter of the fund.

Practitioners have also raised questions regarding the use of PTE 86-128 where the fiduciary does not have investment discretion and control.[3] While we believe the history of the exemption should lead to the conclusion that the exemption provides relief to both discretionary and advisory fiduciaries, this issue seems to be unresolved and as recently as last week, Department representatives were unable to provide certainty on this point. Assuming that the Department was able to provide clarification on this point, the exemption provides relief for the purchase and sale of securities and commissions in connection therewith. It does not provide relief for investments other than securities, such as currency, futures, and deposits, for which there is a significant need in today's markets.

In addition to the sale of mutual funds and insurance contracts where a fiduciary is charging an advisory fee, and for the sale of products and property other than securities on an agency basis, exemptions providing section 406(b) relief would be needed for:

- principal transactions in securities and other assets (such as futures, currency, structured products, repurchase agreements, treasury bills, bankers acceptances, brokered deposits and other deposits) with both domestic and foreign dealers
- extensions of credit in all the settings contemplated by PTE 75-1, Part V as well as others, such as in the context of overdrafts, float, and other custody extensions of credit
- sale of underwritings
- receipt of 12b-1 fees, revenue sharing and other payments from third parties
- clarification that PTE 77-4 applies to advisory fiduciaries
- relief for commodity funds and commodity ETFs, and other pooled funds that are publicly traded but not registered with the SEC such as Irish funds and other foreign vehicles
- Clarification that investment in closed end funds in the secondary market requires no exemptive relief
- use of ECNs and other trading and clearing platforms both domestic and foreign
- common brokerage arrangements such as payment for order flow, and

[3] PTE 86-128 provides relief for: "a plan fiduciary's using its authority to cause a plan to pay a fee". Some have questioned whether that language covers a plan fiduciary using its influence to cause a plan to pay a fee. While the preamble to the final exemption PTE 78-10 clearly makes the predecessor exemption to PTE 86-128 applicable to fiduciaries without discretion, clarification would be helpful.

- securities loans to brokers whose employees may provide fiduciary advice to plans.

For your reference, we have attached a chart to this comment as Appendix I which lists the type of transactions for which relief would be required and the shortcomings of current relief in each area. It is important to note that the list is not exhaustive but illustrative of the significant limitations of plan choices that the current exemptions will not address.

We emphasize that any exemptive relief will need to be in final form before the regulation becomes final to avoid a significant disruption to and a very material cost impact on retirement accounts and retirement savings plans. That exemptive relief would also be necessary before the regulations become final so that conditions and consents can be reflected in the broker-dealers systems and documents. Without such advance publication, trading for plans and IRAs would be seriously disrupted on the effective date of the regulation and participants will be unable to purchase the products they currently purchase or will be able to so at significantly increased expense to them. We do not believe that it is reasonable or efficient to take up each existing transaction-specific prohibited transaction exemption separately, reproposing each of them with new conditions. We urge the Department to issue an exemption that provides workable conditions to permit plans to continue to invest in the products and investments that they have historically used and to enable plans to make the choices that they believe are appropriate and in their interest and in participants' interest. We think it is critical that current plan investments not be disrupted by the regulation. We urge you to consider the negative effect on the economy, and plan participants, if plans suddenly are required to sell a significant part of their holdings because fees are paid to their brokers.

Mr. Hauser suggested that certain of the increased execution costs of securities transactions might be minimized by a principal transaction exemption for fiduciaries. We agree with that suggestion, and would like to take this opportunity to comment on the kinds of conditions which might, and might not work in the context of an exemption for investment transactions executed on a principal basis[4].

