



March 24, 2010

Dear Colleague,

On Monday, the Senate Committee on Banking, Housing, and Urban Affairs passed Chairman Christopher Dodd's (D-CT) financial regulatory reform legislation: "Restoring American Financial Stability Act of 2010." As many of you know, the Financial Planning Coalition (www.financialplanningcoalition.com) had been working closely with Senator Herb Kohl (D-WI) to include the "Financial Planners Act of 2010" in the Senate bill. This proposal would have required those who hold themselves out to consumers as financial planners to register with a financial planner oversight board and meet baseline competency standards and the fiduciary standard of care. It was a narrow, common sense, pro-consumer proposal designed to arm the public with the ability to distinguish and select qualified and ethical financial planners.

Following strong opposition from certain industry groups, it was decided that the best strategic approach would be to engage in detailed study of the issue. Senator Kohl was able to include a provision in the bill calling for a comprehensive Government Accounting Office (GAO) study of the need for regulation of financial planners. We greatly appreciate all of Senator Kohl's efforts on behalf of the financial planning profession and look forward to working with his office going forward.

The study should serve as an excellent first step in establishing financial planning as a recognized and regulated profession. The GAO would be required to evaluate the current federal oversight structure and regulations for financial planners, and the legal and regulatory gaps in the regulation of financial planners and other individuals who provide or offer to provide financial planning services to consumers. In conducting the study, the GAO would be required to consider, among other things:

- The role of financial planners in providing advice regarding the management of financial resources across the six areas of financial planning;
- The possible risk posed to consumers by individuals who hold themselves out as financial planners; and
- The possible benefits to consumers of regulation and professional oversight of financial planners.

The GAO would be required to provide recommendations for the appropriate regulation of financial planners to protect consumers. In making its recommendations, the GAO will consider the appropriate structure for regulation of financial planners and the appropriate scope of the regulations needed to protect consumers, including, but not limited to, the need to establish competency standards, practice standards, ethical guidelines, disciplinary authority, and transparency to consumers. The GAO will send its recommendations in a report to the Senate Committee on Banking, Housing and Urban Affairs; the Senate Special Committee on Aging (chaired by Senator Kohl); and the House Committee on Financial Services.

We will work to ensure that the study moves through the legislative process unchanged. If the Restoring American Financial Stability Act passes the Senate, we will work to secure the Senate study (which is more comprehensive and detailed than a similar study provision in the House regulatory reform bill) in the final bill that goes through conference. We are also using this window, before passage of the bill, to continue our efforts to draw media attention to, and educate policymakers about, the need to close this regulatory gap.

When we formed the Financial Planning Coalition and articulated our goals in our Statement of Understanding a little over a year ago, we could not have imagined that we would have made so much progress advancing our proposal to establish financial planning as a recognized and regulated profession. Major regulatory reform generally takes many years and often starts with government studies and recommendations for congressional action. We have clearly raised the level of understanding, discourse, and consideration of the need to regulate financial planners among policymakers in both the House and the Senate.

We sincerely thank those of you who expressed support for this milestone legislation for our profession and for consumers. We will continue to work with you to achieve our collective goals on behalf of the profession and American consumers.

Sincerely,

Robert Glovsky, JD, LL.M., CFP®
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