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Edward Jones

August 7, 2018

Via E-Mail to: rule-comments@sec.gov

Brent J. Fields, Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Edward D. Jones and Co., L.P. Comment on Standard of Conduct for Investment Advisers (File No. S7-09-18); Regulation Best Interest (File No. S7-07-18); and Form CRS Relationship Summary (File No. S7-08-18)

Dear Mr. Fields:

Edward D. Jones and Co., L.P. ("Edward Jones") appreciates the opportunity to comment on the Securities and Exchange Commission's ("SEC") following proposals:

a) Proposed Commission Interpretation Regarding Standard of Conduct for Investment Advisers; Request for Comment on Enhancing Investment Adviser Regulation ("Proposed IA Standards")
b) Regulation Best Interest ("Proposed Reg BI")
c) Form CRS Relationship Summary; Amendments to Form ADV; Required Disclosures in Retail Communications and Restrictions on the use of Certain Names or Titles ("Proposed Form CRS" and collectively, the "Proposals")

Edward Jones is generally supportive of each of these three Proposals and asks the SEC to move expeditiously to finalize them. We offer specific recommendations below that we believe will further improve the Proposals to better serve investors and support the stated goals of the SEC.

Edward Jones is one of the largest financial firms in the United States, serving the investment needs of more than seven million U.S. investors through nearly 16,000 financial advisors who are dually-registered to provide investment advisory and brokerage services. We serve the needs of individual investors from all economic backgrounds and income levels by establishing personal relationships to understand what is important to them, and implementing tailored solutions to help our clients achieve their financial goals. This includes partnering with clients to help them stay on track to achieve their goals through the ups and downs of their lives and the market.

Edward Jones consistently seeks to act in its clients' best interests and has long supported the creation of a best interest standard of care. We commend the SEC for its proposal to adopt a best interest obligation for broker-dealers and its approach of building upon existing standards – including the Financial Industry Regulatory Authority's ("FINRA") rules – to enhance the

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standard of care owed to clients by financial professionals. We believe individual, Main Street investors will benefit from the consistency and clarity of a best interest standard that applies to all brokerage accounts – without regard to the asset type held in such accounts or whether they are retirement/tax advantaged or taxable accounts.

We also believe the SEC's initiative to seek enhanced standards for investment advisors will provide important protections that will serve to further safeguard investors. Finally, we appreciate the SEC's efforts to provide an additional disclosure tool to empower investors to better understand their options and the differences between broker-dealers and investment advisors. We urge the adoption of standards that increase transparency of fee information across the investment industry. We believe these Proposals will meaningfully enhance investor protection, preserve retail investors' ability to choose the type and level of service they desire as well as how to pay for those services, and ensure investors have access to assistance and guidance from financial professionals.

We offer our thoughts and recommendations on specific provisions in the Proposals by addressing each in its own section below.

I. Proposed IA Standards

We appreciate that by issuing the Proposed Reg BI along with the Proposed IA Standards, the SEC has reaffirmed the current distinction between the standards governing Registered Investment Advisers ("RIAs") and broker-dealers. This distinction has long existed in both the law and regulations, and we agree with the SEC that this clear distinction should be maintained.

We are also supportive of the SEC's efforts to provide clarification and guidance regarding certain aspects of the fiduciary duty that RIAs owe their clients under the provisions of the Investment Advisers Act of 1940 ("Advisers Act"). We believe the distinction between the standard of care owed to clients by an RIA and that owed to clients by a broker-dealer is critical. Nonetheless, we welcome the SEC's invitation to comment on three potential enhancements to the regulatory requirements for RIAs and note that the current broker-dealer framework provides investor protections and transparency through requirements that do not currently have adequate counterparts in the RIA context, as detailed below.

A. We support federal licensing and continuing education requirements for persons associated with SEC-registered investment advisors.

We believe federal licensing and continuing education for RIAs will provide added protection for investors working with RIAs comparable to that which already exists for investors working with broker-dealers. By requiring federal licensing and continuing education for RIAs, the SEC can further ensure that investors are receiving investment advice from reputable and knowledgeable financial professionals licensed as RIAs. The FINRA rules regarding broker-dealer registered representatives provide a solid example to build upon.

