

MEMORANDUM

To: File Nos. S7-07-18, S7-08-18, S7-09-18

From: Division of Investment Management, Division of Trading and Markets

Re: Roundtable on July 12, 2018 Regarding Standards of Conduct for Investment Professionals

Date: August 9, 2018

On July 12, 2018, SEC staff held a roundtable at the SEC Headquarters in Washington, DC. Approximately 38 individuals attended. The roundtable was intended to gather information from retail investors who will be directly impacted by the Commission's rulemaking regarding standards of conduct for investment professionals.

Attached is the entire transcript of the Washington, DC roundtable discussions. The discussions at the roundtable were intended to be conversational, and the Chairman and SEC staff provided summary descriptions of the Commission rulemakings. To the extent that any descriptions contained in the transcript deviate from the Commission's proposed rule text and rulemaking releases, such descriptions do not supersede the proposed rule text and releases. In this regard, see proposed [Form CRS Relationship Summary](#), [Regulation Best Interest](#), and [Interpretation](#).

THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISER/BROKER-DEALER ROUNDTABLE

Thursday, July 12, 2018

10:28 a.m.

Washington, D.C.

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1	COMMISSION PARTICIPANTS:
2	
3	Jay Clayton, Commission Chair
4	Sara Cortes
5	Emily Westerberg Russell
6	Lori Schock
7	Suzanne McGovern
8	Parisa Haghshenas
9	
10	
11	
12	
13	
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16	Investor 1
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18	Investor 3
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24	Investor 9
25	Investor 10

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PROCEEDINGS

1 INVESTOR TWENTY-ONE: Now, the complicating thing to
2 that was, as an elementary school teacher, as a class of
3 people, they are very collegial, working together,
4 trusting. And my wife is -- bless her heart -- she may
5 have --

6 (Laughter.)

7 INVESTOR TWENTY-ONE: But she was -- did not have a
8 head for investing, and doesn't want to, which is one of
9 those difficulties of -- probably a significant portion
10 of the people we're talking about today.

11 But under her 403(b) they had -- visit a
12 professional every year to review the account. Every
13 year it was a different person, and every year they
14 suggested that they change the securities to ones that
15 they were going to get ongoing commissions from.

16 CHAIRMAN CLAYTON: So, INVESTOR 21 -- I don't know if
17 anybody is hearing what INVESTOR 21 is saying, but let me
18 paraphrase it. Which is, you have an account where the
19 money is kind of sticky. You're going to keep
20 investing -- what we call "sticky" -- you're going to keep
21 investing over a long period of time, and you have
22 someone whose incentive, financially, is to change those
23 investments, come to you and say, "You know what?
24 That looked good last year, but this is better this
25

1 obligation is a wonderful place to start. But let's make
2 it clear what that really means, particularly what it
3 really means from a financial point of view for you, and
4 what it means from a financial point of view from the
5 professional -- I've been going all over the country,
6 talking to people. And one common theme is no one minds
7 their financial professional making some money.

8 INVESTOR EIGHT: I do.

9 (Laughter.)

10 CHAIRMAN CLAYTON: I'm as good as anybody else.
11 And we -- have your fees just gone down and down and
12 down? So my predecessors -- these people were here, I
13 wasn't -- they brought sunlight to that marketplace. And
14 now, if you're a self-directed person, your fees are very
15 low.

16 INVESTOR EIGHT: That's what I learned after lots of
17 experience.

18 CHAIRMAN CLAYTON: So, more complicated in the
19 investment professional area because, you know, you have
20 professional advice and you have -- but we're trying to
21 bring the same sunlight to make it so the fees match what
22 your expectations are. That's the kind of thing we're
23 trying to do.

24 So I got to go.

25 (Laughter.)

1 year." And they may be right.

2 But you should understand that that's in their
3 financial interest to have you make a change. And we
4 don't believe that that obligation to tell you that
5 changing your investments is in the person's financial
6 interest has been sufficient.

7 INVESTOR TWENTY-ONE: That, I would say, has -- is
8 definitely the case. But I think it goes beyond that.
9 Unless they have a fiduciary responsibility to the
10 client --

11 CHAIRMAN CLAYTON: Let me just -- let me stop
12 you there. The people who have been doing that, they do.
13 But the problem is what is that fiduciary responsibility?

14 INVESTOR TWENTY-ONE: Well, there is that, too.

15 CHAIRMAN CLAYTON: No -- and like I talked
16 about, your expectation is that that's a fiduciary
17 responsibility that has no exceptions.

18 So when you guys -- just let me -- when you
19 hear "I'm a fiduciary, everything's fine," hold your
20 wallet.

21 (Laughter.)

22 INVESTOR TWENTY-ONE: Run the other way.

23 CHAIRMAN CLAYTON: But there are
24 people who want you to believe that. And what
25 we're doing is we're saying that's a -- a fiduciary

1 CHAIRMAN CLAYTON: I'll stay if you want to
2 yell at me.

3 (Laughter.)

4 INVESTOR EIGHT: For those of us who came in late,
5 who are you?

6 CHAIRMAN CLAYTON: I'm the Chairman.

7 INVESTOR FOURTEEN: I wasn't going to yell at you,
8 but I wanted your name again.

9 CHAIRMAN CLAYTON: Jay Clayton.

10 INVESTOR FOURTEEN: Jay?

11 CHAIRMAN CLAYTON: Jay Clayton.

12 (Laughter.)

13 CHAIRMAN CLAYTON: You are in excellent hands.
14 I can tell you that.

15 INVESTOR FOUR: I'm a law student studying
16 securities law. Can I get a selfie with you?

17 CHAIRMAN CLAYTON: Can you get a selfie with
18 me? Yes.

19 (Laughter, applause.)

20 CHAIRMAN CLAYTON: I don't tweet.

21 (Laughter, applause.)

22 INVESTOR TWENTY-ONE: One little follow-on to that.

23 CHAIRMAN CLAYTON: We're going to give you a
24 job.

25 (Laughter.)

1 INVESTOR TWENTY-ONE: Having the information is fine.
 2 Knowing what to do with it, especially for someone like
 3 my wife, who is, like I said, trusting and collegial, and
 4 wants to trust people, if there is a problem and if
 5 advice is being -- gone the wrong way, what -- how do we
 6 hold that person accountable --
 7 CHAIRMAN CLAYTON: So you're my Ed McMahon.
 8 (Laughter.)
 9 CHAIRMAN CLAYTON: So the question is all this
 10 is -- all this transparency and everything is fine. What
 11 happens when things go wrong? One of the reasons that we
 12 are trying to make this -- this relationship simple and
 13 the communication around what matters direct and in plain
 14 language -- let me just give you guys two questions that
 15 everybody should ask, okay?
 16 When somebody is your investment professional,
 17 how much money are you making? Anybody who can't give
 18 you a straight answer to that question is a problem.
 19 Another question: How much of my money, my
 20 \$100 a month going into my 403(b) plan, my \$100 month
 21 going -- how much of my money is going to work for me?
 22 That's another question that an investment professional
 23 should be able to answer.
 24 Now, if it's \$100 a month, let me tell you the
 25 reality. Even if you're self-directed, it's not going to

1 be \$100. It's going to be \$99.50. Okay?
 2 But if the answer is it's \$85 out of \$100, and
 3 there is \$15 of leakage going somewhere, that's a
 4 problem. That's a big problem. And somebody should be
 5 able to answer that question.
 6 So your -- to your question, you know, does
 7 what we're doing help us if somebody is still behaving
 8 badly? That's part of my objective here, which is when
 9 you have to answer those kinds of questions clearly, it
 10 makes it easier to point out when somebody is lying. And
 11 that's where we want to go. Good? Okay.
 12 (Applause.)
 13 MS. SCHOCK: And thank you for joining us for
 14 our roundtable. We appreciate your -- and we'll see you
 15 next time.
 16 (Laughter.)
 17 MS. SCHOCK: I'm Lori Schock. I'm the director
 18 of the Office of Investor Education and Advocacy. And I
 19 do want to thank all of you for being here. It's always
 20 great when your boss can show up when you didn't expect
 21 him to be here. And I'm glad that you had that opportunity to
 22 speak with the Chairman about this important rule-making.
 23 And again, I appreciate you taking time out of
 24 your busy schedules to give us your input. We want to
 25 hear sort of the good, the bad, the ugly about your

1 experiences.
 2 But before we get into this, I want to make
 3 sure everyone is aware, we do have a court reporter. So
 4 this is an on-the-record conversation. So just keep that
 5 in mind. Please don't go off on a political bend, or
 6 something like that. We just sort of keep it focused to the
 7 topics at hand. That would be great.
 8 And also, for those of you who have a cell
 9 phone, if you don't mind either putting it on
 10 do-not-disturb or turning it off for this one hour, I
 11 would appreciate that. Sometimes it interferes with the
 12 court reporter's ability to get things on the record.
 13 Are there any questions regarding that?
 14 (No response.)
 15 MS. SCHOCK: Everyone good? Okay.
 16 MS. CORTES: One thing I just want to make
 17 clear about why we do have a court reporter. I'm one of
 18 the lawyers. I'm one of the bureaucrats who is going to
 19 take the proposal that we have, the set of initiatives that
 20 Chairman Clayton was talking about, and look at all of
 21 the feedback that we're getting. And helping the
 22 Commission make some final decisions, and what changes we
 23 need to make.
 24 And in order to do that, in order to give all
 25 of the public the ability -- for us to have feedback on what