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[4] The Department also sought comment on changes to the seller's exception. We hope the Department will consider the following:

(i) For purposes of this paragraph (c), a person shall not be considered to be a person described in paragraph (c)(1) of this section with respect to the provision of advice or recommendations if, with respect to a person other than a person described in paragraph (c)(1)(ii)(A), such person can demonstrate that the recipient of the advice or recommendation knows or, under the circumstances, reasonably should know, that the person is providing the advice or making the recommendation in its capacity as a purchaser, seller or lender of a security or other property or a seller of services, a counterparty in a swap, repurchase agreement or other bilateral agreement, as a broker or agent of the advice recipient, or as an agent of, or appraiser for, such a purchaser, seller, lender or counterparty. A person will be deemed to have demonstrated that the recipient of the advice or recommendation knows or reasonably should know that the advice or recommendation is made in its capacity as a purchaser, seller, lender, counterparty, agent, broker or appraiser if the person has disclosed in writing that it is not acting as a fiduciary, that its financial interests may be affected by the transaction, that it may earn a fee, spread or other compensation if the transaction is consummated or the service is provided and that the recipient of the advice or recommendation will not have the remedies that it would have if the person were agreeing to act as a fiduciary under ERISA and the Internal Revenue Code.

First, we would note that various proposals for principal trading relief in ERISA accounts have been raised with the Department well before the current rulemaking process. For example, in May 1998, the Investment Adviser, Investment Company, Federal Regulation and Retirement Products and Estate Services Committees of our predecessor organization, the Securities Industry Association ("SIA"), together wrote urging the Department "to clarify that it interprets Section 406(b)(2) of ERISA in a manner consistent" with the views of the SEC staff in the *Morgan, Lewis* no-action letter,[5] where the SEC had concluded that "trade by trade" consent for principal trading activity in advisory accounts under Section 206(3) of the Investment Advisers Act was not required in a "wrap" fee advisory contract where third party managers, and not the broker sponsoring the advisory program, had discretion in directing trades. Under those circumstances, it was and continues to be SIFMA's view that "whether the trades by such a Dual Registrant are executed on a principal or agency cross basis, the concerns that underlie Section 406(b)(2) clearly are not present." However, the Department has never formally answered this request, and has generally required advance "transaction by transaction" consent. As we have advised the SEC in the context of the Dodd-Frank fiduciary standard for retail brokers, such advance consent on a transaction basis is impractical and expensive; it will be rare that a fiduciary broker will engage in a principal transaction rather than trade away, if consent is required on a transaction by transaction basis or if other conditions imposed by the Department are unworkable. In addition, relief that the Department has provided in the past to foreign broker-dealers has required substantial involvement by the U.S. affiliate which has proved cumbersome, expensive and in the long run, unworkable. Finally, while every principal transaction is reported to clients pursuant to the requirements of the securities laws, we urge the Department to closely coordinate the information required in connection with these transactions with the SEC, which we understand will be issuing similar relief in connection with regulations under section 913 of Dodd-Frank.

The Oliver Wyman Study

The Department requested back up data from the Oliver Wyman study that was attached to SIFMA's comment. The backup material is attached hereto as Appendix II.

A Reproposal of the Rule Together With Proposed Prohibited Transaction Relief is Necessary

We hope that we can collaboratively find a method to make sure, either through a reproposal or a very open airing of regulatory language, that plans and participants are not inadvertently harmed by the Department's final rule, and that exemptive relief is in place on the effective date so that plans will not have to sell investments they currently hold, change strategies or give up investment choices currently available to them.

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[5] In an April 16, 1997 letter to Morgan Lewis & Bockius, the SEC staff determined that, when a transaction is directed to a broker-dealer sponsor of a non-discretionary advisory program by an unrelated portfolio manager that has investment discretion to manage the account, and the broker-dealer does not recommend, select or play any role, direct or indirect, in the portfolio manager's selection of particular securities to be purchased for, or sold on behalf of program clients, then the broker-dealer would not be acting as an investment adviser in relation to the transaction for purposes of Section 206(3) of the Investment Advisers Act (the restrictions on principal trading).

SIFMA and its members appreciate the Department's openness to additional comments. We look forward to working with you on this very important regulatory initiative.