Consistent with the principles-based approach of the Advisers Act, we encourage the SEC to

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allow RIAs multiple ways to demonstrate competency to achieve a license – such as holding certain FINRA or other industry licenses or qualifications. Some state jurisdictions already require continuing education for RIAs, and the North American Securities Administrators Association ("NASAA") is currently studying whether to adopt a model rule for states requiring continuing education for RIAs. In order to avoid a patchwork of continuing education requirements, we recommend the SEC coordinate with NASAA to promote consistent standards.

B. We support enhanced recordkeeping and reporting requirements for RIAs.

As noted in the Proposed IA Standards, "broker-dealers are [] subject to extensive recordkeeping and reporting requirements, including an annual audit requirement as well as a requirement to make their audited balance sheets available to customers."[1] We believe recordkeeping and reporting requirements for RIAs should be no less stringent in order to provide investors with the same high level of protection and transparency.

We also support a requirement that RIAs disclose the dollar amounts an investor pays in advisory fees in periodic statements provided to investors to ensure that investors can see and understand what they pay for an RIA's services. This requirement would ensure greater transparency around fees and meaningfully improve the investor experience.

C. We support financial responsibility requirements for RIAs.

To enhance investor protection, we support financial responsibility requirements for RIAs. The SEC has observed that "many investment advisers have relatively small amounts of capital" and "often the assets of the adviser are insufficient to compensate clients for their loss."[2] Consistent with the comprehensive financial responsibility standards in place to protect clients of broker-dealers, we believe RIAs serving retail investors also should be subject to financial responsibility obligations – e.g., fidelity bonds and net capital requirements – to better ensure RIAs' financial ability to cover investor losses.

For dually-registered firms, we also recommend that the SEC clarify that these firms may satisfy the financial responsibility requirements under existing financial responsibility rules and available exemptions, if applicable, to avoid duplicative requirements. We believe applying consistent financial responsibility requirements to broker-dealers and RIAs will help ensure firms are able to meet their obligations to investors, increase trust in financial professionals, and provide a basic protection that all investors expect and deserve.

II. Proposed Reg BI

Proposed Reg BI is designed to preserve investor choice and the SEC has recognized that some investors prefer a transaction-based model. The transaction-based model has traditionally served

[1] Proposed IA Standards at 34.

[2] *Id.* at 35.

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many investors well, particularly those who prefer to make their own investment decisions and "buy and hold" securities for long periods of time.

We believe the structure of Proposed Reg BI strikes an appropriate balance between the need to preserve proven practices that benefit investors today and enhanced investor protections. For example, Proposed Reg BI requires broker-dealers to act in the investor's best interest at the time of a recommendation based on the information then available, but does not impose an unworkable requirement that the best possible outcome be achieved with the benefit of hindsight. This approach acknowledges that having a reasonable basis for making a recommendation to a client does not require perfection. Rather, it provides flexibility to vet, select, and offer a range of products that best support the interests and preferences of individual investors. Proposed Reg BI also applies this standard to each recommendation a broker-dealer makes at the time it is made, which is consistent with the transaction-based brokerage model. From a practical standpoint, these features will allow firms to implement, monitor and enforce the proposed rule, thereby promoting reasonable reliance on risk-based compliance and supervisory tools and ensuring the viability of the pay-as-you-go model for investors.

We also note that Proposed Reg BI meaningfully enhances the current suitability standard under FINRA rules by, among other things, requiring broker-dealers to put their client's interest ahead of their own, requiring effective mitigation or elimination of material conflicts arising from financial incentives, and improving disclosure of material conflicts.

Finally, we support the SEC's decision not to define the term "best interest" and to instead take a principles-based approach. In our view, the best interest obligations are well-articulated through the proposed "Disclosure Obligation," "Care Obligation," and "Conflict of Interest Obligation." Further, we agree with the SEC that a "facts and circumstances" analysis will enhance investor protections by focusing on the reasonableness of the financial professional's recommendation.

Despite the strengths inherent in Proposed Reg BI's approach, there are several elements that can be clarified and improved. As discussed below, we ask the SEC to consider providing additional detail on certain parts of the proposal, and suggest a handful of changes intended to make it more practical for firms to implement the rule in order to best serve the needs of investors.

A. We Seek Further Clarification on the Application of Certain Provisions to Dual Registrants.

1. Proposed Reg BI should state explicitly that it and not the Advisers Act will govern brokerage accounts in which financial professionals provide both investment recommendations and other ongoing services.

