Evan Charkes
Managing Director
Deputy General Counsel

485 Lexington Avenue
17th Floor
New York, NY 10017

T 212-783-4451
F 212-783-4527
evan.charkes@citigroup.com

Citi Global Wealth Management

December 7, 2007

Melanie Lubin
OAG, Securities Division
200 Saint Paul Place
Baltimore, MD 21202

Rex Staples
NASAA
750 First Street, NE
Suite 1140
Washington, DC 20002

Re: Proposed Adoption of a NASAA Model Rule on the Use of Senior-Specific Certifications and Professional Designations

Dear Ms. Lubin and Mr. Staples:

I am writing on behalf of Smith Barney, which is a division of Citigroup Global Markets Inc., to provide comments to NASAA's November 9, 2007 Notice of Request for Public Comments on its proposed model rule concerning the use of senior-specific certifications and professional designations (the "Model Rule").

Smith Barney commends the considerable time and effort expended by NASAA in drafting the Model Rule and strongly supports the concept of a uniform approach to preventing the misuse of senior-specific certifications and professional designations. Smith Barney shares NASAA's concerns that senior investors must be protected from the use of professional designations and certifications that suggest an expertise in advising or servicing such investors when that may not be true. We agree that professional designations and certifications themselves may be powerful influences on senior investors, and that there is great variation among criteria standards, if at all, of professional designations or senior-specific certifications.

Smith Barney, therefore, generally supports the Model Rule and its laudatory objective of protecting senior investors from fraud and deceptive conduct. Smith Barney believes, however, that, certain modifications to the Model Rule, as described below, are warranted. We make these suggestions to foster consistency among the States in the interpretation, application and enforcement of the Model Rule. We suggest the following.

Paragraph 1: Two alternative versions of this paragraph are provided. They are identical except for the italicized language indicated below:

> "Pursuant to the dishonest and unethical practices provisions of [USA (1956)(1985)(2002)] and the antifraud provisions of [USA (1956)(1985)(2002)], it is unlawful in connection with the offer, sale, or purchase of securities, or the provision of advice [*as to the value of or the*

advisability of investing in, purchasing, or selling securities, either directly or indirectly or through publications or writings, or by issuing or promulgating analyses or reports relating to securities (version one)*][about securities* (version two)*]* for any person to use a certification or professional designation that indicates or implies that the user has special certification or training in advising or servicing senior citizens or retirees, in such a way as to mislead any person."

Smith Barney respectfully requests further clarification as to why there are two alternative versions of paragraph one, how the use of each would differ, and to what extent each version would cover agents or sales representatives not registered in any capacity with the individual State. We request that if a State has a choice between the two, then NASAA describe those circumstances in which either alternative would be the one selected.

Paragraph 4(b): This section provides that internal job titles do not fall within the scope of the Model Rule when the title:

"specifies an individual's area of specialization within the organization, unless the facts and circumstances associated with the provision or use of a job title indicate that it improperly suggests or implies certification or training beyond that which the titleholder possesses, or that it otherwise misleads investors."

Smith Barney respectfully requests that the phrase "unless the facts and circumstances associated with the provision or use of a job title indicate that it improperly suggests or implies certification or training beyond that which the titleholder possesses, or that otherwise misleads investors" be deleted. We understand that the purpose of 4(b) is to provide a specific exception to the rule. We believe that the above phrase creates uncertainty for regulated firms because States may make conflicting determinations about the use of a specific internal job title in their State. Thus, one State might determine that an internal job title was misleading and another State could conclude that it was not misleading. We believe that the "facts and circumstances" test would swallow up the exception for internal job titles.

We believe that paragraph 6 of the Model Rule, which states that "[n]othing in this rule shall limit the Administrator's authority to enforce existing provisions of law" allows States the ability to bring enforcement actions in cases where the States conclude that the internal job title violates State law. As a result, the States do not need the "facts and circumstances" language in the exception.

At minimum, we ask that NASAA provide examples of the "facts and circumstances" that would cause an internal job title that is otherwise compliant with the rule to be found misleading. It will be helpful to have as much guidance as possible for what is otherwise a subjective standard capable of diverse interpretation.

Paragraph 5: This section provides:

> "This rule shall not apply to a degree or certificate evidencing completion of an academic program at an institution of higher education that has been accredited by an organization that is on the United States Department of Education's list entitled "Accrediting Agencies Recognized for Title IV Purposes" unless the facts and circumstances associated with the provision or use of such degree or certificate indicate that it improperly suggests or implies certification or training beyond that which the degree holder or certificate holder possesses, or that it otherwise misleads investors."

Smith Barney respectfully requests that the phrase "unless the facts and circumstances associated with the provision or use of such degree or certificate indicate that it improperly suggests or implies certification or training beyond that which the degree holder or certificate holder possesses, or that otherwise misleads investors" be deleted. We believe that the Model Rule's exception for any "institution of higher education" that is "accredited by an organization that is on the United States Department of Education's list entitled 'Accrediting Agencies Recognized for Title IV Purposes'" should be enough to meet the objectives of the Model Rule. As stated in the paragraph above, the "facts and circumstances" language creates ambiguity and uncertainty for regulated firms, and may lead to inconsistent results among States.

In addition, paragraph 6 of the Model Rule provides the States with the ability to bring enforcement actions to the extent the State believes the specific certification or professional designation violates State law. If NASAA retains this language in paragraph 5, we ask that NASAA provide examples of the "facts and circumstances" that would cause a degree or certificate that is otherwise compliant with the rule to be found misleading. As noted above, it will be helpful to have as much guidance as possible for what is otherwise a subjective standard capable of diverse interpretation.

Finally, we would like to suggest that the Model Rule also include a provision that gives a State the option to either allow another State's approval or determination, or NASAA's approval or determination, of a specific certification or professional designation as a basis for compliance with that state's regulation. If the States will adopt such a provision, we believe that it will promote consistency and uniformity among the States both in their examination and enforcement programs, ensure certainty in conduct by regulated firms, and enhance investor protection. However each State decides which alternative to adopt, whether to follow another State or NASAA, the end result will be better investor protection because investors and firms will know, across all 50 States, which designations and certifications are acceptable.

In addition, we are concerned that if each State makes a determination of a given professional designation or certification without taking into account another State or NASAA's prior conclusion, and, if all 50 States took that approach, even if we had a Model Rule, then a regulated firm that does business across the United States could be faced with a large and costly burden for compliance (e.g., a representative would need different business cards or letterhead to account for clients in multiple States).

We also suggest that it would be beneficial to both investors and regulated firms to have a

centralized web-based location for acceptable designations and certifications, and that NASAA maintain that web-based list. For regulated firms and investors, it would be much easier to have to access one centralized website, rather than 50, to know which professional designations and certifications are acceptable.

We thank NASAA for the opportunity to provide comments on this important model rule proposal. If you have any questions, please feel free to contact me at (212) 783-4451.

Sincerely,

Evan J. Charkes