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Definition of the Term ‘‘Fiduciary’’; Conflict of Interest Rule—Retirement Investment Advice; Notice of proposed rulemaking and withdrawal of previous proposed rule.

Comment On: EBSA-2010-0050-0204

Definition of the Term Fiduciary; Conflict of Interest Rule-Retirement Investment Advice

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Submitter Information

Name: Tunc Tanin

Address:

45 Prospect Street

5th Floor

Cambridge, MA, 02139

Email: tunctanin@gmail.com

Phone: 7819742137

General Comment

Please pass this proposal. I am an independent RIA and I used to be a broker under FINRA supervision. I have seen many abuses of the suitability rule and its shortcomings. I am happy to see also FINRA moving now in the direction of fiduciary duty. My comments would be to expand the rule on how compensation is to be shown to the client especially when there is an annuity sale. While disclosing the amount of commission or compensation is good, there are many ways this rule can get abused. Besides direct monetary compensation, there are many trips offered by financial institutions under the guidance of educational seminar. My former broker dealer NY Life had a way of offering extra compensation to its agents. Any orphan accounts(these are accounts that when an advisor leaves a broker dealer) were assigned not based on the best interest of the client, they were assigned based on how much an advisor brought to NY Life profits. Now this is not an NY Life only issue, almost all life insurance broker dealers follow this practice. It is unclear from the proposed rule how an advisor can show they are compensated by putting their money in Mutual Fund A, they will earn future referrals. These orphan assignments will become a even stronger currency of payment for financial advisory firms.