Sincerely,

Kenneth E. Bentsen, Jr.
EVP, Public Policy & Advocacy

Appendix I

Type of Transaction Where Broker May Be a Fiduciary under DOL Proposal	**Current Law Restriction or Shortcoming**
Principal Transactions in securities and other assets with domestic or foreign broker dealer	• PTE 75-1 Part II does not permit such transactions with fiduciaries; • only permits such transactions with U.S. broker-dealers; • only covers securities and not currency or futures
Principal Transactions in currency with domestic or foreign broker dealer or bank	Section 408(b)(18) does not permit such transactions with fiduciaries
Extensions of credit for settlement, short sales, margin, debt (publicly traded, privately placed, notes, commercial paper, structured products); need relief to provide advice where affiliate provides credit to fund being recommended	• PTE 75-1, Part V only covers U.S. broker –dealers; • no fee or interest if party in interest is a fiduciary; • doesn't cover debt. • While debt is covered under section 408(b)(17), that statutory exemption doesn't cover fiduciaries
IPOs underwritten by domestic or foreign broker dealers who may be members or managers of the syndicate, or trustees of the underlying assets	• PTE 75-1 only covers U.S. broker-dealers • only covers members, not managers of a syndicate, and • does not cover indenture trustees or other trustees
Repurchase agreements and other short term investments such as commercial paper, bankers acceptances and deposits	PTE 81-8 only covers U.S. broker-dealers and banks and does not cover fiduciaries.

Receipt of trailers and other payments from mutual funds, collective trusts, their managers or distributors or principal underwriters	• Unclear the breath of payments covered by PTE 75-1, Part II for unaffiliated open end funds; • no relief for trailers from closed end funds, collective trusts, commodity funds or affiliated funds; • PTE 86-128 does not cover payments from third parties other than in an agency cross
Insurance company commissions and other payments	PTE 84-24 should be clarified to cover relief for • any nondiscretionary fiduciaries, • for affiliated and unaffiliated insurance companies, in connection with different types of annuities, including fixed and variable annuities where affiliated managers manage subaccounts and differing compensation among subaccounts, and • revenue sharing
Mutual fund commissions	PTE 84-24 should be clarified to cover • sellers other than principal underwriters, • receipt of fees by affiliated managers, • closed end funds and commodity funds
Agency transactions, regardless of whether the fiduciary has discretionary control, in investments including securities and other assets	PTE 86-128 does not now cover transactions in assets other than securities and may be unclear regarding its applicability to advisory

such as brokered deposits, currency, commodities, futures, private funds, such as hedge funds, real estate funds, private equity funds, including riskless principal transactions, including indirect compensation such as order flow, revenue sharing, ECN payments, concessions and discounts	fiduciaries.
Advice	We note that interpretation of the statutory relief in section 406(g) is not yet published, and the Department has not provided the exemption called for the Pension Protection Act for IRAs. However, the proposed exemption includes an onerous third party audit provision that if retained, will discourage the use of the exemption.
Securities Lending	PTE 2006-16 should be clarified to permit loans to borrower even if borrower's affiliate provides advice for a fee to the plan

Appendix II

Oliver Wyman Materials

November 17, 2010

Via email to: rule-comments@sec.gov and IA-BDStudy@sec.gov

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: Study Regarding Obligations of Brokers, Dealers, and Investment Advisers; Exchange Act Release No. 62577; Investment Advisers Act Release No. 3058; File No. 4-606

Dear Ms. Murphy:

The Securities Industry and Financial Markets Association (SIFMA)[1] would like to thank you for the opportunity to meet with representatives of the Securities and Exchange Commission (SEC) on November 10th to review our analysis of potential changes to the standard of care for investors served by our member firms.[2] As noted in our previous public statements, SIFMA supports harmonization of broker-dealer and investment adviser regulations for those who provide personalized investment advice to retail investors. We believe this can be accomplished in a way that does not restrict customer choice or product access. We commend the SEC for the depth of review it is undertaking in its current study.

The key findings from our study show that broker-dealers play an important role in retail brokerage, which cannot be easily replicated with alternative service models. Among the findings are:

- 95% of the households served by the firms participating in our survey use commission-based brokerage accounts to meet their investment objectives today;

[1] 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. For more information, visit www.sifma.org.

[2] Our study, filed with the SEC on October 27, 2010, is available at http://www.sec.gov/comments/4-606/4606-2824.pdf.

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- Access to investment products traditionally offered on a principal basis (corporate and municipal securities) is more common and more affordable through commission-based accounts, particularly for small investors; and

- The realized cost of investment for investors under fee-based advisory accounts is consistently higher (23-27 bps on average) than the commission-based brokerage accounts used by the 38MM+ households covered by our study.

