



August 30, 2010

Ms. Elizabeth M. Murphy
Secretary
United States Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: Study Regarding Obligations of Brokers, Dealers, and Investment Advisers
Release No. 34-62577
File No. 4-606; IA-3058

To the Commission:

Atherton Lane Advisers, LLC ("Atherton Lane") is an SEC registered investment adviser that offers comprehensive wealth management and investment counseling services to private clients. We are writing to offer our comments on the Study Release regarding the obligations and standard of care of broker-dealers and investment advisers when offering personalized investment advice about securities to retail investors.

Addressing item 1 of the Study Release, we believe that the fiduciary duty standard of care is more effective than the "suitability" standard, which requires only that a broker have a reasonable basis for believing that a recommendation is suitable for a client. Brokers may make recommendations that are suitable even if they are not in the best interest of the client. The fiduciary duty standard applicable to advisers, arising from a common law relationship of trust between the adviser and the client, requires advisers to serve their clients with the highest duty of loyalty and care. The fiduciary standard is higher, and more effective in protecting retail investors, than the suitability standard.

Addressing items 2, 3, and 4 of the Study Release, we believe that there are legal and regulatory gaps in the protection of retail investors relating to standards of care for providing investment advice, and those gaps should be addressed by rule or statute. Retail investors mistakenly believe that brokers are already required to act in their best interests, and don't understand that there are different standards of care applicable to broker-dealers and investment advisers. It is not surprising that retail investors are confused by the different standards of care. Adopting such titles as "financial advisor" and "financial consultant", brokers currently portray themselves as trusted financial advisers.

Addressing item 12 of the Study Release, we believe that retail investors would benefit from the uniform application of the higher and more protective fiduciary standard. Adoption of such a standard would require brokers recommending and selling investment

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products to disclose fees, compensation, and other incentives they earn from the product. Brokers would have to recommend products that are in the **best interest** of their customers, and would be required to disclose all conflicts of interest related to such products.

Addressing item 5 of the Study Release, we believe that the examination resources devoted to enforcing the standards of care for broker-dealers and investment advisers can be more effectively managed. We are pleased that the Dodd-Frank Act authorized increased funding for the Commission, and significantly reduced the number of advisers that the Commission will have to supervise. The Commission should use these additional resources to revamp their examination program to one which is measured not by the sheer quantity of examinations, but by the quality and effectiveness of them. Finally, we do not believe that the creation of a self regulatory agency (SRO) for investment advisers which would conduct examinations is a viable solution to the examination resource issue.

We hope that the Study concludes that it is necessary and in the public interest to extend the fiduciary duty standard of care to broker-dealers who provide personalized investment advice about securities to retail investors. We further request that soon after the Study is complete, the Commission initiate a rulemaking process to extend the duty of care.

We thank you for the opportunity to comment on this proposal.

Sincerely,

A handwritten signature in cursive script that reads "William E. McDonnell Jr.".

William E. McDonnell, Jr.
Chief Compliance Officer