1 feedback we're even getting -- we need to put that in the
 2 public record.
 3 And so, if you -- your individual names,
 4 we will be endeavoring to make sure that that is
 5 protected. If you are affiliated with someone, with an
 6 organization, we do ask that you let us know that, too,
 7 because that helps us make things transparent.
 8 So I just wanted to give a little bit of background on
 9 why we have a court reporter here, and why we have a
 10 record. It really helps us make the best choices that we
 11 can.
 12 MS. SCHOCK: So let me introduce Sara Cortes,
 13 an assistant director in our Division of Investment
 14 Management. And then also Emily Westerberg Russell, who
 15 is a senior special counsel in our Division of Trading
 16 and Markets. This is their rule-making. So I'm just
 17 here to help facilitate the conversation, but I'm going to
 18 turn it over to Sara to walk through some of the parts
 19 of the rule.
 20 MS. CORTES: Great. So there are multiple
 21 parts to this rule. So the Division of Investment
 22 Management is the division that primarily regulates
 23 investment advisers. You know how Jay was talking about
 24 there are investment advisers and there are broker-dealers.
 25 And then Emily works for Trading and Markets, and they're

1 the ones that are primarily responsible for the
 2 regulation of broker-dealers.
 3 And so, in order to come up with this
 4 initiative, we had to work very closely together on what
 5 are sometimes kind of different regimes, even though,
 6 from your point of view, they might be the -- these
 7 people might be providing somewhat the same thing, and
 8 look the same.
 9 And so, one of those initiatives was making
 10 sure that when broker-dealers, in particular, are
 11 giving advice to you, that it meets your expectations.
 12 MS. WESTERBERG RUSSELL: That's right. So one
 13 proposal was trying to elevate the standards that apply
 14 to that advice to get more to that fiduciary standard,
 15 although maybe not using that term, but really elevate what
 16 they're doing to make sure that their -- their advice is
 17 going to be in your best interest; but to do so in a way
 18 that preserves choice, as to how you pay for the advice.
 19 And INVESTOR 8, hearing your points about
 20 being able to be self-directed and pay that minimal fee.
 21 Brokers offer that advice. The ability to get advice on a
 22 one-time basis, if you need it. Or not at all, or on a more
 23 regular basis. And that's often the lower-cost individual
 24 for a lot of -- depending on your needs.
 25 And so that was a key concern for us, to go --

1 elevate what you're getting, and making sure that we tamp
 2 down on conflicts, that conflicts are disclosed to you.
 3 But also to preserve the model, and so that you can have
 4 a lower-cost option if that's what you need.
 5 MS. CORTES: And so, related to that, you know,
 6 Jay was talking about investment advisers and fiduciary
 7 duty. And there are sometimes -- he was calling them
 8 exceptions. We sometimes think of it as the scope of the
 9 contract. And so, sometimes telling you if they do have a
 10 financial incentive.
 11 And so, related to that proposal, we also did
 12 an interpretive proposal to really tell advisers, when you
 13 say you're a fiduciary, and you are a fiduciary, here is
 14 what that means.
 15 And if you do have a conflict, you need
 16 to tell people about it, and you need to tell people
 17 about it in a way that they -- that's sufficient that
 18 they can understand it. That's called full and fair
 19 disclosure, sufficient for what we call informed
 20 consent, which is a legal term. Just meaning they
 21 need to tell you, and they need to tell you in a way that
 22 you can understand. So that was another part of it.
 23 And then finally, and the part that we'd love
 24 to get your help with today, is the part of bringing
 25 clarity to you, the investors, so that you know who

1 you're dealing with, what the differences between an
 2 investment adviser and a broker-dealer are, and why that
 3 matters to you.
 4 And so we worked together to create a form. We
 5 call it, in legalese, Form CRS, but we refer to it -- we
 6 can't have any rule-making without acronyms. But we refer
 7 to it as the relationship summary. And this is a mock-up
 8 of what we think, based on the rules we provided, a
 9 typical relationship summary would look like for a firm
 10 that offers both services as an investment adviser and
 11 services as a broker-dealer, so that you can compare
 12 those services.
 13 So just to warm everybody up, do you know if
 14 you -- if you're using a financial professional, if you
 15 use a broker-dealer, or an investment adviser?
 16 MS. WESTERBERG RUSSELL: Who of you uses a
 17 broker-dealer?
 18 All right, how about an investment adviser?
 19 MS. CORTES: How many don't know?
 20 (Laughter.)
 21 MS. CORTES: That's okay. Because that's where
 22 we need to come in and help you get the information so
 23 that you do know, right?
 24 And so why don't we go through this
 25 relationship summary for a little bit, and figure out

1 where we can really improve this and help you and people
 2 like you use this document in order to make the best
 3 decisions that they can.
 4 First of all, I just want to talk about the
 5 design, in general. So we limited it to four pages. And
 6 we were wondering. Is that enough? Is that too long?
 7 What do people think?
 8 Yes, INVESTOR 6?
 9 INVESTOR SIX: I think that the information is
 10 generally very valuable, but I was very confused and
 11 actually put off by the lack of context. And what
 12 Chairman Clayton had to say provided that context for me.
 13 Which is, what I thought a fiduciary was is not what, in the
 14 industry, a fiduciary is. And I think saying that very
 15 clearly is crucial, because when I read all of this it
 16 was, frankly, with a jaundiced eye saying why are they
 17 muddying the distinction between suitability standard and
 18 a fiduciary standard.
 19 MS. CORTES: Okay.
 20 INVESTOR SIX: So I think that -- putting that
 21 context in there, that Mr. or Ms. Consumer -- what you
 22 think of as a fiduciary standard is not what the industry
 23 thinks it is.
 24 MS. CORTES: And what in particular -- oh, go
 25 ahead, INVESTOR 25.

1 INVESTOR TWENTY-FIVE: Well, on the length, I thought
 2 you were right at the maximum.
 3 MS. CORTES: Right at the maximum, okay.
 4 INVESTOR TWENTY-FIVE: It helps to understand because
 5 you've got it in a table format, just not text, but --
 6 MS. CORTES: Okay.
 7 INVESTOR TWENTY-FIVE: So that was great.
 8 MS. CORTES: Okay.
 9 INVESTOR TWENTY-FIVE: Probably right at the maximum.
 10 MS. CORTES: Yes, INVESTOR 29?
 11 INVESTOR TWENTY-NINE: Yeah. I am -- thought you
 12 were -- four pages is fine, but I thought you were
 13 missing something that, to me, would be key. And I wrote
 14 it up for afterwards.
 15 MS. SCHOCK: You did your homework.
 16 (Laughter.)
 17 INVESTOR TWENTY-NINE: But basically, to make it -- to
 18 make it -- try and make it very brief, you know, if
 19 you're going for an auto loan or a mortgage loan or a
 20 credit card loan, everyone has a numbers disclosure. You
 21 know, if it's 50,000, you know, 100,000, you know -- and
 22 going back to the way it was outlined by the Chairman,
 23 okay, so they disclose -- translating that to this
 24 process, it would say 50,000, here is your gross fee of
 25 management, for example, or, okay, here is your net

1 adjusted, because we have this fee that goes there, we
 2 have this fee that goes there, et cetera. And here is
 3 your bottom line.
 4 And then, basically, you could -- it's, you
 5 know, similar to truth in lending, basically, but that
 6 takes lots of different forms.
 7 You could, you know, take different products
 8 and say, okay, if I'm investing this much, and I -- and
 9 they get me a 10 percent yield, here is what I end up
 10 with -- or 8 percent yield, or a 6. And they're not
 11 promising to give you any yield, but they're showing the
 12 impact of their cost structure.
 13 MS. CORTES: So maybe some examples?
 14 INVESTOR TWENTY-NINE: Absolutely.
 15 MS. CORTES: Okay.
 16 INVESTOR TWENTY-NINE: If the financial professionals
 17 had to give you an investment truth in lending, it would
 18 be really crystal clear, in terms of what you're really
 19 looking for, which was an improvement in your assets.
 20 INVESTOR TWENTY-ONE: I will second that. That is
 21 absolutely critical. If you don't have the numbers, if
 22 you can't measure it, you can't manage.
 23 MS. CORTES: Okay.
 24 INVESTOR TWENTY-ONE: And that goes for all of the
 25 products that -- whether it's broker-dealer or investment

1 adviser -- is now -- given that we're using truth in
 2 lending as the experience, that has gotten so muddy that
 3 I can't tell, so -- what's -- what actually applies, or
 4 what my actual interest rate is. Legal -- it may be
 5 there, but as a consumer I -- and I was a math major.
 6 (Laughter.)
 7 INVESTOR ONE: Hi. One, I agree with INVESTOR 29,
 8 that, you know, breaking down numbers in a way
 9 that's clear and it's -- may be visual is definitely
 10 helpful. Maybe it's a different document than this. I
 11 don't want to get out of the lane that we're in here, in
 12 terms of the conversation.
 13 But just as an example, you know, I do my
 14 insurance planning with Northwestern Mutual. When
 15 they're looking at insurance options for a client they
 16 break it down really clearly and say here is your income
 17 now, here is, you know, your properties that you own,
 18 your net assets and liabilities. You have a house, you
 19 have a car, you have loans, mortgages, debt. What are
 20 your earnings? What do you expect that to be? And they
 21 put this all together in a really clear package that says
 22 here is your financial lifespan. Because of that, here
 23 are the insurance products that fit.
 24 If there is a way to transfer that kind of a
 25 model into -- from the insurance world to here with

1 either investment advisory services or with broker-dealer
 2 and say here is your financial trajectory with what
 3 you're contributing to your 401(k) or to your 403(b) or
 4 your IRA, your pension, and then apply the same
 5 presentation logic to you, as the client, with, you know,
 6 here is what an eight percent annual yield looks like,
 7 here is what five percent looks like, here is what a lot
 8 of volatility looks like for you, break it down that way,
 9 I think just kind of giving a client that kind of
 10 forecast in a very clear, easy-to-understand manner on
 11 top of what you have here would be potentially very
 12 valuable.
 13 Now, I'm not sure -- maybe a lot of
 14 broker-dealers do this already that, you know, I'm not
 15 using.
 16 (Laughter.)
 17 INVESTOR ONE: Probably. I'm imagining that's
 18 the case. But, you know, if there is a way to
 19 standardize how clear those presentations come across,
 20 that's valuable.
 21 MS. CORTES: So is it INVESTOR 1, or is
 22 it -- INVESTOR 1?
 23 INVESTOR ONE: INVESTOR 1, yes.
 24 MS. CORTES: Okay. So, INVESTOR 1, you bring up a
 25 good point that I want to help direct the conversation a

1 little bit, which is perhaps that is in a different
2 document. Because what we're looking at here -- and I
3 hear you on the fees and what's actually happening in
4 your account, once you've already opened it, or once
5 you're about to open it and your financial professional
6 has had time to do an analysis with you.

