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Consumer, Industry Organizations Outline New Framework for Ending Stalemate on Uniform Fiduciary Standard

In New Effort to Address Brokerage Industry Concerns, Groups Define Middle Ground for SEC to Move Forward on Rulemaking

Washington, D.C., March 29, 2012 – Seven leading consumer and industry organizations supporting a uniform fiduciary duty yesterday provided the Securities and Exchange Commission (SEC) with a roadmap for resolving the debate about how to create a rule that will protect investors and ensure confidence in the capital markets.

In the spirit of moving the currently deadlocked process forward, the compromise framework uses a July 2011 letter from SIFMA as a starting point with the organizations represented in the letter to the SEC finding common ground with many of their positions and suggesting a path forward where there is disagreement. The organizations represented in the letter are the Consumer Federation of America, Fund Democracy, AARP, Certified Financial Planner Board of Standards, Inc., Financial Planning Association, Investment Adviser Association, and the National Association of Personal Financial Advisors.

Creation of a uniform fiduciary duty rule would accomplish the goal outlined the SEC's January 2011 Section 913 study, which recommended the adoption of parallel rules imposing a uniform fiduciary duty on broker-dealers and investment advisers. The Section 913 study was a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

"We appreciate SIFMA's support for a uniform fiduciary standard," wrote the signatories to the letter. "We share their belief that it is possible to develop a regulatory structure for the uniform fiduciary standard of duty that ensures both that investors are protected and that they are able to access the financial services they want and need to achieve their investment goals."

A copy of the 16-page framework letter can be found here: http://www.consumerfed.org/pdfs/SIFMA-FrameworkResponse3-29-12.pdf. Comments from the individual organizations' signatories are below.

Barbara Roper, director of investor protection, Consumer Federation of America:
"As markets become increasingly tumultuous and financial products become increasingly complex, investors desperately need advice they can rely on to help them achieve their investment goals. The most important thing the SEC can do to support that outcome is to move forward on a rule requiring brokers to act in their customers best interests when providing personalized investment advice and recommendations. Our letter is intended to help the SEC identify a way forward on rulemaking that can win broad investor and industry support, improve investor protections, and preserve investor choice."

Mercer Bullard, founder and president, Fund Democracy:
"Investors should be able to depend on the legal protection they rightfully expect, which for personalized financial advice is the fiduciary standard -- regardless of the regulatory moniker assumed by the adviser. This letter cuts through the rhetoric of "accommodating industry practices" in setting

forth a workable standard that focuses on the rights of investors whose interests financial professionals claim to serve."

Joyce A. Rogers, senior vice president, AARP Government Affairs:
"Establishing a uniform fiduciary duty for brokers and investment advisers when they give personalized investment advice is of critical importance to older Americans who, with a lifetime of savings and investments, have more to lose and less time to recoup their losses when they receive poor advice. They also are disproportionately represented among the victims of securities fraud and are deserving of the protection that a fiduciary duty to them would provide."

Kevin Keller, chief executive officer, CFP Board of Standards:
"In a recent consumer survey conducted by CFP Board, we found that 67% of Americans believe that the government has a role in protecting investors from fraud and abuse. Establishing a uniform fiduciary standard for broker-dealers is an essential step towards providing that protection. CFP® professionals have successfully delivered financial planning services, using a variety of business and compensation models, under a fiduciary standard of conduct so we know it can be done. We join with other public interest, consumer and industry groups to offer the SEC a practical, common sense, framework for a fiduciary rule that works for both consumers and financial service professionals."

Marvin W. Tuttle, Jr., CAE, executive director and CEO of the Financial Planning Association:
"We believe that adopting a true fiduciary standard ensures that clients are receiving personalized investment advice that is in their best interests, regardless of an adviser's compensation or compelling interests. This letter provides a framework for the SEC to structure a fiduciary standard that truly balances the needs of retail customers with the business practices of investment professionals."

David Tittsworth, executive director of the Investment Adviser Association:
"The Advisers Act fiduciary duty serves as a bedrock principle of investor protection and the IAA has long-supported its application to those who provide personalized investment advice about securities to retail clients. The duty is well-established and has been consistently interpreted by the courts and SEC for decades. It is incumbent upon the SEC to not weaken it or otherwise dilute its investor protection benefits."

Ellen Turf, chief executive officer, National Association of Personal Financial Advisors:
"A strong fiduciary standard for anyone offering investment advice to the public will ensure the best interests of the client are front of mind at all times. A fiduciary standard is not only what you say to a client, but also how you act on their behalf. This letter provides the SEC with a practical roadmap it can use to implement a single standard of care that will protect investors while restoring trust in the markets and in the advice the public receives."

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