Proposed Reg BI requires a broker-dealer to act in the client's best interest "at the time the recommendation is made" but recognizes that broker-dealers may also agree to "provide periodic or ongoing services (such as ongoing monitoring of the retail customer's investments for

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purposes of recommending changes in investments)."[3]

We do not believe it is necessary for the SEC to define the phrase "at the time the recommendation is made," because its meaning is plain. However, as a practical matter, the SEC should clarify that, when a client maintains both brokerage and advisory accounts with a dual registrant, Proposed Reg BI will govern the standard of care in connection with the brokerage accounts while the Advisers Act will govern the standard of care owed in connection with the advisory accounts – irrespective of whether the dual registrant agrees to provide periodic or ongoing services inside of the brokerage accounts.[4] The proposal helpfully explains that the "best interest obligation does not impose new obligations with respect to the additional services, provided that they do not involve a recommendation to customers."[5]

We believe that this explicit distinction is particularly important as firms increasingly develop and utilize technology that will enhance client relationships. For example, we have tools available in brokerage accounts today that systematically track and report long-term goals for clients. The tools provide user-friendly reports that enable clients to monitor their progress towards retirement, education and emergency savings goals, and the probability of achieving these goals. We are also developing tools that will bring together the key components of the client's financial strategy in order to drive a deeper understanding of the connection between risk tolerance, goals, and portfolio objectives. We believe these tools improve the client experience by visually connecting the dots and helping clients better understand their personal financial situation, their long-term goals, and how their investment decisions can help them achieve those goals. These services enable a client to have greater information about their ability to achieve their financial goals.

We also recommend the SEC make clear that providing additional periodic or ongoing value-added services does not by itself constitute a recommendation or extend the duration of when a "recommendation is made," as that language is used in Proposed Reg BI. Providing this clarity is critical to preserving clients' access to the brokerage model while also encouraging broker-dealers' development of valuable tools that can enhance investors' ability to save for the future.

2. The SEC should not require financial advisors to make repeated capacity disclosures to clients because doing so could distract clients from important investment considerations.

We appreciate the SEC's commitment to provide broker-dealers flexibility in determining the most appropriate and effective way to meet the Disclosure Obligation. However, because dual

[3] Proposed Reg BI at 80.

[4] For both advisory and brokerage accounts, financial advisors may review with clients their goals, risk tolerance, time horizon, and whether the client is on track to achieve stated goals.

[5] Proposed Reg BI at 80.

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registrants would be governed by Proposed Reg BI when acting as brokers and by the Advisers Act when acting as advisers, we ask the SEC to clarify parts of the Disclosure Obligation.

Currently, more than 25% of our clients maintain at least one brokerage account *and* at least one advisory account to meet their investment needs. Consistent with the holistic approach we have found to be most successful in helping our clients achieve their financial goals, our financial advisors are available to discuss with clients the brokerage and advisory services we provide, the investments selected, and the commissions and fees associated with these transactions and account types.

The SEC provides several helpful examples of how a dual registrant can assist its clients in understanding the capacity in which it is acting, such as written disclosure in account opening agreements. The Proposed Form CRS for dual registrants is also designed to clearly distinguish broker-dealer services and account types from advisory services and account types. We are concerned, however, that the SEC implies that a dual registrant would need to provide an oral "point of sale" disclosure regarding the capacity in which it is acting when it makes a recommendation.[6]

We believe requiring financial advisors to repeatedly tell clients whether they are acting as a "broker" or as an "advisor" at any given moment will prove to be redundant and confusing to investors and will not confer any additional investor protection benefits. We are also concerned that it will be clumsy in application and may distract clients from important considerations regarding recommendations, including a discussion about their personal goals, account and investment selections, features and associated commissions or fees.[7]

B. The SEC Should Refine the Conflicts of Interest Obligation.

1. We urge the SEC to clarify the definition of "materiality" with regard to conflicts.

We have been focused for a number of years on the development of programs, policies and procedures designed to manage conflicts of interest that help us better serve our clients. We

[6] For example, the proposal suggests dual registrants make the following written disclosure: "All recommendations regarding your brokerage account will be made in a broker-dealer capacity, and all recommendations regarding your advisory account will be in an advisory account capacity. When we make a recommendation to you, we will expressly tell you which account we are discussing and the capacity in which we are acting." *Id.* at 106 (emphasis supplied). The Commission reinforces the idea that an oral "point of sale" disclosure is needed in FN 216 ("the written disclosure requirement would apply to the initial disclosure . . . but we would not consider the subsequent disclosure of capacity at the time of recommendation to also be subject to the 'in writing' requirement (i.e., a broker-dealer could clarify it orally)." *Id.* at 120.