7 This would come at the beginning stage of, you
8 know, when you're shopping around and looking for a
9 financial professional that might be right for you. So
10 maybe we can look at what we've put on fees and costs,
11 and kind of picturing yourself at the beginning of that
12 relationship, trying to figure out whether you want to
13 help -- you want this person to manage your money, and
14 how you want to pay for it.

15 If you guys could turn to page two and sort of
16 take a minute or two to read that, and maybe we can talk
17 about where that disclosure is clear and where it's not
18 clear.

19 INVESTOR TWENTY-ONE: I think this may come in a
20 period of time when a professional is making a
21 recommendation, especially if they're making a
22 recommendation of an ETF or a mutual fund -- which I
23 avoid like the plague for that reason -- that the -- all
24 of the fees that are associated with that -- or, heaven
25 forbid, you're in a variable annuity. You know, where

1 are the fees and where are they coming from? That, I
2 think, would be an appropriate place. And you know, like
3 INVESTOR 1 was --

4 MS. CORTES: And part of the proposal -- go
5 ahead.

6 MS. WESTERBERG RUSSELL: And as part of our
7 proposal on the regulation best interest is really
8 getting that disclosure to you before a recommendation
9 about the broker's conflicts and --

10 INVESTOR TWENTY-ONE: Before the transaction happens.

11 MS. WESTERBERG RUSSELL: -- and the fees, and
12 what not associated with this. So really, focusing --
13 this form, as Sara says, more for, you know, just
14 general am I getting -- am I in the right relationship?

15 And I think, you know, going back to some of
16 the things I said earlier, are you getting the
17 information you need to choose the broker, whether you
18 want to be in a broker's relationship or an advisory
19 relationship? And some of that, as we see, is the fees
20 that are involved. And is that clear enough to you, the
21 differences between the relationships?

22 MS. CORTES: Yes?

23 INVESTOR TWENTY-THREE: I want to jump in here,
24 because it's hard to get a comment in.

25 (Laughter.)

1 INVESTOR TWENTY-THREE: I have to tell you my background is
2 I'm a finance major, but that was back in the '80s. And
3 I intended to become a broker, which is why I majored in
4 finance.

5 So to me this document was clear, except this
6 page that you're referring to, page two, the second
7 bullet, where it talks about -- that you might have to
8 sell your investment and pay surrender charges. I'm not
9 sure that people really understand that. And I thought
10 it might be good to say this: Before it matures you
11 would have to pay a surrender charge.

12 Another comment I wanted to make about people
13 saying -- an example. It might be good -- I don't think
14 it belongs in this document, personally, because when you
15 go to the questions -- and you should ask your financial
16 adviser --

17 MS. CORTES: And she's talking about page four.

18 INVESTOR TWENTY-THREE: Page four. I think that covers it,
19 because it puts it on them, because usually the client
20 will ask the question, and now they're on the spot to
21 answer it.

22 MS. CORTES: So one follow-up question before I
23 get to the many people with their hands raised.

24 Do you think that -- one thing that we've heard
25 from some people is the placement of these questions, do

1 they belong here, do they belong up front, do they belong
2 in a different place?

3 INVESTOR TWENTY-THREE: I think they're fine where they
4 are.

5 MS. CORTES: Okay.

6 INVESTOR TWENTY-ONE: Yes, that sounds reasonable to
7 me, too.

8 MS. CORTES: I think I heard you, INVESTOR 14,
9 because I want to get --

10 INVESTOR FOURTEEN: Yeah, I think they should be up
11 front.

12 MS. CORTES: Okay.

13 INVESTOR FOURTEEN: The people need questions in
14 their faces to make the best choices. I mean it's great,
15 where you have all this information and you have it
16 blocked out like that. But I hear so many stories of
17 people, you know, boy, if I'd had a cheat sheet of the
18 questions to ask right up front in my face, then I
19 wouldn't be in the situation that I'm in.

20 And it's -- to me, with so many people in
21 school not having the right kind of education that leads
22 them to become investors or savers or whatever, to be
23 smart with their money, that you've got a whole
24 generation of people that just don't have the basics.

25 And it's so important to get them that

1 information and to put it in a format of questions of
2 here is what you -- here is your homework, do your
3 homework. Here is what you ask first, and now here is
4 the information of how the -- that interview with that
5 investment person should go.

6 MS. CORTES: Okay.

7 INVESTOR TWENTY-TWO: Yeah, thank you. You know, I
8 really like the length. It's probably about right, since
9 this is how you enter into an agreement with somebody to
10 do transactions or provide advice. So I think the length
11 is good.

12 My concerns are a couple, and maybe this is
13 just the nature of the beast, but when you say "fiduciary
14 standards" and start giving a lot of exceptions where
15 you're basically not a fiduciary, I think you need some
16 clarity in advertising, because you say "fiduciary
17 standard," but then you start giving examples of
18 conflicts that, if you're truly a fiduciary, you resolve
19 them in favor of the client, your principal that you
20 are -- the agent.

21 So if you're going to say "fiduciary standard,"
22 one, any departure from that needs to be very explicit.
23 I am not acting as your fiduciary. That's pretty clear.
24 The one that really gets me is broker-dealer. My case, I
25 just want one to execute the transactions. I have no

1 MS. WESTERBERG RUSSELL: So on both of those
2 you'd want more clarity, a --

3 INVESTOR TWENTY-TWO: If you're a fiduciary, you need to
4 be very explicit on telling me when you're not.
5 Basically, I'm not a fiduciary for the following actions,
6 or that I will make it explicit that I am no longer
7 acting as your fiduciary.

8 But best interest is undefined. I mean I
9 haven't found anything in the proposal that you actually
10 define what that means, or that leads to a enforceable
11 in-a-court-of-law standard -- seeking a -- for advice --
12 it's a dangerous term. It's a land mine, and people are
13 going to step on it.

14 MS. WESTERBERG RUSSELL: Well, just to clarify,
15 this form isn't setting the standard, right? So the
16 separate rule is establishing the standard, which would
17 be enforceable, and has separate --

18 INVESTOR TWENTY-TWO: But this is what's out here and
19 we're seeing, and it's --

20 MS. WESTERBERG RUSSELL: Well, but this is to
21 help inform you about what the standard is that applies,
22 because, going back to some of what the Chairman said,
23 there is a lot of confusion, with different regulators all
24 use "fiduciary", and they all mean a little bit of
25 different things, and it depends on the context of the

1 problems doing my own financial planning, that type of
2 issue.

3 On the other hand, a lot of people do. And
4 when they read an undefined term like "best interest,"
5 which means absolutely nothing -- I don't know that there
6 is a legal basis for it, I don't know if I could take
7 that to court, I don't know if you could do anything with
8 it. It sure isn't law-of-agency-based.

9 Why in the world do you use the term "best
10 interest," when, with virtually everything, they're going
11 to act in the best interest of their employer or themselves, if
12 they're self-employed? I mean that is a tragedy, if we
13 leave a term like that hanging out there that has no
14 basis in anything.

15 MS. CORTES: Well, I mean, part of the other
16 conduct rules, to be clear, is that we would be requiring
17 brokers not to put their interests in front of yours.

18 MS. WESTERBERG RUSSELL: So we will be
19 changing -- taking --

20 INVESTOR TWENTY-TWO: I was going to say what is best
21 interest -- 90 percent of the people, I mean, given what
22 their understanding of "fiduciary standard" would be,
23 they would probably say "best interest." That's a
24 synonym. That means the same darn thing, but it doesn't.
25 And that's bad --

1 relationship.

2 MS. CORTES: And INVESTOR 22, just to make sure that
3 we have transparency for the record, I saw an AARP
4 button. Are you representing the AARP, or are you an
5 investor?

6 INVESTOR TWENTY-TWO: I am an AARP volunteer advocate.

7 MS. CORTES: Excellent.

8 INVESTOR TWENTY-TWO: They don't tell me what to say, but
9 I certainly tell them what I think.

10 (Laughter.)

11 MS. CORTES: Just making sure we have
12 transparency on who everybody is.

13 INVESTOR 29, you've been waiting for a while.

14 INVESTOR TWENTY-NINE: Yeah, well, I wanted to -- two
15 things. I am also an AARP volunteer, but I'm speaking
16 for myself. I'm interested in these things, and they
17 sent me your email.

