

April 27, 2009

Dear Colleague:

The Financial Planning Coalition is pleased to provide you with a further update on its efforts to advance a strategy to establish regulatory recognition of the financial planning profession.

There is a great deal of discussion among policymakers about establishing a “universal standard” of care for broker-dealers and investment advisers in their dealings with clients. FINRA is also making a case to establish itself as a self-regulatory organization to oversee investment advisers. None of these nor other reform proposals adequately address one of the most serious concerns of financial planners – the large number of practitioners holding themselves out as providing financial advice without having met the competency or ethical standards needed to protect consumers.

The Coalition’s proposal will serve as an alternative, in keeping with the best interests of consumers and your profession. While we are still refining implementation details, we wish to share the broad concepts of the proposal. It would:

- Establish a professional standards-setting oversight board that would be subject to SEC authority and oversight;
- Require individuals (not firms) who provide financial planning advice to individuals or families, or who hold themselves out as a financial planner or advisor (or similar title), to be subject to the board’s oversight;
- Direct the board to establish standards of training, experience and competence in consultation with the financial planning profession and subject to SEC review and approval;
- Direct the board to establish rules to promote the delivery of financial planning advice at a bona fide fiduciary standard of care;
- Direct the board to grant reasonable industry exemptions from oversight for otherwise regulated persons similar to those exempted under the Advisers Act to avoid overlapping regulation; and
- Authorize the board to enforce its rules and standards in cooperation with other financial services authorities.

The Coalition is meeting with policy makers in Congress and the SEC and with consumer and industry organizations to discuss our goals and our conceptual proposal and to seek input as we work to further refine the details.

We know, through years of discussions, surveys and our most recent feedback from our stakeholders and members that there is strong agreement in support of the goals of this legislative agenda:

- To recognize and regulate financial planning as a profession;
- To establish baseline standards of competency and enforce a fiduciary standard of care for the delivery of financial planning services; and
- To enable the public to easily identify qualified and ethical financial planners who are subject to professional standards.

We understand that there will be much discussion and concern about who would fill the oversight role for the profession. The Coalition believes that FINRA, which is often mentioned as a possible self-regulatory organization for financial advisers, would be ill suited and wholly unqualified to oversee financial planners. While FINRA has oversight experience, it is a rules-based regulator of securities broker-dealers and transactions, enforcing a suitability standard of care. It does not have the experience, expertise or understanding required to exercise the principles-based oversight appropriate for a profession that provides comprehensive financial advice under a fiduciary standard of care. Moreover, FINRA, as a membership organization for the broker dealer community and as an historical opponent of the fiduciary standard, has an inherent conflict of interest to serve in this role. For these reasons, the Coalition's proposal would preclude FINRA from consideration as the oversight body for financial planners.

While authority to recognize the appropriate oversight body for financial planners would be left to the SEC, the Coalition believes that, given CFP Board's understanding of the profession, its experience in certification and standard setting and its enforcement of the fiduciary standard of care, CFP Board would be well positioned to take a leadership role in establishing a professional oversight board for the regulation of financial planners. CFP Board fully embraces the fiduciary standard of care and is currently enforcing this principles-based standard for the more than 59,000 financial planners who hold the CFP® certification.

Establishing a regulatory oversight framework for financial planning will be unquestionably challenging, given the powerful special interest groups likely to oppose components of our proposal. Given the political challenges we will face, we will need your help. Over the coming weeks and months, we will provide you with additional information, as well as specific directions and tools for contacting legislators as we work to incorporate the Coalition's proposal into the broader regulatory reform package. For further information at this time, please see our Case Statement (www.CFP.net/downloads/Coalition_Case_Statement_2009-04.pdf), which articulates the problem with the current outdated patchwork of regulation and identifies the benefits to the public of functional oversight of financial planners.

We welcome and value your input as we continue to work to achieve recognition of the financial planning profession.

Signed,

Marilyn Capelli Dimitroff, CFP®
2009 Chair
CFP Board

Richard Salmen, CFP®, CFA®,
CTFA, EA
2009 President
FPA

Diahann W. Lassus,
CFP®, CPA/PFS
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NAPFA

Kevin R. Keller
Chief Executive Officer
CFP Board

Marvin W. Tuttle, Jr.
Executive Director/CEO
FPA

Ellen Turf
Chief Executive Officer
NAPFA