We recognize that the legislation does not prohibit commission-based compensation or other common elements of the broker-dealer service model. Our survey results bear out the relative value of commission-based accounts, particularly for smaller investors. If these same brokerage services had to be provided under the existing provisions of the Investment Advisers Act of 1940, however, it would negatively affect client choice and access to products, such as those now available on a principal basis. Thus, we continue to support a uniform federal fiduciary standard for broker-dealers and investment advisers who provide personalized investment advice to retail clients, yet that new standard must be "operationalized" to reflect the many different business models currently in effect serving investors.

We have drafted this letter to respond to SEC staff requests for additional detail on the methodology used to complete the study, the robustness of the data gathered, and several exhibits contained in the original submission. Accordingly, our response is organized as follows:

- Methodology for impact assessment
- Robustness of data gathered
- Additional data

We are grateful for the opportunity to respond to SEC staff questions and your consideration of the findings from our study.

I. Methodology for impact assessment

SIFMA commissioned Oliver Wyman[3] to analyze the impact of potential changes to the standard of care for investors served by our member firms. Oliver Wyman

[3] With more than 2,900 professionals in over 40 cities around the globe, Oliver Wyman is an international management consulting firm that combines deep industry knowledge with specialized expertise in strategy, operations, risk management, organizational transformation, and leadership

designed a standard template (see appendix 2) that was distributed to ~30 member firms to collect aggregated data on investment activity, asset allocation, and 'realized investment costs' across different client wealth segments and account types. Due to restrictions on disclosure of personal financial data and operational constraints, client-level data was not requested as part of the survey. Oliver Wyman supplemented the aggregated member data with publicly available information in preparing the study.

In total, 17 firms provided SIFMA with sufficient data for analysis. These firms represent a broad cross-section of SIFMA's membership serving retail investors, including global, national and regional full service broker-dealers, bank brokerages, and discount brokers.

II. Robustness of data gathered

The data gathered to support the analysis covered 38.2MM households with $6.8TN invested with member firms. To put these figures in context:

- The 38.2MM households included in the data represent 33% of households in the United States today, according to the most recent survey of consumer finances by the Federal Reserve.[4] However, not all U.S. households hold investment accounts, implying that the true percentage of investors covered by the data is higher than 33%.
- The $6.8TN in client assets captured in the data represents 27% of financial assets held by investors in the United States. A significant share of the financial assets identified by the Federal Reserve includes 'investments' that are not generally held in brokerage or advisory accounts (e.g. pension assets), implying that the true percentage of investor assets covered by the data is higher than 27%.

The objective of this study is to analyze the impact of potential changes to the standard of care for investors served by our member firms – not necessarily to draw conclusions on the broader investor population. This population of 38MM+ households represents

development. The firm helps clients optimize their businesses, improve their operations and risk profile, and accelerate their organizational performance to seize the most attractive opportunities. Oliver Wyman is part of Marsh & McLennan Companies [NYSE: MMC]. For more information, visit www.oliverwyman.com.

[4] Federal Reserve Board Survey of Consumer Finances 2007

a meaningful share of the US investor population, which should be considered carefully in the SEC study.

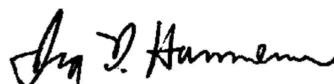
To our knowledge, this information set is unique in that it provides a window into the underlying economics of different models for serving retail investors and is exceptional both in its breadth of coverage and its usefulness in comparing realized investment costs across different firms.

III. Additional data

The SEC staff attending the meeting on November 10th also requested additional detail on asset allocation (provided in summary form on page 17 of the original submission). A breakdown of asset allocation across different client wealth segments and account types is provided in appendix 1 below.

Please let us know if we have adequately addressed your questions and requests for additional information, or if there is anything more we may provide that would be helpful to you.