[7] Furthermore, supervising whether a dual registrant orally discloses at point of sale the capacity in which he or she is acting would be extremely difficult and unlikely to confer any benefit on clients.

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commend the SEC for limiting the Disclosure and Conflicts Obligations to "'*material* conflicts of interest'" because requiring disclosure of all conflicts would "inappropriately require broker-dealers to provide information regarding conflicts that would not ultimately affect a retail customer's decision . . . and might obscure the more important disclosures."[8]

We are concerned, however, that the SEC has interpreted the phrase "material conflict of interest" to mean "a conflict of interest that a reasonable person would expect might incline a broker-dealer – consciously or unconsciously – to make a recommendation that is not disinterested."[9] This standard is inconsistent with the standard that historically has been applied to broker-dealers registered under the Exchange Act and subject to FINRA rules. We urge the SEC to articulate a definition of materiality that does not refer to a person's "unconscious" activity – which is inherently unknowable – and may confuse both financial professionals and investors.

We recommend the SEC define "material conflicts" under Proposed Reg BI as those that: a) affect the financial compensation of a person making a recommendation; *and* b) a reasonable investor would likely view as important to the total mix of information available when considering that recommendation. Adopting this definition of materiality would assist broker-dealers in fulfilling their supervisory responsibilities and to develop policies and procedures reasonably designed to ensure that disclosures to investors are meaningful and that conflicts are mitigated in a way that puts investors' needs first.

2. Proposed Reg BI should include additional guidance on how broker-dealers can effectively mitigate material conflicts of interest.

We agree with the SEC that certain financial incentives may raise conflicts of interest that should be effectively mitigated or eliminated to ensure the client's best interest is put first. However, Proposed Reg BI provides very limited insight as to how these financial conflicts of interest could be mitigated short of eliminating them altogether.

The proposal suggests the possible use of the Department of Labor's Best Interest Contract ("BIC") exemption's "neutral factors" as an effective mitigation approach. We caution the SEC against relying on the DOL's approach. The concept of basing any differential compensation on the relative time and complexity associated with a particular product or service sounds good in concept but is problematic to put into practice. We devoted substantial resources to design a workable system to comply with the DOL's standard and found that categorizing a universe of thousands of potential investments by these factors was not a sound approach to addressing clients' needs. We found that drawing distinctions between asset classes and products is fundamentally uncertain and potentially arbitrary. We also concluded that "neutral factors" could end up limiting clients' access to products and did not align with their changing needs and

[8] Proposed Reg BI at 111-12.

[9] *Id.* at 169.

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expectations in a dynamic marketplace.

We recommend the SEC provide additional guidance as to how material financial conflicts may be effectively mitigated without requiring a neutral factors analysis. We also ask the SEC to provide examples of the types of *non-financial* conflicts for which disclosure is sufficient and mitigation is unnecessary – if any – in order to help firms develop policies and procedures reasonably designed to ensure they are acting in the investor's best interest.

3. Proposed Reg BI should not conflate incentives to grow assets under care with sales-based contests.

We are concerned that Proposed Reg BI does not clearly distinguish between incentives for growing assets under care as opposed to sales-based contests and other incentives that are directly tied to the sale of particular products.

We do not believe that incentives to increase overall assets under care raise the same concerns as sales contests or rewards for selling specific products. Increasing assets under care for individual clients, or client households, enables financial advisors to more deeply serve investors and provide holistic advice. In fact, increasing assets under care is a natural outgrowth of serving clients well and an indicator that clients have measurably benefitted from working with the financial professional.

