



July 15, 2015

Dear Secretary Thomas E. Perez,

As a member of a firm of independent financial advisors and a member of the Financial Services Institute, I am writing to express my concerns with the Conflict of Interest Rule Proposal. While I agree that financial advisors and financial services firms should be required to ensure that the interests of their retirement clients come first, the Proposal contains other elements that will effectively eliminate the ability of low and middle-income individuals to obtain the personalized advice they need to ensure a dignified retirement. In short, the Proposal is unworkable for my clients and my small business.

Specifically, I see the following significant problems with the Proposal:

1) It is based on False Assumptions: For example, it appears that your department believes that retirement investors are unprotected by the current regulatory system. However, my business is heavily regulated by the Securities and Exchange Commission, the Financial Industry Regulatory Authority and state securities regulators. My broker-dealer also routinely monitors my activity and examines my business to ensure that I am in compliance with the many rules and regulations I am subject to as a financial advisor. In addition, your department argues that financial advisors routinely harm their clients by directing them to high priced investment vehicles. However, Investment Company Institute research demonstrates that the opposite is true.



Financial advisors tend to lead investors to funds whose expense ratios are far lower than the average expense ratio for all funds. These false assumptions cause the Proposal to be poorly designed for investors, unduly burdensome and extremely costly.

2) Investors are not well served by the Proposal: The Proposal's requirements demonstrate a lack of understanding of basic investor needs. The following examples will demonstrate my concerns:

- First, the Proposal eliminates my ability to provide meaningful education by prohibiting me from providing investors examples of the investments available in their retirement plan that fit within the basic asset classes they should be considering. The result is that these individuals will be left to guess whether or not their investment choices have resulted in a well-diversified asset allocation.

- Second, the Proposal requires IRA account holders who have not yet decided whether to use my services to sign a contract with me before I can discuss their retirement needs. This is simply unworkable because smart consumers won't sign contracts with people they haven't yet chosen to do business with.

- Finally, the Proposal prohibits the use of a variety of investment products that can play a meaningful part in my client's retirement planning. I simply can't understand why your department would limit the tools available to financial advisors who are trying to help clients achieve a dignified retirement.

3) Reduced Access to Retirement Assistance: I entered the financial services profession because I wanted to help people achieve their financial goals. However, I can only



operate my small business if I can cover my costs. Unfortunately, the Proposal's Best Interest Contract Exemption requires me to adhere to numerous very detailed, costly and difficult requirements while producing an unprecedented amount of very specific data on a point of sale, annual, and continuing basis and subjecting me to huge liability exposure. At the same time, the Proposal requires financial services firms to significantly alter the compensation structure of our industry thereby reducing my margins. The result is that I will not be able to continue to advise small and mid-size clients who need retirement assistance. Without my guidance, I fear that these individuals' retirement security will be placed at risk. This is unacceptable in light of the retirement crisis facing our country.

As you can see, the Proposal is based upon false assumptions, fails to appreciate investor needs and will reduce access to retirement assistance, products and services. That is why I am requesting that you work cooperatively with the Financial Services Institute and other industry trade organizations to develop a best interest standard that protects investors while preserving access to retirement assistance, products and services for all individuals.

Finally, I would be happy to serve as a resource as you continue to monitor developments on this issue. Feel free to reach out to me if I can be of service to you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dave Brooks', with a long horizontal flourish extending to the right.

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