



MASSACHUSETTS COMPETITIVE PARTNERSHIP

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July 26, 2019

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: Comments on Proposal Fiduciary Conduct Standard

Dear Secretary Galvin:

On behalf of the Massachusetts Competitive Partnership (MACP), I am writing to provide comments on the proposed regulation titled “Fiduciary Conduct Standard for Broker-Dealers, Agents, Investment Advisers, and Investment Adviser Representatives” (the Proposal) published on June 14, 2019.

MACP is a non-profit, non-partisan public policy group comprised of chief executive officers of some of the Commonwealth's largest businesses. The Organization's goals are to promote job growth and competitiveness by working in collaboration with public officials, businesses and civic leaders. MACP companies employ over 64,000 people in Massachusetts with offices from Boston to Springfield representing technology, financial services, insurers and more. We believe the proposed regulation will impede Massachusetts' overall competitiveness by imposing direct and indirect costs to local municipalities and low- and middle-income families.

The Proposal creates great uncertainty around specific broker-dealer activities on a considerable range of services and products, including principal transactions that could cause significant disruption in municipal bond offerings and transactions – in turn resulting in higher costs to taxpayers. As the former City Manager of Chelsea, a Gateway City, I understand how important clarity in cost and process is to resource-strapped communities. I imagine a scenario under this Proposal where a municipal official has worked tirelessly for years to secure the approvals needed for a new elementary school or community center – endless zoning meetings, city council votes and community meetings – only to be denied services through the state's aid intercept program. The Proposal could create restrictions on the state approved financial service providers and limit their ability to identify and advise on municipal bonds.

The state, our communities, and their leaders rely on their relationships with financial advisors to ensure they are getting the best bond offerings. Creating uncertainty in the process by which advisors are allowed to participate in these offerings will not only add additional costs to public projects – it will require municipal leadership to acquire new expertise in the bond market which, quite frankly, is unrealistic. While the intent of the Proposal may be to further protect Massachusetts' residents, the harm it creates will undoubtedly have unintended consequences for our most vulnerable communities and residents.

This Proposal could result in families who earn the average median income and below not being able to save for their retirement. The lack of clarity provided in how a broker-dealer is able to

advise a client on what may be best, or how many times they may advise without violating the fiduciary conduct standard, could result in limited advice and fewer available products for less-resourced individuals. The market could shift to fee-based products, which would not allow for these important financial planning and investment tools to be offered to all Massachusetts investors, particularly low- and middle-income families. Complicating the ability of our residents to be financially secure seems to stand in the face of our values as a Commonwealth. In a state that prides itself as having the world's top talent, we must be sure that we are able to offer programs and services that support the quality of life that residents expect and deserve. This Proposal has the potential to undermine that commitment.

I urge you to put the success of our state, its communities, and its residents at the forefront of this Proposal and ensure that any further regulations adopted by the Commonwealth are consistent with Reg BI, are clear in their definitions and scope, and will contribute to the state's overall competitiveness.

Best,

A handwritten signature in black ink that reads "Jay Ash". The signature is written in a cursive, flowing style.

Jay Ash  
President & CEO, Massachusetts Competitive Partnership