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May 16, 2008

Via E-mail: rule-comments@sec.gov

WACHOVIA

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

Re: File Number S7-10-00 – Release No. IA-2711; 34-57419 Amendments to Form ADV (“the Proposal”)

Dear Ms. Morris:

Wachovia Securities LLC (“Wachovia”) welcomes the opportunity to comment on the Securities and Exchange Commission’s (“SEC”) proposed rule and form amendments to Form ADV and the related rules under the Investment Advisers Act of 1940 (“Investment Advisers Act”). Wachovia is very supportive of the motivation underlying the rule to provide customers with clear and concise disclosures about their registered advisers and their advisory personnel. Nonetheless, for the reasons discussed below, we urge the SEC to reconsider the proposal in its present form.

Introduction and Overview

Wachovia Securities is a full service brokerage firm serving clients in 50 states. It assists active retail clients in managing almost \$1.1 trillion in assets. It is also a registered investment adviser with over 15,000 dually registered General Securities Representatives and registered investment advisor personnel. The firm has a significant amount of assets in advisory-based programs.

Suggested Clarifications or Changes

Part 2A: The Firm Brochure

We believe that the suggested changes to Form ADV are at best premature, and the SEC should delay making any changes until it reviews the entire Investment Advisers Act and how it best fits into the current regulatory structure. The recent SEC sponsored study by the RAND Corporation noted that for investors there is tremendous confusion concerning the disclosures they receive about investment advisers and broker dealers. Many investors do not appear to read the disclosures they receive and more information tends to inhibit the understanding by investors of their investment products and services.¹ As noted in its proposal for a shortened mutual fund prospectus, the SEC recognized that:

¹ See “SEC Disclosure Regulations May Be Overwhelming Investors with Too Much Information”, Washington University in St. Louis Tip Sheet, March 2003, <http://news-info.wustl.edu/tips/2003/business-law/paredes.html>.

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“The proposals are intended to help investors who are overwhelmed by the choices among thousands of available funds described in lengthy and legalistic documents to readily access key information that is important to an informed investment decision.”²

We believe the SEC should evaluate Form ADV reform in a similar fashion to its ongoing summary fund prospectus initiative. With the acknowledgement by regulators, academics and others that there is real concern about how much information to provide investors and in what form, it simply is not the time to change existing disclosure regimes without reviewing the entire system. That the SEC should wait is even more important given that firms may have to spend significant sums to comply with the proposed changes.

While we recommend that the SEC delay any action on the content proposals concerning Form ADV, it seems that a small change in the delivery of Form ADV is appropriate. Clients now receive a current version of Form ADV Part 2 at the outset of the relationship. Annually, firms must offer Form ADV Part 2 to existing clients and deliver it promptly upon request. The Proposal now asks advisers to *deliver* annually Form ADV Part 2 as opposed to offering it annually. In addition, it asks advisers to file it through the IARD online system. While we believe the optimal solution would be the creation of a summary Form ADV, an alternative to the proposed delivery requirement is to direct clients to the electronic posting of Form ADV Part 2 on the SEC website or delivering it upon the request of the client. In this fashion, investors seeking the information can readily access it on the Internet.

Part 2B: The Brochure Supplement

There are aspects of the SEC’s proposal concerning Part 2B that Wachovia believes should change. The proposal requires an advisor to disclose the name of the person responsible for supervising the advisory activities of a supervised person. Firms today often change supervisory personnel for a variety of reasons so Wachovia believes that the rule should permit firms to furnish customers with a phone number to call an advisor’s information center to contact the supervisor. Otherwise, a firm would make countless updates to the Part 2B brochure supplement, a logistical and costly ordeal.

The rule requires that a firm update the brochure supplement if during the year there is a change in the disciplinary history of a supervised person. Requiring such a delivery imposes a costly burden on firms with large numbers of advisory reps with no clear benefit to investors. The tremendous start up costs of creating, implementing and maintaining a system to automate disclosures for individual supervised person’s information would be prohibitive. Much of the disciplinary information that the SEC proposes be included in Part 2B is already publicly available in Form ADV Part 1. Moreover, for many dually registered firms, such information is completely maintained by FINRA’s BrokerCheck system. Rather than require continuous and periodic updates of the firm brochure for information already maintained in a comprehensive

² Enhanced Disclosure and New Prospectus Delivery Option For Registered Open-End Management Investment Companies SEC Release No. 33-8861, File No. S7-28-07 at p. 12.

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database, we believe the SEC should allow investors to rely upon the well-established FINRA disclosure web site. Such dual registrants could disclose in the initial brochure and in any quarterly client statements that investors could check current disciplinary information on the FINRA website. In addition, using modern technology, the SEC could also require that firms include a hyperlink on their website to the FINRA and Investment Adviser Public Disclosure (“IAPD”) websites.

Part 2B Disclosure Item 4 requires specific, detailed information regarding the investment adviser representative’s income. Wachovia believes that the rule should only require the adviser to disclose generally a description of compensation paid to the supervised person based on the sale of securities. To provide any greater detail and specificity would be extremely difficult to track and monitor.

Conclusion

Investors, advisers and regulators all will benefit from the SEC’s effort to amend the disclosure system for investment advisers. We urge the SEC, however, to table this proposal and determine if there should be a review that more closely tailors disclosure to an investors’ ability to access and digest key information. More frequent and increasingly lengthy disclosure may not be the optimal way to improve investor protection. Please feel free to contact me if you wish to discuss this letter.

Very truly yours,

Ronald C. Long
Director of Regulatory Affairs

RCL:mm