18 But I don't want to belabor this, so I'll give
19 you a real one-sentence, two-sentence summary and you can
20 read my paper. But if you're -- and -- because it might
21 be slightly out of the lane, but it has to do with best
22 interest.

23 If you want people to work in the best interest
24 of your clients, this industry -- and I have examples of
25 friends, contemporaries -- this industry is loaded with

1 employers at the big investment firms that tell people
 2 that I know, that I am friends with, that I've worked
 3 with, that this and that, if you -- you want to keep your
 4 job, you're going to hit certain revenue goals. And I
 5 can't think of a more -- bigger financial incentive than
 6 to keep your goals to generate a certain amount of
 7 income.

8 And I've described in this people who have had
 9 in their minds -- they're more concerned about the
 10 performance of investments than they are about hitting
 11 certain revenue targets. And they lose their jobs, and
 12 that's very much, you know, something that the Chairman
 13 alluded to. You don't want to lose people who are
 14 doing -- the wrong people, or doing the right thing --
 15 the industry encourages that, depending on where you work
 16 and what time frame, and what the --

17 MS. CORTES: And our -- we agree that things
 18 like that are really troubling, and that's part of what
 19 the -- the substantive rule that Emily's been working
 20 hard on, is that they would actually have an obligation
 21 to mitigate those conflicts.

22 But that's a good segue, in that we want to
 23 make sure that, if there are conflicts like that, that
 24 you know about it and you know about it up front, and
 25 it's -- you can look at maybe page three.

1 This is where we try to let -- give firms an
 2 opportunity to tell you about those things, and they
 3 would be required to tell you more, as the relationships
 4 continued for the proposal.

5 But we'd love feedback on what's understandable
 6 about this, what's not understandable about this. Like
 7 do you -- can we make it better?

8 You haven't talked for a while, INVESTOR 12.

9 INVESTOR TWELVE: I'm also an AARP volunteer.
 10 (Laughter.)

11 INVESTOR TWELVE: I have two things. You might want
 12 to consider a glossary of terms. I know you're trying to
 13 keep it down to four pages, but that would give people,
 14 you know -- to understand when the word pops up.

15 The other thing that I would find helpful is
 16 when a sentence is, for all purposes, identical for both
 17 you could sort of put it in the center, so I don't have
 18 to read here, and then I've got to read the same thing
 19 over here and say, well, is it different because, you
 20 know, why are they saying it twice?

21 MS. CORTES: Okay, okay. So maybe -- and
 22 sorry, I'm a nightmare for the court reporter -- but --
 23 so if it's really the same, whether it's an investment
 24 adviser or a broker-dealer, make some visual to show that
 25 it's the same --

1 INVESTOR TWELVE: Or put it right in the middle.
 2 MS. CORTES: Or put it right in the middle.
 3 Got you.

4 INVESTOR 6?

5 INVESTOR SIX: Yes. I just want to emphasize
 6 that -- the point that was made by INVESTOR 22 a few
 7 minutes ago on the bottom of page two, the whole business
 8 of best interests and fiduciary standard. I came to
 9 exactly the same conclusions, and I feel very strongly
 10 about that. And so I think that's --

11 MS. CORTES: So what do people think "best
 12 interest" means? How can we make that more clear?

13 PARTICIPANT: Define get rich.
 14 (Laughter.)

15 INVESTOR SIX: I think that "best interest"
 16 means that your interests, Mr. or Mrs. Client, come
 17 first. And ours don't count at all. And "best
 18 interest," as used here, absolutely doesn't mean that,
 19 and perhaps doesn't mean anything.

20 Similarly, with "fiduciary" -- and this goes
 21 back to my original comments before we formally started,
 22 I guess, and that is that we need something that says
 23 very clearly that what you think these terms mean, as a
 24 member of the public, is simply not what the industry
 25 means at all. And that has to be emphasized.

1 MS. CORTES: INVESTOR 21 and then maybe INVESTOR 25.
 2 INVESTOR TWENTY-ONE: The press release that was on
 3 the table before us today frequently mentions
 4 "fiduciary," but this document does not at all. As
 5 Emily, I believe, mentioned earlier, it's intended not
 6 to.

7 And why is it that this is -- what are you
 8 holding back from setting fiduciary as the standard of
 9 service delivery in this instance?

10 MS. WESTERBERG RUSSELL: Yeah. Well, so, as
 11 the Chairman said, there was some concern about the
 12 variety of terms out there, and trying to make -- to us,
 13 I mean -- and frankly, from my own perspective,
 14 "fiduciary" depends. And it, to me, is as vague,
 15 frankly, as "best interest," because "best interest," I
 16 think, as some -- you know, INVESTOR 6 pointed out, it
 17 conveys that you're acting for me, you're taking my
 18 interests into account, and you're putting them ahead of
 19 your own.

20 INVESTOR TWENTY-ONE: Now, the only place that I think
 21 I've seen fiduciary responsibility and accountability is
 22 in the banking industry. I don't know any broker-dealer
 23 or investment adviser that I've ever run across claiming
 24 to be a fiduciary. In point of fact, it took me some bad
 25 experiences to figure out that they're not. But that, I

1 think, is where all of us, as investors, want this
2 relationship to be.

3 And the follow-on is we need to be able to hold
4 the professionals accountable for when their service
5 delivery falls short.

6 MS. WESTERBERG RUSSELL: And we're sensitive
7 particularly to that last point. That's something that's
8 been driving us in evaluating the rule-making and trying
9 to get a rule out there that really makes sure that
10 brokers don't put their interests ahead of yours.

11 INVESTOR TWENTY-ONE: Right.

12 MS. WESTERBERG RUSSELL: And that we can
13 enforce that rule, both at the Commission, but also
14 through other organizations that assist the division and
15 the Commission in supervising broker-dealer --

16 INVESTOR TWENTY-ONE: I've had a bad experience that
17 cost me 90 percent of the assets that I had with this one
18 broker to learn that. That was not a small sum.

19 MS. WESTERBERG RUSSELL: And can I ask --
20 because I know we asked about what people think "best
21 interest" means, but what do you think "fiduciary" means?
22 And I ask this because I had it from personal experience
23 when my father died -- who was self-directed and managed
24 his account with some input from my -- from a
25 broker-dealer on occasion when he needed it -- my mother

1 it, because those of us who just retired like myself,
2 we've been very active retail investors. We move money
3 out of company 401(k)s and into IRAs and that. And so
4 this is all recent experience for a lot of us. So what
5 you're attempting to do is really great.

6 I think -- listening to the discussion between
7 terms, you know, "best interest," or "fiduciary," and all
8 of that, I think what it boils down to in my mind when I
9 read this is I'm either in a sales relationship -- and I
10 know what sales is, I buy cars every now and then, and I
11 just simply navigate a sales relationship. It's not bad
12 or evil, it's just a sales relationship. Nowhere would I
13 ever say that anyone who sold me a car was acting in my
14 best interest. You know, that's my job to do that. I'm
15 being a salesman.

16 So I think what we're all reacting to is the
17 fact that this document is confusing us, because it's
18 making people who are fundamentally in a sales
19 relationship look like they're in more than that. And we
20 don't believe that that's probably true, but we don't
21 know what the rule is, right? Maybe you could do that,
22 and that'd be great.

23 So if somehow this document could clarify more
24 this is a sales relationship, this is an advisory
25 relationship, that would make sense to us, as a

1 needed to be transitioned, and she needed someone with
2 more help. She was not in a position that she could
3 manage her assets.

4 And when we walked around and tried to talk to
5 people about where she should be, the term "fiduciary"
6 was used. And for her, from our personal experience, it
7 was a little bit confusing. And so I'd be curious to
8 hear what your perspectives are on what that means.

9 MS. CORTES: There is someone in the back. I
10 think it's INVESTOR 11.

11 INVESTOR 11?

12 INVESTOR ELEVEN: Yeah. Very simple. Treat --
13 I'll treat your money as if it were my own, with the
14 exception of me actually taking it. In other words, I
15 would not do anything for you that I wouldn't do for
16 myself. That's the simplest explanation I can --

17 MS. CORTES: So before I call on some other
18 people whose hands are up, are there -- anybody in the
19 back? I sometimes can't see the -- if your hand is up.
20 But if not, then I'll ask INVESTOR 25 to speak.

21 INVESTOR TWENTY-FIVE: I also learned about the meeting
22 from AARP.

23 MS. CORTES: And that's great, that -- the AARP
24 is great.

25 INVESTOR TWENTY-FIVE: It makes sense if you think about

1 framework.

2 MS. CORTES: Okay. Oh, you haven't spoken yet.

3 INVESTOR FIFTEEN: There's a sentence here in the
4 second section, "our obligation to you," it's under the
5 broker-dealer column. "We must act in your best interest
6 and not place our interest ahead of yours when we
7 recommend an investment or investment strategy involving
8 securities." I think that's a really good sentence.

9 MS. CORTES: Okay.

10 INVESTOR FIFTEEN: And when I read it I wondered why
11 it wasn't in both columns. And so maybe it's --

12 (Laughter.)

13 INVESTOR FIFTEEN: It needs to be in the middle, I
14 don't know. To me, that explains it clearly.

15 MS. CORTES: Okay. So one thing that I'd be
16 curious about is how much people are getting from this,
17 that, you know, a broker is sort of a transaction-based
18 relationship.

