

BRADYCO

Bradley F. Richardson

December 29, 2011

Office of the Secretary of the Commonwealth
Attn: Proposed Regulations
Securities Division, Room 1701
One Ashburton Place
Boston, MA 02108

Dear Securities Division:

Re: Proposed Rule on Discretion and Custody Requirements (11/2/11):

Assuming an advisor uses a qualified custodian and the advisor only has “custody” solely as a consequence of their authority to make withdrawals from client accounts to pay its advisory fees, I believe the strongest tool to keeping that advisor honest is the ability of clients to view 24/7 their account balances, account history, etc. on an internet website provided by the custodian.

Regarding the invoicing requirement, the regulations need to make clear exactly what is being asked. The last paragraph of the proposed regulation states in part: “invoice or statement of the amount of fee to be deducted.” Currently, many if not most advisors have to furnish their custodian a list of client account numbers and the amounts to be debited from each. Is this a statement? If not, then what other information would be required?

Currently, I send what many would call a statement (it includes a description of how the invoice was calculated) to my clients at the same time I communicate with my custodian. My concern about sending a copy to my custodian is not about the cost in time and resources to comply which, in my case, would be minimal assuming I could send my custodian a bulk Adobe Acrobat document with all my invoices. Rather, I do not see the public benefit for having the advisor send their invoices to their custodian? Having the advisor send more information about each invoice only makes sense if the custodian is required to review this paperwork and verify its accuracy. The rule does not mention any such requirement.

Thank you for considering my views.

Sincerely,

Bradley F. Richardson

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