We encourage the SEC to review an Oliver Wyman study titled *The Role of Financial Advisors in the U.S. Retirement Market*, which demonstrates the vital role financial advisors play in helping investors – and particularly middle class families – save for retirement security.[10] The Oliver Wyman study demonstrates that advised investors, segmented by age and income, have a minimum of 25% more assets than non-advised individuals; and advised individuals 65 or older with $100,000 or less of annual income have an average of 113% more assets than non-advised investors.

Similarly, a Vanguard study concluded that financial advisors who adopt certain best practices in wealth management – such as rebalancing, withdrawal advice and behavioral coaching – add approximately 3% in net returns for their clients over the long term.[11] We know that advised investors save more than non-advised investors, have more diversified portfolios, are less likely to make transactions at inopportune times, and are much more likely to plan for the long term.

We urge the SEC to clearly distinguish incentives to grow assets under care from sales-based contests and to clarify that incentives to grow assets are a permissible way to encourage financial advisors to deeply serve the overall needs of more investors.

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[10] *The role of financial advisors in the US retirement market*, July 10, 2015, *available at* https://www.napa-net.org/wp-content/uploads/2015.07.13-Oliver-Wyman-Report.pdf.

[11] *Putting a Value on Your Value*, Sept. 2016, *available at* https://www.vanguard.com/pdf/ISGQVAA.pdf.

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4. The SEC should precisely articulate the scope of any additional recordkeeping requirements under Proposed Reg BI.

Proposed Reg BI seeks to amend Exchange Act Rule 17a-3 to add a new paragraph (a)(25), which would require, for each retail customer to whom a recommendation of any securities transaction or investment strategy involving securities is or will be provided, a record of all information collected from or provided to the retail customer pursuant to Proposed Reg BI. We believe this would significantly expand current recordkeeping requirements and ask the SEC to clarify what additional communications are contemplated beyond the retention requirements in Rule 17a-4(b)(4). We also request the SEC confirm that, except with respect to the specific recordkeeping requirements set out in Proposed Reg BI, no additional records are required to demonstrate best interest determinations.

III. Proposed Form CRS

We appreciate the SEC's focus on modernizing disclosures and are supportive of Proposed Form CRS. Investors need access to concise, plain-English, timely, and actionable information. We believe Proposed Form CRS will provide valuable information regarding the nature and scope of the relationship to help investors make informed decisions.

Significantly, we support the SEC's efforts to clearly distinguish broker-dealer and advisory services to investors at the outset of a relationship through the dual registrant form. While we are generally supportive of Proposed Form CRS, we offer the following recommendations to further enhance its utility for investors.

A. Proposed Form CRS should support a layered approach to disclosure.

We appreciate Proposed Reg BI's layered approach to disclosure and urge that Proposed Form CRS be drafted in a way that supports the layered approach. In our view, Proposed Form CRS should supplement other disclosure obligations, including those under Proposed Reg BI, rather than recite in an artificially condensed fashion the same information provided in these other disclosures. A layered disclosure approach that requires firms to provide Proposed Form CRS at the outset of an investor's formal relationship with a financial professional will give investors a sound understanding of the types of services that are available to them while permitting firms to make more detailed and timely information accessible to investors in other documents, including on the firm's website or upon request.

To ensure this layered approach provides investors with the information they need at the time and in the form they need it, we recommend the SEC make clear that Proposed Form CRS does not require duplicative account and fee information that is already effectively disclosed through other documents, including account agreements, annual regulatory mailings, and trade confirmations.

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Edward Jones has developed an educational brochure called *Making Good Choices* that is a good example of the type of document that would complement Proposed Form CRS and benefit investors. *Making Good Choices* discloses the transaction-based and fee-based solutions we offer to our clients. It provides a readily understandable overview of important information about the client's account choices and helps start a conversation about key considerations so we can better understand the client's preferences and recommend solutions that best meet their needs. We believe Proposed Form CRS would be most useful to investors when used in conjunction with documents like *Making Good Choices*.

B. Proposed Form CRS should require that material conflicts be addressed.

Proposed Reg BI requires firms to disclose, mitigate, or eliminate only *material* conflicts associated with recommendations. In contrast, as currently drafted, Proposed Form CRS omits the word "material" when discussing which conflicts must be addressed. To preclude any confusion about the standard, we recommend the SEC harmonize Proposed Form CRS with Proposed Reg BI and clarify that firms must address *material* conflicts. Doing so will help ensure that investors receive the most meaningful information in a more prominent fashion as they make their investment decisions and consider what type of services meet their needs.