19 So what we would do under the rule, currently
20 they have to give you advice that's suitable. What we
21 would do under the rule is say when you give that
22 recommendation each time for each particular product or
23 each particular, you know -- here is the path I'm going
24 to put you on. They have to act in your -- they would
25 have to act in your best interests. Therefore, not put

1 their interests in front of yours, right?

2 But then, once they're done with their

3 recommendation, they don't have -- unless they've told

4 you so, they don't have to continue to -- they will,

5 probably, but they don't have to continue to call you to

6 continue to give advice unless they've agreed to do that.

7 Whereas, if you're in an advisory relationship,

8 then they're giving you advice. And most of the time, if

9 you're paying sort of a fee that's based on the value of

10 your account -- one percent or two percent -- generally,

11 unless they have told you very clearly otherwise, they

12 are going to have a responsibility to make -- to -- if

13 you want to have an account where you make the final

14 decisions, to update you and tell you if they want you to

15 make a different decision, or if you're just saying just

16 buy and sell for me, they have an obligation to continue

17 to monitor that.

18 And I'm wondering if that's coming across. And

19 if not, how we can make that more clear. Because that's

20 what -- it's one of the bigger differences. We think

21 that at the point in time, with the -- what our goal is

22 is that at the point in time when that investment adviser

23 or broker-dealer is buying or selling or recommending

24 that security to you, that you're being treated exactly

25 the same, which is that financial professional cannot put

1 their interests in front of yours.

2 But where the difference might be is that when

3 you're with an adviser, and you're continuing to pay that

4 fee, that continues, even if you're not buying or selling

5 securities. But with a broker, since you're paying him

6 each time, that changes. Is that coming across?

7 So I see some shaking heads, I see some noes.

8 Can anybody -- and I see some yeses. But can anybody --

9 particularly who is not -- can anybody comment on that a

10 little bit?

11 Yeah, INVESTOR 22?

12 INVESTOR TWENTY-TWO: I would. I think the challenge

13 is -- with the document is -- the broker-dealer type of

14 services is that it's trying to capture something which

15 is the responsibility of the client that may or may not

16 be there based on, well, I gave you the advice, and I'm

17 not really acting in your best interest any more.

18 I mean when you say "best interest" -- I mean

19 I'll go back to the fiduciary standard. You're not a

20 fiduciary. I don't know if you're acting in my best

21 interest or not. So the way I define it, you know,

22 fiduciary roles -- go back to that question -- is if

23 you're a principal and I'm your agent in a

24 law-of-agency-type relationship, I will put your

25 interests ahead of my own. That's fiduciary standard.

1 That's your best interest.

2 But when you use that word without "fiduciary

3 standard," again, it really makes this very confusing.

4 It should be -- and it should almost be clear in that I

5 am not your fiduciary. I am -- I might make

6 recommendations that are more in my own interests, or in

7 the interests of the organization that I work for. It --

8 again, it just is very, very, very dangerous to make it

9 sound like something much better than what it really is.

10 MS. WESTERBERG RUSSELL: So can I -- so I

11 wanted to add one thing to Sara's point. And I think,

12 INVESTOR 22, you're raising this issue, which is I understand

13 the current state of the law isn't reflected in here, and

14 that's not the intent. We have a separate proposal,

15 which I really want to get your feedback on. I know

16 we've heard a lot from you already, and so I thank you,

17 and I encourage all of you to go look at that.

18 What we're trying to focus on here is when

19 you're walking in the door, are you getting the

20 information that you need to get to the right place. And

21 so, point taken that this is not the current state of the

22 world or your expectation of it. Let's just put that

23 aside and assume that it is, and look at whether this is

24 getting you the information you need to understand the

25 differences between those relationships.

1 Because I would point out INVESTOR 15 raised that

2 sentence that says "best interest," which means not

3 putting my interests ahead of you. So there -- that is

4 in this. But maybe we haven't emphasized that enough to

5 make it clear.

6 INVESTOR FIFTEEN: If in the second column there was

7 that sentence plus your first sentence in the second

8 column, that explains what Sara was saying, that the

9 ongoing relationship --

10 MS. WESTERBERG RUSSELL: Right. And I think --

11 you know, and one other thing to really -- of this

12 relationship and the differences, so one is the ongoing

13 nature and whether that's something you take on, which is

14 something a broker could take on, but isn't necessarily

15 required by them, versus a fiduciary relationship.

16 The other aspect of that is the fees and the

17 costs. So, as Sara pointed out, the fee for an adviser

18 is typically ongoing. So, no matter how often you trade,

19 or they do any transactions in your account, you're going

20 to pay the same amount over the course -- you know,

21 depending on how your assets perform -- over your course

22 of the relationship.

23 Whereas, a broker will be paid when they

24 execute a transaction, when they buy or sell something

25 for you. So is that clear from here?

1 MS. CORTES: So -- and I don't mean to put you
2 on the spot, INVESTOR 13, but you were one of the ones that
3 most vigorously shook your head no when I asked if
4 something is coming across. And I didn't know if there
5 is anything that you thought that we could do or what
6 wasn't making it clear that you could say.

7 INVESTOR THIRTEEN: I'm here with two hats. My first
8 hat that initially brought me here is I -- my investment
9 club with my church. And that's REDACTED,
10 here in Washington, D.C. And because of my membership,
11 we receive monthly Better Investing magazine, okay, which
12 is an excellent magazine.

13 And my hat that I said no was when I was
14 working.

15 MS. CORTES: Okay.

16 INVESTOR THIRTEEN: And I transferred some Fannie Mae
17 monies into a retirement account under my new job,
18 because I thought that it was better not to leave my
19 money there, because I can't watch it. It's better to
20 take it with me.

21 And one of my questions that I had was will you
22 always let me know when you're going to do something?
23 And he said, "Yes." So I felt comfortable. But then I
24 got busy with work and I never followed up to say, "Did
25 you do anything? What changes have been made? Are there

1 been said. Of course, changes, glossary -- I thought
2 about an index.

3 MS. CORTES: Okay.

4 INVESTOR THIRTEEN: And, you know -- not an index,
5 but in the beginning. What do you have in a document
6 that comes in the beginning, and it introduces to you
7 what is --

8 PARTICIPANT: Table of contents.

9 INVESTOR THIRTEEN: Table of contents, thank you very
10 much. That would help, as well.

11 MS. CORTES: Okay. And INVESTOR 1, you've been
12 waiting for a while.

13 INVESTOR ONE: Not at all. Thanks again.
14 Going back to kind of the question of best interests and
15 fiduciary responsibility, what I think should be added
16 here is that it's incumbent upon both the broker or the
17 investment adviser to state what their interests are very
18 clearly and very succinctly to the client, and then also
19 for the client to define for themselves what my -- if I'm
20 sitting down with, you know, a broker or a dealer for the
21 first time, they shouldn't assume necessarily what my
22 interests are, or it should lay out in here, in this
23 relationship summary, "Unless you state otherwise, they
24 are going to assume that your interests are X, Y, and Z,
25 and they are going to abide by those being your

1 any updates?" So that's why I said no.

2 MS. CORTES: Okay.

3 INVESTOR THIRTEEN: No, they don't come back, even if
4 they said they would.

5 MS. CORTES: Even if they said they would.
6 Okay.

7 INVESTOR THIRTEEN: So what is going to be done to
8 regulate the hammer --

9 MS. CORTES: So --

10 INVESTOR THIRTEEN: -- to make sure --

11 MS. CORTES: So maybe you would want something
12 in here that would help you understand how often they're
13 going to call you, or how -- or you have to call them,
14 or --

15 INVESTOR THIRTEEN: And what would prompt me --

16 MS. CORTES: Yeah.

17 INVESTOR THIRTEEN: -- to make that call. Most of
18 the time you're watching TV and you are listening to the
19 DOW, the Standard and Poors, and then you go, "Oh, God, I
20 have a question." Those are my prompts. But should they
21 be my prompts?

22 MS. CORTES: Okay. And do -- having read the
23 form, is there anything in the key questions or in the --
24 that helps you?

25 INVESTOR THIRTEEN: I pretty much agree with what has

1 interests, and give you the opportunity to say, 'My
2 interests are A, B, and C.'

3 I think when a lot of people hear fiduciary,
4 best interest, they assume that the role of the
5 relationship is that the investment adviser or the
6 broker-dealer is here to help me expand my wealth so that
7 I can retire, or I can buy that boat, or whatever it is I
8 want to do. But if you don't come out and make that
9 explicit, that's when you leave open the loopholes for,
10 you know, something like what INVESTOR 22 was mentioning
11 before, where it's unclear what best interest means.

12 And so I think if you just add in here a couple
13 bullets that say, you know, the SEC is going to assume
14 that your best financial interest in this relationship is
15 they're going to provide services or advisory for
16 transactions in equities to you so that your wealth
17 expands.

18 MS. CORTES: So --

19 INVESTOR ONE: And then, if you want there to
20 be -- like I want to be a socially responsible investor,
21 I don't want to invest in tobacco or something, you have
22 the opportunity to say that. And if you are the
23 opposite, and you say I love -- you have the opportunity
24 to say that. But that conversation should happen the
25 first time you walk into that guy's office to talk about

1 these things, instead of three years down the road, when
2 a bunch of your assets have disappeared because they took
3 on a risky investment scheme without consulting you.

4 MS. CORTES: So, INVESTOR 1, I'd be interested in
5 following up on that a little bit. So -- and let me see.
6 So we have the key questions to ask. Maybe one thing
7 that we could add is, things that you, as the client or
8 customer, want to make clear to the broker-dealer and
9 investment adviser, up front.

