

I am a financial advisor affiliated with an independent broker-dealer. My typical client is a middle-class investor who needs the financial advice, products, and services I provide to help them achieve their financial goals, such as retirement planning and college funding. Mutual funds are often the most appropriate investment option for my clients as they typically only have small amounts to invest. As a result, I am extremely concerned about the SEC's proposal to replace current Rule 12b-1 with a new Rule, 12b-2, and make other changes to the securities laws. I understand that the proposal is attempting to address four primary objectives: 1) improve transparency through disclosure; 2) cap ongoing sales charges; 3) encourage retail price competition; and 4) modify the oversight role of fund directors. My thoughts on these issues is covered in detail below.

. Improve Transparency Through Disclosure

- o I support the adoption of the terms `marketing and service fee` and `ongoing sales charge` as common sense improvements to the language used to describe mutual fund distribution fees.
- o I support the proposed changes to mutual fund disclosures of the `marketing and service fee` and `ongoing sales charge.` These disclosures are prepared by the mutual fund sponsors who are in the best position to report the information accurately. In addition, the prospectus places this fee and expense data in the appropriate context along with other information my clients should consider before investing.
- o I oppose the adoption of confirmation statement disclosure of specific mutual fund fee details as overly burdensome, prone to unintentional error and without clear benefit to my clients. It is unreasonable to burden an affiliated broker-dealer with the duty of providing detailed post-transaction fee and expense data on confirmation statements when the mutual fund company controls this information.

Cap Ongoing Sales Charges

- o I would suggest that mutual-fund investors must REAFFIRM their relationship with an Advisor every 3 years to both the mutual fund company and Broker-Dealer of record in order to continue to receive a 12b-1 fee. In most circumstances, these fees are justified for the ongoing services and education provided. That said, there is some abuse. My clients are in need of my ongoing support and service, including incidental investment advice. It does not always make sense to incur the expense of fee debiting, invoicing, and other costs associated with investment advisory accounts. This provision may actually create an unintended consequence of increasing associated fees to the investor?

. Encourage Retail Price Competition

- o I oppose the Proposal's effort to encourage retail price competition through a share class offered at Net Asset Value. I believe the proposal will alter the distribution model from one based upon relationships to one focused on transactions and costs. This creates an unequal playing field quite possibly hurting the little guy! I believe this portion of the proposed rule has the unintended consequence of being an anti-competitive measure likely to result in pricing advantages for large mutual fund families, broker-dealers, and/or financial advisory practices.

I appreciate this opportunity to share my thoughts on the proposal. While I support efforts to improve disclosure of marketing and service fees and ongoing sales charges, I urge the SEC to reconsider its ill advised efforts to cap sales charges and encourage retail price competition.

Sincerely,

stan spackeen
financial directions llc