



American Institute of CPAs
1455 Pennsylvania Avenue, NW
Washington, DC 20004-1081

July 5, 2013

Via Electronic Mail

The Honorable Mary Jo White
Chairman
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: Request for Data and Other Information, Rel. No. 34-69013; IA-3558; File No. 4-606

Dear Chairman White:

The American Institute of Certified Public Accountants (AICPA) appreciates the opportunity to comment on the SEC's request for information in connection with the standards of conduct of broker-dealers and investment advisers as well as consideration of potential harmonization of certain other aspects of the regulation of broker-dealers and investment advisers.

The AICPA is the world's largest association representing the accounting profession with nearly 386,000 members in 128 countries and a 125-year heritage of serving the public interest. Our members provide audit, tax, retirement consulting, plan administration and financial planning services, among others. The AICPA sets ethical standards for the profession and develops and grades the Uniform CPA Examination in addition to offering specialty credentials for CPAs who concentrate on personal financial planning, fraud and forensics, business valuation and information technology. It is from this diverse perspective that we provide our comments.

Long Standing Positions Placing the Public's Interest at the Forefront

From the standpoint of placing the public's interest at the forefront, we have held a long standing position that the fiduciary standard of conduct, no less stringent than the standard currently applied to investment advisers under the Investment Advisers Act, should be extended to all advisers when providing personalized investment advice to retail investors.

We have also long advocated that the principles-based regulatory approach of the Investment Advisers Act and its related rules should continue to govern investment advisers and further, that regulatory oversight remain exclusively with the SEC and states. The current self-regulated broker-dealer examination regime is inherently conflicted. If applied to the investment adviser profession, the same rules-based standard would result in a check-the-box approach similar to broker-dealer oversight and is not conducive to appropriate regulation of the investment adviser profession. This harms the public's best interest as it diverts focus from placing the investor's interest first to simply complying with the rules.

Minimum Standard when Providing Personalized Investment Advice to Retail Investors

We are concerned that some of the suggestions made in the request for information would signal a move towards a fiduciary standard that is less stringent than that currently applied to investment advisers under the Investment Advisers Act. It is crucial to consider the important elements of a fiduciary standard in order to ensure proper protections are put in place for investors.

From the position of a 125-year old profession with the primary mission of serving the public interest, we believe that, at a minimum, the following principles must be present when providing personalized investment advice to retail investors:

1. Act in the best interest of the investor
2. Maintain objectivity
3. Act with due care
4. Provide full disclosure of any unavoidable conflicts of interest
5. Attain client consent if an unavoidable conflict exists
6. Maintain confidentiality of all client information
7. Disclose commission and referral fees

The complexity of investing does not lend itself to an environment in which investors can quickly and easily evaluate an adviser's competence and prudence. Also, studies have shown that investors place a high degree of trust in their adviser and are often unaware that not all advisers are required to place the investor's interest first. Therefore, it is important that **all** advisers providing personalized investment advice to retail investors be held to a minimum standard of care as outlined above.

The Cost of Advice Driven by an Adviser's Self Interest is Unquantifiable

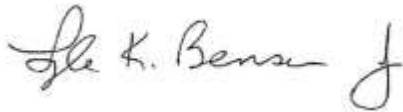
The free flow of capital from investor to investment requires objective advice unimpaired by conflicts of interest. The enormous negative impact on capital

markets, society and the economy when advice is driven by an adviser's self-interest is not quantifiable.

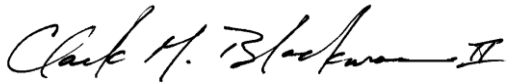
Availability to Serve as a Resource

We appreciate the opportunity to comment and welcome the opportunity to serve as a resource to the SEC on these issues. If we can be of further assistance, please contact Andrea Millar at 919.402.4818 or amillar@aicpa.org.

Sincerely,



Lyle K. Benson, Jr., CPA/PFS
Chairman, AICPA Personal Financial Planning Executive Committee (PFP EC)



Clark Blackman II, CPA/PFS
Chairman, AICPA PFP EC Fiduciary Task Force

cc:

The Hon. Elisse B. Walter, Commissioner
The Hon. Luis A. Aguilar, Commissioner
The Hon. Troy A. Paredes, Commissioner
The Hon. Daniel M. Gallagher, Commissioner