10 INVESTOR ONE: I think that's definitely
11 warranted.

12 MS. CORTES: Okay.

13 INVESTOR ONE: You know, if -- at least have a
14 standard for what the broker or the investment adviser
15 should consider to be your interests, as the client, and
16 then give you the opportunity to say -- so if I walk --
17 I'm assuming that the rule is going to propagate, that the
18 first time I go have a conversation with the guy they're
19 going to provide me with a document that looks like this.

20 MS. CORTES: Yes.

21 INVESTOR ONE: And it's going to lay out --
22 okay. When that happens they should say, "By the way,"
23 you're on page one or two, whatever, "Here is what we
24 assume your interests are. Do you disagree with any of
25 this? Do you want us to amend these?" And that forms

1 the basis for the relationship, going forward, no matter
2 if it lasts 3 months or 30 years.

3 MS. CORTES: Okay. And then the other part of
4 that was you -- this document -- I think I heard you say
5 this document should also tell you what their interests
6 are, like how they're getting paid.

7 INVESTOR ONE: Exactly.

8 MS. CORTES: So I want to direct you to maybe
9 the -- everybody, too -- the bullet on page -- I think
10 it's on page three, the first bullet in the fees and
11 costs on the left side, and then the first full bullet on
12 the right side, and see if that helps provide some of
13 that information, or if we could make that more clear.

14 INVESTOR ONE: I think it does, but moving
15 forward -- say, you know, Fidelity, Edward Jones,
16 whoever, is going to have their version of this. What's
17 stopping them from filling this section of the document
18 up with 30 pages of stuff out of their 10K, so then this
19 becomes something just like the 90-page tome of terms and
20 conditions you sign -- I agree on with every website that
21 nobody ever actually reads.

22 How do you -- I think there is a concern that,
23 you know, the investment advisers, the broker-dealers,
24 will take this to their lawyers and say, "Fill this up
25 with legalese," so people will just skip this document

1 and say, "Hey, here are your rights and concerns as our
2 client," here is, you know, everybody's fiduciary stuff,
3 blah, blah blah, and it's 30 pages, fine print, and then
4 the 4-page thing, which I think is very helpful, becomes
5 useless.

6 I think the SEC should not only mandate that
7 this is -- something like this is made available that's
8 helpful, but then also proves the concept that goes into
9 it to make sure it doesn't get filled up with crap that
10 nobody understands and doesn't bother reading.

11 INVESTOR TWENTY-ONE: I'll second that.

12 MS. CORTES: Thank you, INVESTOR 21. And we actually
13 third that, as the Commission, because what we did is
14 that we mandated a -- we proposed to mandate a four-page
15 limit, and we're actually using these feedback sessions
16 to see if it should be even something different than
17 that. And I think somebody at the beginning said that's
18 the max.

19 And a lot of this, at least in the proposal,
20 they have to say almost exactly this. And so one thing
21 that we're getting feedback from you on is what language
22 do -- absolutely has to be in there, and where might they
23 have some flexibility.

24 I don't think we've heard from you yet, sir.

25 INVESTOR TWENTY-FOUR: INVESTOR 24.

1 MS. CORTES: INVESTOR 24? Hi, INVESTOR 24.

2 INVESTOR TWENTY-FOUR: Yeah. On that score, and I think
3 what Emily was saying earlier about the surviving spouse
4 being at wit's end and what to do, I think that one of
5 the key pitfalls in here is on page one, where the
6 discretionary -- investment adviser has an open -- then,
7 combine that with a conflict of interest --

8 MS. CORTES: Okay.

9 INVESTOR TWENTY-FOUR: -- and it seems to me that you've
10 got a real possible problem there, and that's where
11 widows lose their money.

12 So it seems to me that there is a tight
13 connection between the obligation that you have, and our
14 obligations down below here to the conflicts of interest,
15 that it's really important that advisers or brokers spell
16 out what conflicts of interest they have, and what that
17 means in real terms to the person before they make a
18 choice, for example.

19 MS. CORTES: So under the proposal, unless the
20 firm does not have these particular conflicts of interest
21 that we've -- they've spelled out, they have to list
22 these particular conflicts of interest. There would be
23 some broker-dealers or some advisers that would not have
24 these particular ones, but if they did, are they
25 understandable, or are these things that you would want

1 to know about? And is it appropriate for this document,
 2 or maybe something else?
 3 INVESTOR TWENTY-FOUR: It's important at the point of the
 4 decision about a particular transaction.
 5 MS. CORTES: Okay.
 6 INVESTOR TWENTY-FOUR: And what are the conflicts in this
 7 decision.
 8 MS. CORTES: Okay.
 9 INVESTOR TWENTY-FOUR: That's the real operational aspect
 10 of this.
 11 MS. CORTES: Okay. There are so many people.
 12 (Laughter.)
 13 MS. CORTES: INVESTOR 8, we haven't heard from you
 14 yet.
 15 INVESTOR EIGHT: Yeah. In regard to what "we must
 16 act in your best interest," what does that mean, specific
 17 examples. For example, I am recommending that you buy
 18 stock X, Y, and Z, and I am going to buy stock X, Y, and
 19 Z, and I am going to execute your order before I execute
 20 my order. So what does acting in your best interest
 21 mean?
 22 MS. CORTES: So maybe some specific examples.
 23 INVESTOR TWENTY-ONE: To follow on with that, I've
 24 heard a number of professionals -- thank you -- say that
 25 they're following modern portfolio theory and academic

1 study that -- I understand that in years gone by, at
 2 least, the SEC had mandated that they use that as the
 3 basis for their recommendations for making choices for a
 4 client that was suitable for them, especially when they
 5 were talking about retirement accounts.
 6 But especially going on to what INVESTOR 24 mentioned,
 7 surviving spouse, because I'm looking at that with my
 8 wife, who -- she may be quite bright, but she has no head
 9 for finance. And she's going to depend -- and I watched
 10 her interact with her representative in her 403(b) over
 11 several years, and it was very painful.
 12 INVESTOR TWENTY-FOUR: It can be.
 13 INVESTOR TWENTY-ONE: And how do we define that
 14 relationship, where they've got -- especially if they
 15 have a full discretionary account, where they're making
 16 decisions and not telling somebody until after the fact,
 17 if at all, what they've done and when and why.
 18 MS. CORTES: INVESTOR 14, you've been waiting.
 19 INVESTOR FOURTEEN: First of all, I'd like to
 20 disclose I am the current president of the chapter of
 21 Better Investment.
 22 MS. CORTES: Excellent.
 23 INVESTOR FOURTEEN: And it's an educational group
 24 that -- where we -- that's our main drive. But -- and I
 25 also belong to a couple of investment clubs.

1 But one of the biggest ways that the investment
 2 places make money is turnover. And just disclosing a
 3 turnover ratio, turnover rate -- and obviously, it won't
 4 be specific for each year, but they have an average, they
 5 know whether, you know, at the end of the year, they're
 6 definitely going to be turning over 25 percent of their
 7 product versus 2 percent of their product or whatever,
 8 that that is a huge money-maker for them, because that
 9 goes into their transactional fees.
 10 MS. CORTES: And so, just to make sure that
 11 we're talking about the same thing, when you say
 12 turnover, you mean buying and selling investments in the
 13 account?
 14 INVESTOR FOURTEEN: Right.
 15 MS. CORTES: So would -- do you think that
 16 having that disclosed in this document or having a key
 17 question on that, that you could sort of maybe -- that
 18 you could prompt an investor to ask that would be
 19 helpful?
 20 INVESTOR FOURTEEN: It could be in the form of the
 21 questions, where you have a list of questions. What is
 22 your average turnover ratio?
 23 The other thing I think you need to say right
 24 up front to use this kind of document and those questions
 25 to shop around. Go out there and don't just talk to the

1 first person and sign a contract. Be -- and know what
 2 your own investment policy is. Are you more inclined to
 3 take more risk or less risk? Know what you're looking
 4 for in investments, and how this is going to fit within,
 5 you know, your own beliefs or whatever is a good document
 6 to start out with. It's a good thing to -- whether
 7 you're becoming a member of a club, you know, trying to
 8 find a club, or whatever, to have that kind of
 9 information in your pocket.
 10 MS. CORTES: That's great. Great feedback.
 11 Yes, INVESTOR 6?
 12 INVESTOR SIX: As the conversation has
 13 continued, I've come to the conclusion that I think the
 14 best thing to do with regard to the notion of fiduciary
 15 would be, at the outset, to define a fiduciary as a
 16 person who puts the client's interests as the sole
 17 purpose of making decisions so there is no benefit to the
 18 investment adviser whatsoever in making any
 19 recommendation.
 20 And furthermore, that no investment adviser can
 21 claim to be a fiduciary unless they adhere to that
 22 standard. For example, I am a trustee of a trust and
 23 there is no question in my mind that my interests count
 24 for absolutely naught. It's only the beneficiary's
 25 interests. And I think that that's exactly what the term

1 has to mean, and it should be defined that way, and not
2 permit any investment adviser who has any financial gain
3 in their advice to be able to get away with that.

4 MS. CORTES: So just one follow-up question on
5 that. What do you think the disclosure or the
6 understanding should be if someone needs to -- you know,
7 not -- without regard to any financial interest, but
8 they're also making a commission on that account?

9 What's -- how do you -- how do we make sure
10 that you know that you're getting -- they're getting paid
11 based on whether you do what they ask you to do, even
12 though they would have to be acting in your best
13 interests?