Sincerely yours,

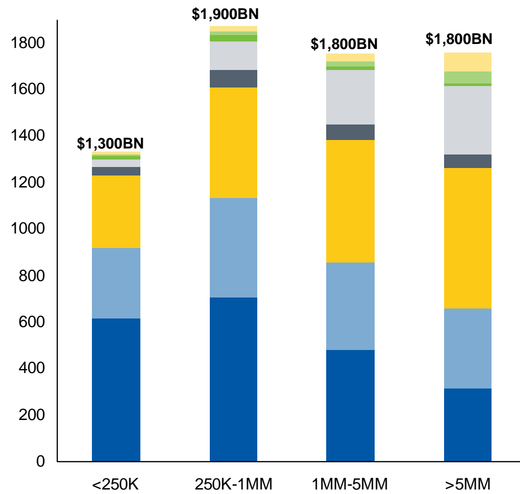


Ira D. Hammerman
Senior Managing Director
and General Counsel

cc: Mary L. Schapiro, Chairman
Luis A. Aguilar, Commissioner
Kathleen L. Casey, Commissioner
Troy A. Paredes, Commissioner
Elisse B. Walter, Commissioner
Robert W. Cook, Director, Division of Trading and Markets
Andrew J. Donohue, Director, Division of Investment Management

Appendix 1: asset allocation across wealth segments and account types

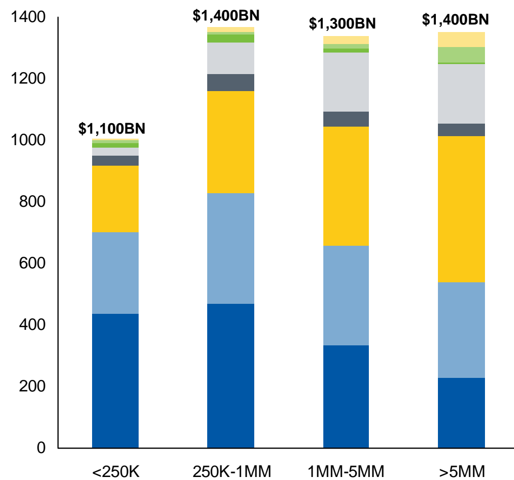
All account types
Asset allocation ($BN) by wealth segment, 2009[1,2]



	<250K	250K-1MM	1MM-5MM	>5MM
Government / Agency Bonds	9	23	35	80
Alternatives	7	14	21	57
Structured Products	18	28	12	7
Municipal Bonds	31	120	238	296
Corporate Bonds	37	76	66	58
Equities	311	478	528	604
Cash / other[3]	306	429	373	346
Mutual Funds / ETFs	614	705	484	313

1. Numbers may not sum to total due to rounding
2. 5 firms representing less than $400BN in assets did not provide asset allocation details by account type and are excluded from analyses on the following charts
3. Includes cash, currencies, money market funds, etc
Source: SIFMA member data, Oliver Wyman analysis

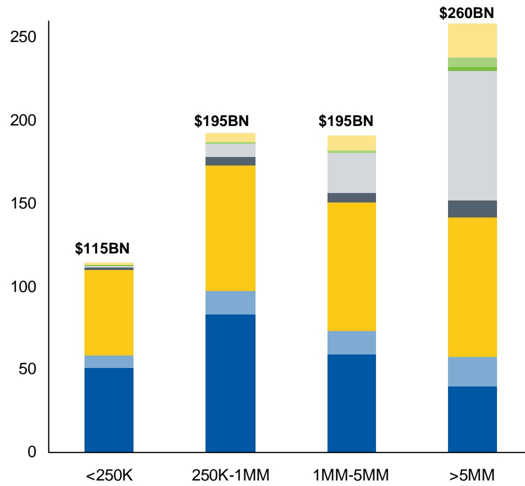
Commission-based, non-discretionary accounts
Asset allocation ($BN) by wealth segment, 2009[1]



	<250K	250K-1MM	1MM-5MM	>5MM
Government / Agency Bonds	7	15	23	51
Alternatives	6	10	17	45
Structured Products	17	25	11	5
Municipal Bonds	28	99	192	195
Corporate Bonds	32	59	51	41
Equities	230	332	386	477
Cash / other[2]	273	359	323	307
Mutual Funds / ETFs	457	468	336	230

1. Numbers may not sum to total due to rounding
2. Includes cash, currencies, money market funds, etc
Source: SIFMA member data, Oliver Wyman analysis

