



January 7, 2020

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

RE: Request for Comment on Proposed Amended Regulations 950 CMR 12.200 and the Fiduciary Conduct Standard for Broker-Dealers, Agents, Investment Advisers, and Investment Adviser Representatives

Dear Secretary Galvin:

On behalf of our nearly 800,000 members and other Bay Staters saving for retirement, AARP Massachusetts is please to support the proposed amended regulation 950 CMR 12.200, which would provide for a uniform fiduciary standard and strengthen consumer protections around conflicts of interest.

We commend the Division for firmly supporting a uniform fiduciary standard to protect retail investors, particularly in light of the SEC's mislabeled Regulation Best Interest release and rulemaking. At AARP Massachusetts we too stand steadfast in our belief that *all* financial professionals advising retail investors should, unequivocally, be held to a fiduciary standard, regardless of whether they are a registered investment adviser or a broker-dealer. As broker-dealers have increasingly presented themselves as advisers to their retail customers, investor confusion only continues to grow.

Retail investors are often confused about the fact that there are different types of financial professionals that all could potentially provide similar services, but be held to different standards of conduct. Unlike institutional investors that are aided by their own financial expertise and sophistication, retail investors stand more vulnerable to exploitation by the financial services industry. Retail customers can end up paying excessively high costs for higher risk or underperforming investments, and under the new undefined "Best Interest" standard, will not know what duty of care a financial professional owes them.

In the absence of a uniform fiduciary standard, **conflicted advice costs Americans \$17 billion in foregone retirement earnings every year.** Retirement plans such as IRAs and 401(k)-style plans often involve *complex* financial decisions and risk, and naturally retail investors turn to financial professionals they assume they can trust to figure out which options are in their best interest. Unfortunately, that trust is sometimes misplaced. Mere disclosure of conflicts of interest is not enough, and we are pleased that this regulation takes this into account.

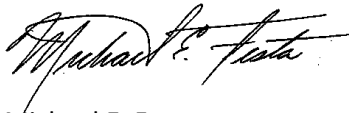
Furthermore, as retail investors move closer to retirement, they may be even more susceptible to the negative impact of advice that is not in their best interest for three reasons: (1) the assets they have to invest are larger; (2) they may lack strong financial literacy skills; and (3) reduced cognition may affect financial decision-making.

The Division's promulgation of a uniform fiduciary rule will help ensure a level and transparent market for retail investors seeking advice, and alleviate the unfair burden on the average retail investor to determine the level of trust in which they can properly assign the advice of a financial professional.

AARP remains committed to the strongest possible fiduciary standard for retirement investment advice and recommends a similar standard for all other investment advice. There is a growing need to ensure that financial services regulation accurately reflects the realities of the marketplace today and provides investors with the protections they need to save and invest for retirement.

We look forward to working with you and your colleagues to ensure that the fiduciary rule delivers meaningful investor protections for the customers of investment advisers and broker-dealers. If you have any questions, please feel free to contact Jessica Costantino, director of advocacy, at jcostantino@aarp.org or 617.305.0538.

Very truly yours,



Michael E. Festa
State Director



Sandra Harris
State President