14 INVESTOR 22?

15 INVESTOR TWENTY-TWO: Actually, that's great, because
16 this was a transaction fee-and-cost-type thing, but it
17 also goes to that. I'm a big fan of disclosure and on
18 the fees and costs thing. We had a comment on, hey, I
19 want to see how often this broker-dealer turns accounts,
20 what -- which can be informative, unless he has a lot of
21 clients that are active traders. And, of course, there
22 is a lot of turn. But there is also the insidious they
23 hold -- they recommend holds when it might not be the
24 best thing because of commissions, which is that part of
25 a fund's fee that goes back to the guy that sold you the

1 from the fiduciary standard.

2 I guess the other thing I would say, too -- and
3 this is not always going to be the case, but by and large
4 advisory accounts are for more high-wealth individuals.
5 I mean if you go to look at accounts with different firms
6 that offer such things, don't talk to me unless you're
7 bringing 250,000, 500,000. So really, what we're doing
8 is we're going to have this two-tiered system. What are
9 you really getting for what you pay for?

10 And really, you know, some of the folks that
11 are -- can only afford broker-dealer transactions I think
12 are going to be at a disadvantage unless you're very
13 clear about the expectations for the broker-dealer,
14 because they do it every day.

15 But you're going to get investors that come in.
16 You only get maybe one chance to get it right. If it
17 goes wrong, they're having to rebalance, they're having
18 to shift it. And a percent here and a percent there,
19 when we talk about 17 billion a year lost through bad
20 advice, you know, at a historic market return, that 17
21 billion doubles in 10 years. So it's not just the money
22 you lose today, it's the money that money costs you in
23 the future.

24 So, I mean, I think it -- since we're really
25 going to be sending a lot of business to broker-dealers,

1 fund as long as you hold it.

2 So when I'm seeing costs and fees, that's one
3 that -- maybe it's there and I just didn't see it, but
4 that's that insidious one, when you're not getting
5 recommendations to trade because it's in that
6 broker-dealer's best interest that you hold that.

7 MS. WESTERBERG RUSSELL: Okay. So highlighting
8 the trail, maybe.

9 INVESTOR TWENTY-TWO: Trail is an insidious sapper of our
10 wealth.

11 MS. CORTES: What about on the investment
12 advice side, when you have sort of the ongoing fee,
13 particularly if it's sort of packaged together like your
14 transaction costs and your advice costs? Should we put
15 in the incentive -- even though they would not be allowed
16 to do it -- the incentive of just letting the money sit
17 there?

18 INVESTOR TWENTY-TWO: Well, if I understand, you're
19 talking more along the lines of maybe a wrap fee, you're
20 paying a fee that covers basically everything you do.
21 Should be -- the fee should be very explicit if --

22 MS. CORTES: Okay.

23 INVESTOR TWENTY-TWO: -- if there is a wrap fee. But
24 then also, if somebody is getting commission for having
25 you hold certain things, then that's clearly a departure

1 because that's all a lot of people can afford, it's
2 incumbent on you folks writing the rules that things be
3 very explicit for the people that only do it once or
4 twice.

5 MS. CORTES: Okay. And is there anything
6 that's missing from this form that could help us make
7 some of those expectations --

8 INVESTOR TWENTY-THREE: One of the things that I have
9 here -- thank you -- I'd like to leave it here because,
10 you know, it's just not enough time, but I wrote down --

11 MS. CORTES: Sure.

12 INVESTOR TWENTY-THREE: One of the things I thought about
13 is you're often -- the document like this is often put in
14 front of you and you're asked to sign it, and they say,
15 "We'll give you a copy." But I think it should be
16 required that the client take it home.

17 MS. CORTES: The client take it home?

18 INVESTOR TWENTY-THREE: And then bring it back, I don't
19 know, the next day, or whatever, but try to encourage
20 people -- and I know you don't have control of people's
21 habits, but try to encourage people to read this
22 document. Because if I had seen the list of questions
23 that are in here, I probably would have asked different
24 questions. But in my experience, I have an investor --
25 or an adviser who did not want me to retire. Now, can

1 you imagine that?
2 (Laughter.)
3 INVESTOR TWENTY-THREE: The reason is obvious. But you
4 know, that's just one of the things I wanted to give
5 feedback on, is I think we should have time, just a lapse
6 between when the client actually signs on the dotted line
7 and when this document is given to them.

8 MS. CORTES: So that's an interesting question,
9 because we've received some feedback -- some in favor of
10 this, some not -- of requiring the financial professional
11 to have you sign certain parts of this document so that
12 you read and understand it. And would that be something
13 that would be -- do you think would encourage you or
14 others like you to read the document?

15 So I see a nod from INVESTOR 22. I see a nod from
16 INVESTOR 13.

17 INVESTOR TWENTY-ONE: In general, yes. It's a -- but
18 even signing it, some people aren't going to understand
19 the implications of what it means, and that's going to be
20 something that perhaps you have to recognize, but cannot
21 do anything about. You can lead the proverbial horse to
22 water, but you can't make them drink the knowledge.

23 INVESTOR THIRTEEN: Give us a couple of days.

24 That's --

25 INVESTOR TWENTY-ONE: Maybe the old contract three-day

1 and you haven't seen the 10-item evaluation form for
2 Medigap policies. All right? But it's very clear what
3 it costs and what you get and what you don't get. Okay?

4 And I think, as I think about some of the young
5 people -- and most of the folks I work with are under 45,
6 okay, and they all have the opportunity to invest with
7 TSP or outside, as an independent -- the ignorance level,
8 I just every day am amazed, amazed that we could have
9 people who could be 40 and 45 years old, and don't
10 understand some of the basics.

11 So I think this document, for those of us in
12 this room, is -- yeah, we can see ways we would tweak it.
13 But I think we need a different kind of a document that
14 people have out there.

15 Now, at my age in life, right, I have done an
16 advance directive. And when you look at the advance
17 directives that are published by your attorney general or
18 whatever, right, there are individual lines that you have
19 to sign, and you have to agree, yes or no. Well, I think
20 that could help us, that kind of a format could help us
21 clarify. Because a person has to read it before they
22 initial it. They have to. And it's very simple
23 language. Okay?

24 One of the things that I think -- and I've
25 heard INVESTOR 22 and I've heard others about this fiduciary

1 rule.

2 INVESTOR SEVEN: And full disclosure under the
3 credit and financial counselor. I work has a consultant
4 for DoD, working with service members. That is what has
5 driven me here today.

6 MS. CORTES: Excellent, thank you.

7 INVESTOR SEVEN: I'm an independent investor, okay,
8 I have a 401(k), the whole bit, retired from federal
9 government, retired from State of Maryland, used to teach
10 personal finance.

11 I think the group that you have here in this
12 room today is wonderful, because they understand some of
13 the anxieties that they've experienced personally, and
14 the frustrations. What concerns me is that, as I read
15 this -- and I've thought about the people I work with on
16 a daily basis -- it's not going to happen. They are not
17 going to take -- I'm sad to say I don't think they're
18 going to take the time to read four pages, even, when
19 it's in this sentence structure.

20 As I read it, and thought about it, I thought,
21 why can't we bullet some of this? Why can't we be very
22 precise?

23 PARTICIPANT: We did.

24 INVESTOR SEVEN: If you -- and you may be too
25 young, and some of the people in this room are too young,

1 rule. With the service members that I've worked with --
2 and, by the way, this is over a long period of time. I
3 first started in the year 2000, he was probably in
4 elementary school.

5 (Laughter.)

6 INVESTOR SEVEN: Okay, out at REDACTED, okay,
7 teaching basic personal finance, okay. Certain words our
8 consumers have an understanding about what they believe
9 that word means. And it's not often. Like INVESTOR 22
10 said, it's not often the reality of the world.

11 So I think we need to be super careful about
12 these words, and be sure that there is no opportunity for
13 misunderstanding.

14 MS. CORTES: Can I ask you a couple follow-up
15 questions, INVESTOR 7?

16 So what would be -- what are some of the words
17 that we should be careful about?

18 And then also, for your typical customers and
19 clients and investors, if we were to put -- if we were to
20 make something that was, like, one page, what are maybe,
21 you know, the four or five things that we should say to
22 the investors you're describing on that one page that you
23 think are the most important?

24 INVESTOR SEVEN: I need to give that more time.

25 MS. CORTES: Absolutely, absolutely, and there

1 will be opportunity for you to provide further --
 2 INVESTOR SEVEN: A perfect example -- perfect
 3 example -- I won't tell you where this person was
 4 serving, but anyway, he said to me, "Oh, yes, I have a
 5 retirement account. I've never lost any money."

6 So I said, "What is it? Tell me."
 7 "I have it at home, I'll bring it."

8 I said, "Bring it tomorrow. Bring it. I'll be
 9 here for a week. Bring it, okay?" He brought it. The
 10 words that -- in the title of this investment,
 11 "moderately aggressive." Okay? So I said to him, "What
 12 is moderately aggressive?"

13 "Oh, yeah, it's going to make me some money."
 14 The truth is, over a 10-year period, this money had not
 15 grown. It had not gone down in value, yeah. His \$10,000
 16 was still there, but it was worth 10,100 and something or
 17 other. Okay? Why? Because it was -- 48 percent of it
 18 was in bonds, as I remember it. Is that moderately
 19 aggressive?

20 But this individual, God bless him -- and it
 21 was a man -- didn't know how to evaluate, and took the
 22 person who sold this to him on face value, their word.

