

June 15, 2010

The Honorable Barney Frank
Chairman
The Honorable Spencer Bachus
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Christopher J. Dodd
Chairman
The Honorable Richard C. Shelby
Ranking Member
Committee on Banking, Housing, &
Urban Affairs
U.S. Senate
Washington, D.C. 20510

Dear Chairman Frank, Chairman Dodd, Ranking Member Bachus, and Ranking Member Shelby:

I am writing regarding an issue being considered as part of the Restoring American Financial Stability Act of 2010 (HR 4173) that is very important to financial planners. A provision designed to build up the oversight resources of the Securities Exchange Commission (SEC) was included in the bill that was approved by the House of Representatives. Unfortunately, it singles out investment advisers for a special fee assessment. The Financial Planning Association (FPA)¹ supports your efforts to significantly enhance SEC oversight resources, but we urge you to do so without targeting investment advisers for a special fee.

FPA has a strong track-record of putting consumers first. Improved SEC oversight of investment advisers, including enhancing SEC resources is a key component of the financial services reform legislation. It will help restore the trust and confidence that is critical to the continued success of our markets. It is also what investors deserve.

However, FPA is concerned that Section 7302 of the Wall Street Reform and Consumer Protection Act of 2009 (HR 4173) which was approved by the House of Representatives in December 2009, unfairly and unnecessarily singles out investment advisers. Section 7302 provides for the SEC to assess investment advisers a fee designed to fund SEC oversight and

¹ The Financial Planning Association is the largest organization in the United States representing financial planners and affiliated firms, with approximately 24,000 individual members. FPA members directly manage more than \$1.5 trillion in assets with a combined client base of 2.75 million individuals. Approximately 50 percent of FPA members are affiliated with SEC-registered investment adviser firms and 22 percent with firms registered on the state level. Half of its individual members are also affiliated with broker-dealers. FPA is incorporated in Washington, D.C., where it maintains an advocacy office, with headquarters in Denver, Colorado.

examination. The assessment is not only new it also uniquely applies to investment advisers. Others under SEC oversight, such as broker-dealers, clearing agencies, and investment companies are not assessed fees to cover the costs of inspection and examination. Nor should investment advisers be required to pay a special fee.

Importantly, the special fee assessment is not needed to substantially fund SEC oversight of advisers. Other provisions of H.R. 4173 would provide more than adequate resources for the SEC to significantly improve its investment adviser oversight program. Specifically:

- Section 991 of the Conference Base Text (HR 4173) calls for complete SEC self-funding;
- Section 7301 of the House-passed Wall Street Reform and Consumer Protection Act of 2009 authorizes a doubling of the SEC's appropriation to \$2,250,000,000 in 2015;
- Section 410 of the Conference Base Text (HR 4173) increases the threshold for advisers to register with the SEC to \$100 million. It is estimated that some 4,000 advisers – more than one-third of those currently registered with the SEC – will become state-registered advisers, dramatically freeing up resources for SEC oversight.

The financial services reform legislation rightly provides for a dramatic increase in resources devoted to SEC oversight. FPA strongly supports those efforts and a stronger oversight program for advisers. But we urge you to increase SEC resources without singling out investment advisers for an unfair and unnecessary fee.

Thank you for your consideration. If you have any questions, or if FPA can provide additional information, please contact me at 202-449-6343, or dan.barry@fpanet.org.

Very truly yours,



Daniel J. Barry
Director of Government Relations

cc. The Conferees for H.R. 4173