



PRESS CONTACTS:

Dan Drummond
CFP Board
202.379.2252
ddrummond@cfpboard.org

Lynn Brackpool
FPA
303.867.7173
Lynn.Brackpool@fpanet.org

Ben Lewis
NAPFA
301.963-7555
Benjamin.Lewis@perceptiononline.com

Financial Planning Coalition Asks SEC to Require Fiduciary Standard of Care to Protect Retail Customers

Coalition Responds to SEC Call for Comment on Important Provision of Wall Street Reform Law

Washington, D.C. – August 31, 2010 – The Financial Planning Coalition, in a letter to the Securities and Exchange Commission (SEC), is asking that the fiduciary standard of care—a key investor protection for all Americans who are investing for college, retirement and other needs—be extended to broker-dealers and other financial professionals who provide personalized investment advice to retail customers. The full text of the Coalition letter can be found [here](#).

“The Financial Planning Coalition believes that establishing a uniform fiduciary standard of care, consistent with the standard currently applied to investment advisers under the Investment Adviser Act of 1940, for all financial professionals who provide personalized investment advice to retail customers, whether those financial professionals are associated with broker-dealers or investment advisers, is among the most important investor protection initiative that the Commission could undertake,” stated the members of the Coalition (Certified Financial Planner Board of Standards, Inc. (CFP Board), Financial Planning Association® (FPA®), National Association of Personal Financial Advisors (NAPFA)).

Key points from the Coalition letter to the SEC include:

- The current standard of care for the provision of personalized investment advice by broker dealers is ineffective;
- There is a significant legal and regulatory gap in that broker-dealers can provide the same service as investment advisers at a lower standard of care;
- The SEC’s findings and recommendations should show that it is “necessary or appropriate in the public interest and for the protection of the retail customers” to establish a fiduciary standard of care for the delivery of personalized investment advice by broker-dealers;
- The SEC should exercise its permissive authority to extend the fiduciary standard to broker-dealers; and
- The SEC should establish the fiduciary standard in a manner that is true to the statutory language—that it is the same as the standard of conduct applicable to investment advisers under the Advisers Act.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) gave the SEC the authority, following a six-month study, to extend the fiduciary standard of care to brokers or dealers who give personalized investment advice to retail customers. The fiduciary standard of care would require broker-dealers to act in the best interest of their clients, which is a higher standard than the suitability standard to which they are currently held.



The Coalition's letter is in response to the SEC's 30-day comment period, which closes on August 30, on its "Study Regarding Obligations of Brokers, Dealers and Investment Advisers." The Coalition represents over 75,000 stakeholders who, as a CERTIFIED FINANCIAL PLANNER™ professional or through their membership in FPA or NAPFA, have voluntarily embraced fiduciary accountability. The Coalition was actively involved in the legislative process that led to the adoption of the Dodd-Frank Act.

The main theme of the letter is that a fiduciary standard of care is needed now to protect retail customers, with the Coalition noting that "the current regulatory structure is ineffective because retail customers of a broker-dealer do not receive protection in situations in which an investment adviser's retail customers would be protected."

"There are significant gaps between the current standards of care applicable to broker-dealers and investment advisers, and those gaps harm retail customers," the Coalition stated.

The Coalition noted that retail customers' access to advice will not be restricted. Rather, a fiduciary standard of care will provide greater protection and certainty that their best interests' are being served.

"The higher standard of care simply has not proven to be a barrier to retail customers obtaining investment advice from investment advisers, in rapidly increasing numbers," the letter states. "Nor do we believe there is any evidence that a fiduciary standard of care would have a disproportionate impact on smaller investors—even under the existing suitability standard of care, those investors at broker-dealers already are relegated to online or call-center channels in which they receive limited if any personalized investment advice."

About the Financial Planning Coalition: The Financial Planning Coalition is a collaboration of CFP Board, FPA®, and NAPFA to advise legislators and regulators on how to best protect consumers by ensuring financial planning services are delivered with fiduciary accountability and transparency.

To learn more, please visit www.financialplanningcoalition.com.

###