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February 12, 2015

Ms. Pam Epting  
Director, Division of Securities Management  
Florida Office of Financial Regulation  
200 East Gaines Street, Suite 604  
Tallahassee, FL 32399-0372

RE: Proposed Rule Changes 69W-600.0132 and 69W-600.0161

Good morning Ms. Epting,

Thank you the recent opportunity to review the proposed rule changes put forth by your office regarding advisor custody and net capital requirements. The Financial Planning Association of Florida values the relationship we have established between our organizations over the years and sincerely appreciates the confidence you have shown in us as professional financial planners by seeking our input.

After a careful review of the proposed rule changes, we have identified a couple areas in which we would like to provide our input. Our remarks relate to our belief that competition in the marketplace between Registered Investment Advisors (RIAs) should be fair, and to that end our preference would be to see harmony between state and federal regulations when possible.

Florida's Custody rule 69W-600.0132 requirement that fee invoices be sent to the client each time fees are withdrawn from custodial accounts creates a hardship and disadvantage to state RIAs. The SEC does not require federal RIAs to provide fee invoices. In practice, this rule has led to client confusion when multiple required disclosure documents are provided to them.

Florida's Net Capital rule 69W-600.0161 requirement that state RIAs with no custodial relationship maintain a \$2,500 minimum net capital requirement (and financial statements prepared in accordance with GAAP) puts state RIAs at a competitive disadvantage compared to federal RIAs who have no such requirement. In addition, requiring state RIAs who do not have custody of client assets to maintain a

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minimum level of capital does not provide additional consumer protection. By the nature of their relationship – no custody - client assets are not at risk to the advisor’s financial soundness.

Again, thank you for the opportunity to review the proposed rule changes. We hope you find our input useful as you move forward.

Sincerely,

Chris Draughon, CFP®  
FPA of Florida  
Director of Advocacy

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