23 And the other factor, when I heard about the
 24 church, we see this loyalty thing, you know, being sold
 25 by somebody who used to be in their command, or some --

1 INVESTOR TWENTY-FIVE: Yes, because digital for us -- we
 2 don't lose digital, we lose paper all the time.

3 INVESTOR TWENTY-NINE: If you have a video, you should
 4 have an option to say read the transcript.

5 MS. CORTES: Read the transcript, okay, thank
 6 you.

7 INVESTOR TWENTY-TWO: Yes, old people use their phones,
 8 too.

9 (Laughter.)

10 INVESTOR TWENTY-ONE: I use my phone, too.

11 (Laughter.)

12 INVESTOR TWENTY-ONE: Conceptually, robo-advisers and
 13 digital accounts aren't good. But the devil is in the
 14 details on just what terms are they using.

15 As this gentleman over here mentioned before
 16 about -- from the DoD, if they're using terms like
 17 moderately aggressive in terms of rating the account, and
 18 then are the investments, the assets, actually matching
 19 up to that.

20 The other thing I've seen broker-dealers do is
 21 have you fill out a form to say what your risk averseness
 22 is. Conceptually useful, but in implementation it was
 23 terrible, it never matched what I needed. And it doesn't
 24 match across the board because I've got short-term
 25 desires, I've got long-term desires. And that's a can of

1 so I think we have some educating we need to do, big
 2 time. Big time, because this gentleman talking about
 3 moving his money, you know, we have hundreds of thousands
 4 of people coming off.

5 MS. CORTES: Oh, thank you for that, by the
 6 way.

7 I think we're starting to get to the point
 8 where we need to wrap up.

9 One thing we didn't get to, if I can get one --
 10 somebody did mention this, but this is a paper form --
 11 because I'm a lawyer, I can't do anything unless I'm
 12 printing it out and putting things -- but we're -- we put
 13 in the proposal lots of ways to maybe -- especially if
 14 someone is using, like, an electronic adviser, like a
 15 robo-adviser, or something like that, ways that you could
 16 get it, like, on your phone or on your laptop, maybe ways
 17 that we could -- that firms could do it with a video.
 18 Are those things, in general, appealing for you?

19 And for the sake of my court reporter, if you
 20 can, maybe raise your hand and say yes or no or why.

21 INVESTOR THIRTEEN: No, because of printer.

22 MS. CORTES: No because of printer capability?
 23 Okay. Okay.

24 INVESTOR FOURTEEN: Yes, because young people use
 25 electronic devices.

1 worms I'm not sure if you were -- sat at the right and
 2 left hand of God Almighty you could make sense of it.
 3 But you need to try.

4 MS. CORTES: INVESTOR 23, I think you were going to
 5 say something, and that might be our -- oh, and then
 6 someone in the back, and then we will probably wrap up
 7 with a few closing thoughts.

8 INVESTOR TWENTY-THREE: I wanted to just say that I think
 9 electronic -- and I'm an old folk and I do use electronic
 10 items. I think it's a good idea.

11 MS. CORTES: Okay, great. Thank you. And then
 12 the woman in the red?

13 INVESTOR THIRTY-SIX: Sorry, I did not get a name tag.

14 MS. CORTES: That's okay.

15 INVESTOR THIRTY-SIX: And I am a Millennial.

16 MS. CORTES: Excellent.

17 INVESTOR THIRTY-SIX: And I just wanted to say I know
 18 that this particular meeting is super-focused on the sort
 19 of entry-level, when you're thinking about whether you
 20 want a broker-dealer or an investor.

21 But just to your -- you asked about sort of if
 22 we were going to do a one-pager for folks, in general.
 23 And that kind of sparked my thinking a little bit. I
 24 have a 401(k) through my job with Vanguard. And one
 25 thing that I think about a lot is, you know, what are the

1 companies that I've invested in. And I understand that,
2 you know, my mutual fund is invested across the stock
3 market.

4 But you know, what is sort of the Vanguards of
5 the world thinking about in terms of -- like I care a lot
6 about socially responsibly investing. That's really
7 important to me. I think it's important to a lot of my
8 peers. I don't speak for every -- but I have a lot of
9 friends and we're all kind of interested in sort of how
10 our money is making an impact on the world.

11 So I was just thinking about, like, in that
12 one-pager, it might be really cool to spell out, like,
13 here's a question you could ask, or here's how you could
14 kind of figure out whether or not you were -- how your
15 money is playing out and how it's being -- may or may not
16 be impacting the world, whether or not you're investing
17 in companies like -- in tobacco or, you know, big oil, or
18 something like that.

19 So I apologize, because it was a little bit off
20 topic.

21 MS. CORTES: Oh, no, that's great, thank you so
22 much.

23 INVESTOR THIRTEEN: Thank you for having us. Before
24 you close, I wanted to be able to say that.

25 MS. CORTES: Thank you. I have had so much

1 right there. That's going to take you to an electronic
2 version of that feedback flyer that you have in front of
3 you, so that you can provide specific feedback on this
4 document, as well as a couple of the other documents,
5 like if you -- we made a template document of someone who
6 might just offer brokerage services, or just offer
7 investment advisory services.

8 Please tell us what we're doing, what we're
9 doing right, what we're doing wrong. If any of you do
10 represent an investment club or an organization and want
11 to meet with us, we're happy to do that, as well. But
12 thank you so much.

13 INVESTOR EIGHT: I have one question. Sara and
14 Emily, are you investors?

15 MS. CORTES: Yes.

16 MS. WESTERBERG RUSSELL: Yes.

17 INVESTOR EIGHT: I would think you would have some
18 knowledge about what -- did you get any of these types of
19 things when you signed up with your broker?

20 MS. CORTES: No.

21 (Laughter.)

22 MS. CORTES: Or, rather, I got a whole pile of
23 things, and I don't know if I did or not.

24 MS. WESTERBERG RUSSELL: And I just want to
25 echo Sara's thanks. It was really helpful, and I

1 fun.

2 Just a little bit about me, I have been in
3 public service since 2006. I started with the Federal
4 Reserve. I've been here since 2009. And I know that
5 sometimes it can be infuriating, but to sort of
6 understand what the regulators are doing and how is it
7 really helping you, I promise that we -- this is the most
8 fun I've had in a while, because you are the people that
9 we serve, and we really want to do the best we possibly
10 can.

11 You are not done giving feedback for us, if you
12 don't want. We have several ways for you to do that. I
13 have been talking about fancy things called a comment
14 file. Basically, that's where people -- anybody can come
15 in and write and tell us what we're doing right, what
16 we're doing wrong in this proposal, so that we can take
17 that feedback and give the best recommendation to the
18 Commission that we can.

19 And there are several ways for you to do that.
20 I think that you have a document in front of you with
21 some circles you can fill out by hand. We have a few of
22 those, as well.

23 We also have, for those young and old who like
24 to use the Internet, we also have these blue cards that
25 Parisa is going to be handing out. You'll see a QR code

1 know -- you know, I -- today she did such a great job.

2 And I do want to reiterate this is near and
3 dear to my heart, and has been for almost a decade. I
4 have been fortunate enough to work on these issues, and I
5 want to be considering them. And I really want to hear
6 your feedback, both on this forum, but also on our
7 proposed regulation.

8 And please, those of you -- I know INVESTOR 29 has
9 some great points written out in front of her. I want to
10 see those come in, please. And also, don't forget best
11 interest, and providing feedback on that. We really want
12 to hear whether -- you know, how we can improve it, and
13 the mark there, as well. So thank you.

14 INVESTOR TWENTY-ONE: Now, I came here, like some of
15 the others, because of an invitation from AAIL that --
16 now, I'm up in Northern New Jersey, but I get notices
17 from the local metro chapter. But I'm not
18 representing -- I'm just yet another individual.

19 MS. WESTERBERG RUSSELL: That's fine.

20 INVESTOR TWENTY-ONE: How do we get notices, other
21 than a chance like that? Because this is the first I've
22 ever heard of the SEC holding a roundtable with feedback
23 from investors.

24 MS. SCHOCK: I think this might actually be the
25 first that we've done. And so --

1 INVESTOR TWENTY-ONE: Good idea. Do it again.

2 MS. SCHOCK: My office gets to work with retail
3 investors all the time, so we sent to American
4 Association of Individual Investors, Better Investing,
5 AARP, and then also the press release that went out
6 nationwide.

7 So we appreciate you all being here and taking
8 the time. A good conversation today, have a lot of
9 highlights, table of contents, index, one-pager, very
10 concise definitions of best interests and fiduciary duty
11 and other feedback that we will take back as part of the
12 rule-making process.

13 This is a work in progress. And so the comment
14 period closes in early August, unless it -- somehow it
15 ends up being extended. But right now it's supposed to
16 close, I believe, August 7th. So please add additional
17 comments online. We'll take it paper, electronically,
18 however you want to submit it.

19 And again, thank you all for being here.

20 MS. HAGSHENAS: May I mention one more thing? I'm
21 sorry. So on the card that we're going to hand out there
22 is the website, as well, so you don't need to scan in at
23 all, so that will help.

24 We're also passing out, though, another
25 document that's part of our Tell Us initiative, and which

1 we'd love to get your feedback on the types of
2 information that you get. So that's also on the same
3 website, but we're going to hand it out to you, to the
4 extent that you want a paper copy. So --

5 INVESTOR TWENTY-ONE: And the paper that you said that
6 we should have that -- with circles on it for comment --

7 MS. MCGOVERN: One more item, please, if you
8 have not signed in.

9 (Whereupon, at 11:50 a.m., the roundtable was
10 adjourned.)

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