

Time Stamp: 1/3/2020 3:43:07 PM

Subject: Oppose Unnecessary and Conflicting Conduct Standards

Message:

Dear Massachusetts Securities Division,

The Secretary of the Commonwealth and the Massachusetts Securities Division have recently proposed new regulations that, if adopted, will create many more problems than they solve and will not benefit most investors. I am concerned that if the proposed fiduciary duty is adopted it will have the unintended consequence of severely limiting access to high-quality, individually-tailored advice for many hard-working clients in Massachusetts. I'm particularly troubled that the proposal labels well-established and legitimate business models and practices as suddenly being "dishonest and unethical."

I understand the need for regulation of financial advisers, and have generally agreed with the approach of the Securities Division in taking actions to protect investors. The U.S. Securities and Exchange Commission has recently enacted regulations that would provide many of the same investor protections that the Securities Division is trying to create, and the regulations proposed by the Division will be in direct conflict with those of the SEC. Massachusetts is not an island. It is part of an interconnected universe of individual investors. If the Division enacts regulations that are inconsistent with those of the SEC and other states, many financial advisers will choose not to do business in Massachusetts, harming its residents. This is not in the interest of either investors or the Massachusetts economy. I strongly suggest that the Securities Division avoid adoption of regulations that are inconsistent with those of the SEC, and wait until the effects of the new SEC rules can be understood and evaluated. I also request that the Division avoid taking any action that will reduce access to products and services that investors find valuable and would like to continue receiving.

I do not believe the proposal is necessary at this time in order to protect Massachusetts investors. Current Massachusetts laws, FINRA rules and new SEC rules support me in my commitment to serve my clients ethically, by prohibiting practices that enable unscrupulous advisors to put their interests ahead of investors. Massachusetts has a well-deserved reputation for vigorously protecting investors' interests. It has been able to weed out bad actors without overly-restrictive regulation that limits investor choice and opportunity. And the new SEC requirements contained in Regulation Best Interest address many of the concerns this proposal raises. They should be given a chance to work. The new SEC rules, supported by the Securities Division's rigorous oversight, will provide substantial new investor protections without imposing state-specific operational and compliance burdens.

Finally, I am concerned how a different standard peculiar to Massachusetts can impact investors and business across state lines. I would be at a serious disadvantage seeking to serve out-of-state clients who will have access to a wider variety of less costly options offered by advisors in their own state.

As always, I remain committed to constructive engagement in the rule-making process and therefore, welcome the opportunity to discuss this issue further. Thank you for the opportunity to share my concerns regarding the proposal to adopt, by regulation, a new fiduciary standard.

Sincerely,

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