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30 August 2010

Elizabeth Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File No. 4-606; Study Regarding Obligations of Brokers, Dealers, and Investment Advisers

Dear Ms. Murphy:

CFA Institute (“CFA Institute”)¹ appreciates the opportunity to submit the following comments on the U.S. Securities and Exchange Commission’s study that it intends to undertake on the obligations of brokers, dealers, and investment advisers to inform its future actions under section 913 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

We believe that investors are well-served when they are afforded a full range of options in investing and managing their portfolios. However, we also feel strongly that investor interests must be safeguarded. To that end, investors are entitled to know what they are getting and what they can expect when dealing with different financial service providers. In particular, there should be consistency in regulations in terms of standards of care when practitioners using different titles or terms associated with their particular employer actually serve the same functions or supply the same products and services to investors.

We think there are several gaps in the existing legal and regulatory scheme covering broker-dealers and investment advisers that ultimately disadvantage investors. To inform the SEC about the direction any new rules governing broker-dealers should take, we suggest the study address at least the following:

- Terminology. Investors should know the types of services they are getting from each kind of financial service provider. The study should consider whether it would be feasible for the Commission to restrict use of the term “advisers” to only those individuals offering investment advice. The flip side of this issue is whether it would be feasible to prevent

¹ CFA Institute is a global, not-for-profit professional association of 101,883 investment analysts, advisers, portfolio managers, and other investment professionals in 136 countries, of whom 89,857 hold the Chartered Financial Analyst® (CFA®) designation. The CFA Institute membership also includes 135 member societies in 58 countries and territories.



those not offering advice from calling themselves advisers or other terms that imply they are providing financial advice. A potential outcome of this line of research is whether the Commission could ever feasibly define for investors, through these terms, which agents are providing brokerage services (salesmen) and which are providing personalized investment advice (advisers). The goal is to give investors a clear indication of what functions these agents are providing.

- Standard of care. The vast majority of retail investors do not know or understand what standard of care they can expect from the varying financial service providers, despite the availability of extensive disclosures and educational resources. The lack of clarity and understanding in this area is a glaring gap that might only be resolved by moving to a single, definable and enforceable standard of care. The study should explore this and other potential approaches to resolve this long-standing issue as indicated by the previous Rand Study. If there is a key to having retail investors gain a true understanding of the standard of care used by their financial services providers, particularly how to bridge the differences between fiduciary and suitability standards, it would be important to find through this new study. It remains the primary challenge in resolving investor confusion.

Should you have any questions about our positions, please do not hesitate to contact James C. Allen, CFA at james.allen@cfainstitute.org or 434.951.5558; or Linda L. Rittenhouse at linda.rittenhouse@cfainstitute.org or 434.951.5333.

Sincerely,

/s/ James C. Allen

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/s/ Linda L. Rittenhouse

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