C. Proposed Form CRS should not mandate the form or frequency of contact with clients.

We work closely with our clients to understand their preferred method and frequency of communicating with us. Proposed Form CRS implies that firms contact advisory clients by phone or e-mail every quarter. We support ongoing monitoring of investors' advisory accounts, but recommend the SEC continue to give advisory clients flexibility to communicate how and when they want so long as it is sufficient for financial advisors to meet their obligations under the Advisers Act. We also believe the SEC should decline to mandate a particular communication approach, recognizing that investors' preferences vary from in-person meetings to video conferencing to telephone to e-mails to traditional mailings, to updates enabled by technology, and they will likely continue to change in the future as new technologies emerge.

D. The SEC should consider changes to the "Key Questions" and explicitly address whether the proposal creates new disclosure or recordkeeping requirements.

We support the SEC's efforts to promote a conversation between the financial advisor and investor regarding important aspects of the relationship, including fees and commissions associated with different account types, material conflicts of interest, services provided and disciplinary history. Our financial advisors often use our *Making Good Choices* educational brochure to foster a conversation with clients and help them make well-informed decisions about what account(s) and services to select.

We believe promoting this type of robust conversation with investors is valuable and, based on our experience, we offer a few recommendations that may improve the "Key Questions to Ask"

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section of Proposed Form CRS. First, we suggest that the SEC revisit the number of questions. We are concerned that ten questions may prove to be overwhelming to clients and inadvertently result in a check-the-box exercise rather than serving to promote a robust discussion.

Second, we recommend the SEC redraft the "Do the math for me" question. We appreciate its intent and the importance of investors understanding the specific fees and costs associated with their account. However, given the range of services available, it would be very difficult for financial professionals to fully address this question at the outset of the relationship, particularly for investors selecting transaction-based services. We believe this question can best be addressed once the financial advisor has a detailed understanding of the investor's financial situation, risk tolerance, time horizon, investment preferences, trading practices, and as they make recommendations based on this understanding of the client and their needs.

Finally, we urge the SEC to confirm that the "Key Questions to Ask" are intended to promote a dialogue rather than impose new disclosure or recordkeeping requirements, which could inadvertently lead to a less robust discussion with investors.

E. The SEC should require firms to deliver proposed Form CRS to their clients and to post the Form to their public websites.

We agree with the SEC's guidance that a dual registrant should deliver Proposed Form CRS "at the earlier of entering into an investment advisory agreement with the retail investor or the retail investor engaging the firm's services."[12]

The SEC provides separate guidance regarding the retention of records, however, that appears to be at odds with the general rule that Proposed Form CRS need only be delivered to clients. Specifically, the SEC suggests that firms would be required to "make and preserve a record of dates that each relationship summary and each amendment was delivered to any client or to any *prospective client who subsequently becomes a client*."[13] (emphasis and italics supplied).

Developing relationships with prospective clients is a thoughtful and deliberative process that often takes place over weeks, months or even years. It is not uncommon for a financial advisor to have multiple meetings, telephone calls and other contacts with a prospective client before he or she becomes a client. During these early contacts, the financial advisor often gains an understanding of the prospective client's financial situation, needs and goals – prior to the individual opening an account and before the financial advisor provides advice or recommends solutions. Over time, the prospective client may carefully consider these conversations in order to make a well-informed decision about whether to entrust their assets to the financial advisor.

[12] Proposed Rule Regarding Form CRS at 139.

[13] *Id.* at 161.

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The SEC's guidance that Proposed Form CRS need only be delivered to clients is sensible. However, a corresponding requirement that firms record the delivery of the form to *prospective clients that subsequently become clients* would impose a significant burden without providing meaningful benefits to investors. Instead, we recommend the SEC require firms to: a) make Form CRS accessible to prospective investors on their public websites; and b) record the delivery of Proposed Form CRS as part of the account opening process, when the investor is focused on the services and advice provided by the financial advisor, to ensure these important disclosures are provided to investors at the time they are most useful and beneficial.

F. The SEC should not require a "waiting period" before investors can engage a financial professional.

The SEC separately requested comment on whether Proposed Form CRS should be delivered "a certain amount of time before the firm enters into an agreement with a retail investor (e.g., 48 hours or a 15 minute waiting period)?"[14] Such an inflexible requirement would not provide any additional protection to prospective clients and, as described below, could have the perverse effect of harming certain investors.