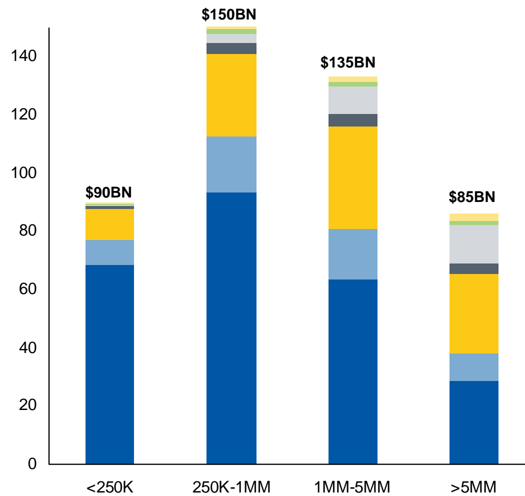
Fee-based, discretionary accounts
Asset allocation ($BN) by wealth segment, 2009[1]



	<250K	250K-1MM	1MM-5MM	>5MM
Government / Agency Bonds	2	6	9	21
Alternatives	<1	1	2	6
Structured Products	<1	<1	<1	2
Municipal Bonds	1	8	23	78
Corporate Bonds	2	5	7	11
Equities	52	75	77	84
Cash / other[2]	7	14	14	18
Mutual Funds / ETFs	51	83	59	40

1. Numbers may not sum to total due to rounding
2. Includes cash, currencies, money market funds, etc
Source: SIFMA member data, Oliver Wyman analysis

Fee-based, non-discretionary accounts
Asset allocation ($BN) by wealth segment, 2009[1]



	<250K	250K-1MM	1MM-5MM	>5MM
Government / Agency Bonds	<1	1	2	3
Alternatives	1	1	2	1
Structured Products	<1	<1	<1	<1
Municipal Bonds	<1	3	9	13
Corporate Bonds	1	4	4	3
Equities	11	28	35	27
Cash / other[2]	8	19	18	10
Mutual Funds / ETFs	69	94	63	29

1. Numbers may not sum to total due to rounding
2. Includes cash, currencies, money market funds, etc
Source: SIFMA member data, Oliver Wyman analysis

Appendix 2: data collection template

Variable inputs for member firms to complete

I. Assets, Revenues, and Costs for all accounts

	Wealth Segment (client assets)			
2009 data	**< 250,000**	**250,000-1MM**	**1MM-5MM**	**>5MM**
Number of households holding accounts (year-end)				
Total fees, commissions, other client-related revenues ($MM)				
Total client assets ($MM) (year-end)				
Asset composition ($MM)				
Equities				
Fixed Income | Corporate Bonds				
Fixed Income | Government and Agency Bonds				
Fixed Income | Municipal Bonds				
Mutual Funds and ETFs				
Structured Products				
Alternatives (Hedge funds, private equity, managed futures)				
Other Products (MM MF's, FCASH, CD's)				

II. Assets, Revenues, and Costs by account type

	Wealth Segment (client assets)			
2009 data	**< 250,000**	**250,000-1MM**	**1MM-5MM**	**>5MM**
Fee-based discretionary accounts				
Number of households holding accounts (year-end)				
Total fees, commissions, other client-related revenues ($MM)				
Total client assets ($MM) (year-end)				
Asset composition				
Equities				
Fixed Income | Corporate Bonds				
Fixed Income | Government and Agency Bonds				
Fixed Income | Municipal Bonds				
Mutual Funds and ETFs				
Structured Products				
Alternatives (Hedge funds, private equity, managed futures)				
Other Products (MM MF's, FCASH, CD's)				
Fee-based non-discretionary accounts				
Commission-based discretionary accounts				
Commission-based non-discretionary accounts				

III. Additional 'client profile' data

	Wealth Segment (client assets)		
2009 data	**< 250,000**	**250,000-1MM**	**1MM-5MM**
Number of clients holding IRA accounts (year-end)			
Fee-based			
Commission-based			
Number of clients holding both fee- and commission-based accounts (year-end)			
Number of clients with concentrated positions >25% of assets in one position (year-end)			
Number of clients executing less than 10 trades in 2009			
Number of clients purchasing shares in IPOs on principal basis in 2009			
Number of clients purchasing Municipal Bonds on principal basis in 2009			