May 12, 2008

Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: **File Number S7-06-08.**

Dear Ms. Morris:

MWA Financial Services Inc. (MWAFS) welcomes the opportunity to comment on proposed rule Regulation S-P. We are an independent broker/dealer who takes our supervisory responsibility for our financial advisers and their clients very seriously.

MWAFS would like to encourage the SEC to re-evaluate Regulation S-P and consider allowing the timely transfer of client accounts between firms to support investor choice as to whom they want as their financial adviser. The recent proposed amendment to Regulation S-P (Proposed Amendment) addresses these concerns by attempting to strike a balance between protecting investors from identity theft and preserving account portability and investor choice. While we too, are very concerned with identity theft and protecting client's private, non-public information, under the independent business model the risk is mitigated. Further, it is our position the Proposed Amendment is incongruous with rules and regulations currently in place.

Our firm supports the Proposed Amendment to the extent as it would allow departing financial advisers to continue to service the clients with which they have developed business relationships, which would be in harmony with FINRA's "investor protection" message. At a minimum, the investor deserves to have the choice about whether to follow the adviser to the new firm **without** a plethora of paperwork and interference from the prior broker/dealer, which might make timely service impossible and therefore, would not safeguard the investor's best interests.

Under the Proposed Amendment, certain exceptions would be available if specific conditions are met. The first and second conditions which we have interpreted as:

- *The information shared relates to clients to whom the financial adviser personally provided a financial product or service at the prior firm and is limited to the client's name, address, telephone number, e-mail information, and a general description of the type of account and products held within the account;*
- *The information does not include any client's account number, Social Security number, or securities positions,*

do not take into account that the financial adviser has the requirement of gathering and maintaining the client's private and non-personal information including the client's

account number, Social Security number and securities positions. These records provide the financial adviser with valuable information in assisting the clients manage their investments. This non-public information is in the financial adviser's possession as he is responsible to know his client (Rule 2310 and 3011) and update these accounts on a three year cycle (NtM 01-80) or whenever there is a "material change" in the client's situation or circumstance. The adviser is safeguarding this non-public information according to Regulation S-P while serving as the adviser of record and this minimizes the risk of identity theft.

Under the Proposed Amendment while a client's account is in the process of being transferred, the financial adviser would be unable to access client information and therefore be unable to service their client's accounts. When an adviser terminates with one firm and registers with another that could provide better opportunities, the proposal would dictate that the adviser disregard his responsibility leaving his clients without service and in some cases, unable to conduct business. This action cannot be considered "best practices" or ethical by anyone's standards. The Proposed Amendment creates individual liability for violations by expanding the safeguard rules advisers. Even the best security systems are vulnerable and this individual liability appears unreasonable and should be opposed.

While it is the responsibility of the independent broker/dealer to appoint another financial adviser to service those accounts, the client may not want another adviser with whom they have no relationship or the assigned adviser may feel the account is too small. This could be very frustrating for the investor and keep them out of the market for a time while these issues are sorted out. Some smaller investors will be abandoned as the result of a costly and cumbersome account transfer process. Therefore as the amendment is proposed it has the potential to do more harm than good for the vast majority of investors.

The third exception requires the departing financial adviser to provide a written record of the information that will be shared with the new broker-dealer to the former broker-dealer no later than the financial adviser's date of separation from that firm. This exception will be difficult to supervise and monitor for those broker/dealers that have independent contractor representatives. The new firm will have no reasonable means of verifying the disclosure requirement has been satisfied and the previous firm will have no reasonable means of pursuing this information. The time, expense and effort will make this rule unmanageable, render compliance ineffective and worse, leave the investor exposed. The requirements must be changed because they are overly expansive and unreasonable.

The biggest impact will be upon smaller accounts, which are often given the lowest priority. The smaller investor makes up the vast majority of the investors and these investors are served by the independent contractor adviser, not by the big wire houses. These accounts are considered too small and not profitable enough for the wire houses to handle. Therefore the independent contractor advisers' role provides an invaluable service to the greater mass of all investors.

Like all rules, acts, notices and guidance handed down by FINRA, the Treasury, SEC and the individual states, interpretation is subjective. And exactly what the correct interpretation should be has my compliance networking peers in a conundrum. Given the complex and ever-changing regulatory landscape, we fear we will be non-compliant without even realizing it by making a "wrong" interpretation.

We ask you to take into consideration, for the above reasons, the independent contract position and the ethical behavior exhibited by the adviser who has been safeguarding his client's private information while conducting business, when finalizing this regulation.

Sincerely,

Pamela S. Fritz, CSCP
CCO, MWA Financial Services, Inc.