



January 6, 2020

Office of the Secretary of the Commonwealth
Attn: Proposed Regulations – Fiduciary Conduct Standard
Securities Division
One Ash Burton Place, Room 1701
Boston, MA 02108

By email: Securitiesregs-comments@sec.state.ma.us

RE: Proposed regulations establishing a fiduciary standard of conduct for Broker-dealers, agents, investment advisors and representatives.

The South Shore Chamber of Commerce is a regional chamber representative approximately 1,200 member organizations and their employees. We commented on the draft proposal in July. As we noted then, our members in the financial service sector are divided on the merits of a fiduciary standard. But almost all agreed that a single federal standard was preferable to individual state standards.

Our July letter urged the Division to conduct a small business impact review. Apart from the proposal itself, the Chamber believes small business impact reviews are important in protecting small businesses from excessive and costly regulations. Too many reviews are cursory. Indeed, there seems to be a presumption that the impacts are measured more by the paperwork requirements than changes in business practices or how they might affect the markets that businesses operate in.

We feel the Division's small business review was too narrowly focused. It appears to have only looked at how it will directly affect brokers/advisors. It seems to have overlooked the impact on small businesses, not to mention their employees, if the rule increases the costs or access to advisors/brokers. For many small companies and their employees, they need access to low-cost financial planning advice.

Increasing standards may have limited impact on brokers and advisors but may change their market and who they can serve. Meeting a higher standard, especially one that is itself not clearly defined, and varies from state to state inevitably increases compliance costs and time. It is reasonable to expect that more advisors will have to opt for fee-based services or higher paying clients. The impact on the advisors may be less noticeable because they still get paid, perhaps even paid more. But the smaller investor and small business may find it harder and more expensive to get advice and that could limit their options.

We urge the Division to conduct a stronger and more thorough small business impact review with a focus on how this will affect the small businesses served by brokers and advisors rather than just the advisors' and brokers' businesses.

Sincerely,

A handwritten signature in cursive script that reads "Peter Forman".

Peter Forman
President