Our financial advisors have extensive discussions with prospective clients – often in person in their communities and at local branch offices – about their unique financial situation and goals before they enter any agreement for services. It would be extraordinarily inconvenient for investors who are ready to engage a financial professional to be faced with a formalistic "waiting period" after receiving Proposed Form CRS. Moreover, some investors have a very specific timeframe and reason for opening a new account – such as meeting an IRA contribution or rollover deadline – and a mandated waiting period could cause them to suffer adverse tax consequences that reduce their savings. At a minimum, we believe investors would view such a requirement as frustrating to the relationship they are forming and would not find the waiting period beneficial.

IV. Additional Investor Protections for the SEC to Consider

In addition to the protections afforded investors through the Proposals, we believe the SEC should consider issuing guidance to encourage mutual fund, exchanged traded fund ("ETF"), and employer retirement plan fee information to be more readily accessible and understandable to investors.

Mutual fund and ETF fee disclosures are presented in a variety of forms and contain different information from product to product. Despite recent improvements, existing documents like mutual fund prospectuses (and even summary prospectuses) contain a great deal of information that can make it difficult for investors to quickly ascertain a fund's total cost of ownership.

The SEC should explore a succinct, standardized document that would detail all of the costs of

[14] *Id*. at 152.

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ownership for any mutual fund or ETF – including front-end and back-end sales charges, purchase fees, management fees, distribution and service (12b-1) fees, redemption and exchange fees, transaction fees, account fees, shareholder fees, and any other expenses charged to investors. Such a document, like Proposed Form CRS, should be easier to find and read than existing mutual fund and ETF disclosures so that investors can readily compare across funds and make decisions with confidence that they understand everything they will pay for an investment.

In addition, employer-sponsored retirement plans that permit participants to direct investments are required to provide a Participant Fee Disclosure ("PFD") that details plan features and expenses.[15] This information is critically important for investors, particularly when they begin to take distributions from their retirement savings or consider moving funds to other investment options. We have found, however, that many plan participants have difficulty locating PFDs or even knowing who to contact to obtain them. For example, PFDs are sometimes only available through a password protected website or a 1-800 number from the plan administrator. Moreover, the length and content of PFDs varies widely across plans, ranging from two to, in some cases, more than 30 pages.

We recommend the SEC consider working with the Department of Labor to improve access to these disclosures. For example, plan administrators should be required to include a clearly identifiable link to the PFD on their webpage that is accessible to the public. We also recommend that the disclosure itself be a two or three page document in a standardized format – similar to Proposed Form CRS – that can be used as part of a layered approach to plan disclosures. A PFD should explain a plan's key features, fees, and expenses in plain language, and it should be clearly labeled as a "Participant Fee Disclosure." Improving access to PFDs will complement the intent of the Proposals by helping investors make more informed and better investment choices.

V. Support for the SEC Moving Forward in a Timely Fashion

Edward Jones supports the SEC's RIA, Reg BI, and Form CRS proposals and encourages it to move forward with these initiatives in a timely fashion. The SEC is the proper regulatory agency with the jurisdiction and expertise to move this debate forward and adopt standards that will enhance investor protection, preserve investor choice, and ensure investors have access to meaningful assistance and guidance.

We have consistently advocated for a best interest standard for the past 9 years and appreciate the SEC's recognition of the need for a clear and consistent standard for investors and financial professionals to be applied to all brokerage accounts — regardless of the type of services provided or assets held in such accounts. We are concerned that if the SEC does not move forward in a timely fashion a multitude of standards will emerge, which will only serve to further confuse investors, increase costs, and diminish access to advice, products and services. We urge the SEC to continue collaborating with FINRA and state securities and insurance regulators to promote a consistent standard rather than a patchwork of requirements. We applaud the SEC's

[15] The Department of Labor (DOL) requires PFDs under ERISA §404(a).

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commitment to Main Street investors and look forward to continuing to engage on this significant rulemaking.

The firm appreciates the opportunity to comment on these proposals. Please contact the undersigned if you have any questions regarding this letter.

Sincerely,

Chris Lewis
General Counsel