# FINANCIAL PLANNER OVERSIGHT BOARD
## Executive Summary of Discussion Draft

**Overview**
The proposed legislation would establish federal regulation of financial planners by allowing the Securities and Exchange Commission (SEC) to recognize a financial planner oversight board that would set professional standards for, and oversee the activities of, individual financial planners.

**Financial Planner Defined**
Generally, a financial planner is defined as a natural person who provides advice to individuals or families about managing finances in two or more subject areas, including investment, income tax, education, retirement, estate, and insurance planning. The definition would not capture an individual giving advice only in a single, discreet area of professional services, such as insurance, estate planning, or asset management. However, a person who holds himself out as a financial planner, advisor, or other similar title will fall under the definition regardless of the type or extent of advice provided.

Professionals specifically excluded under the Investment Advisers Act of 1940, such as lawyers, accountants, and teachers, would receive a similar exclusion here to the extent the provision of financial advice is necessary to the conduct of their profession. Insurance agents would also be excluded from the definition of financial planner to the extent they are engaged solely in the sale of insurance products. A person would not qualify under any exclusion if he holds himself out as a financial planner or advisor or other similar title.

**Financial Planner Oversight Board**
The financial planner oversight board would:

- Establish rules designed to prevent fraudulent and manipulative acts and practices;
- Establish baseline competency standards (e.g., education, examination, and continuing education);
- Establish standards for professional and ethical conduct, including the fiduciary standard of care as established under the Investment Advisers Act of 1940;
- Require registration or licensing of financial planners; and
- Perform investigative and disciplinary actions.

The governing board of the financial planner oversight board would be required to include a majority of public members. A national association of brokers and dealers registered under the Securities Act of 1934, including any entity affiliated with such an association, would be ineligible to register as a financial planner oversight board.

**Registration of Financial Planners**
Financial planners would be prohibited from providing financial planning services unless they register with the financial planner oversight board. Such registration would take place within a reasonable time following the oversight board's registration with the SEC. The financial planner oversight board may assign registration functions to a central registration system, such as that operated by the Financial Industry Regulatory Authority (FINRA). Firms would not be registered or regulated under the legislation.

**Rules of the Financial Planner Oversight Board**
The financial planner oversight board shall promulgate rules for registered financial planners, subject to public comment and SEC approval.

**Investigation Authority**
In connection with an investigation of a registrant, the financial planner oversight board may require testimony of and examine or request copies of relevant records from the registrant. The board may seek issuance of a subpoena by the Commission to require testimony or production of documents by any person associated with a registered financial planner and any other person.

**Disciplinary Action**
The financial planner oversight board would have authority to discipline registered financial planners, including the authority to suspend or bar registrants. The financial planner oversight board would have to notify the SEC of final disciplinary action or denial of registration. A process for appealing any such decision to the SEC would be provided.

**State Authority**
States would retain anti-fraud authority over financial planners, as well as full oversight authority for a financial planner's asset management activity. However, states would not be allowed to impose additional licensing or registration requirements for financial planners, or set separate standards of conduct.