



Consumer Federation of America

Fund Democracy



CERTIFIED FINANCIAL PLANNER

BOARD OF STANDARDS, INC.

INVESTMENT ADVISER
ASSOCIATION



Groups Urge Senate Banking Committee to Protect Investors by Adopting a Strong, Pro-Investor Fiduciary Duty for All Who Provide Investment Advice
Counter Myths Being Circulated by Those Seeking to Weaken the Standard

Washington, January 11, 2010 – Seven organizations – representing state securities regulators, investors, and members of the investment adviser and financial planning professions – have written to members of the Senate Committee on Banking, Housing, and Urban Affairs expressing strong support for an investor protection provision in the Senate’s draft regulatory reform bill that would require all those who offer investment advice to be held to the highest standard of care to their clients – the Investment Advisers Act fiduciary duty.

In a joint letter to Chairman Christopher Dodd (D-Conn.) and Ranking Member Richard Shelby (R-Ala.) of the Committee on Banking, Housing, and Urban Affairs, the organizations urged the Senate to resist industry efforts to cripple critical consumer protections provided by the “Restoring American Financial Stability Act of 2009” (RAFSA). The joint letter was accompanied by a “myths-facts” sheet that rebuts arguments and misinformation about the Senate regulatory reform bill’s fiduciary requirement for investment advice.

Signing on to the letter were: the Consumer Federation of America, the North American Securities Administrators Association, Fund Democracy, the Investment Adviser Association, Certified Financial Planner Board of Standards, Inc., the Financial Planning Association and the National Association of Personal Financial Advisors.

In particular, the organizations noted that Section 913 of RAFSA accomplishes the goal of providing benefits to investors by imposing a fiduciary duty on all providers of investment advice “in a straightforward and sensible fashion by eliminating the broker-dealer exclusion from the (Investment Advisers) Act.” The broker-dealer exemption allows brokers to avoid registering as advisers if the advice they provide to clients is “solely incidental” to selling securities.

“For too long, brokers have been free to market themselves as trusted advisers and offer extensive advisory services without having to meet the fiduciary standard appropriate to that role,” the organizations said. The draft bill “eliminates the legislative loophole that has allowed this dual standard to persist.”

“Unfortunately, some in the industry who have for years actively marketed themselves to investors as trusted advisers are resisting regulation as advisers,” they added.

Investors will only benefit from the fiduciary provision of the Senate draft bill “if Congress resists efforts to scale back and water down critical protections provided by the legislation, efforts that have been advanced through a campaign of misinformation and mischaracterization. We urge you to stand up for investors by standing up to those who would undermine these important investor protections,” they concluded.

Please access the Consumer Federation of America’s Web site for copies of the [joint letter](#) and [myths-facts sheet](#).

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