

**INVESTMENT ADVISER**  
ASSOCIATION

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**IAA STATEMENT ON  
ADMINISTRATION'S REGULATORY REFORM PLAN**

Washington, D.C. – June 17, 2009: David Tittsworth, Executive Director of the Investment Adviser Association, today issued the following statement on the financial reform plan released by the Obama Administration today:

“We commend the Obama Administration for its thoughtful and far-reaching financial reform plan. We are particularly encouraged with the proposal’s discussion of issues directly relating to investment advisers. We applaud the Administration’s specific recommendation to raise the standard of care for broker-dealers when providing advice about securities to the fiduciary standard applicable to investment advisers. We also commend the Administration’s proposal that would require hedge fund managers to register with the SEC under the Investment Advisers Act, which is consistent with our longstanding position.

“We look forward to working with Members of Congress, the Administration, and others as the legislative process moves forward during the coming weeks.”

The specific recommendations relating to investment advisers are set forth on pages 71-72 of the Administration’s plan. In addition to recommending the extension of the fiduciary duty standard to broker-dealers who provide investment advice, the plan also recommends providing simple and clear disclosure to investors regarding key aspects of their relationships with investment professionals, prohibiting conflicts of interest and sales practices that are contrary to the interests of investors, and consideration of giving the SEC authority to prohibit mandatory arbitration clauses in advisory accounts with retail customers.

In its March 26, 2009 testimony before the Senate Banking Committee ([http://www.investmentadviser.org/eweb/docs/Publications\\_News/Comments\\_and\\_Statements/Current\\_Comments\\_Statements/Testimony\\_032609.pdf](http://www.investmentadviser.org/eweb/docs/Publications_News/Comments_and_Statements/Current_Comments_Statements/Testimony_032609.pdf)), the IAA supported extension of the fiduciary standard to broker-dealers who provide investment advice. The IAA also reiterated its support for giving the SEC adequate resources to oversee the investment advisory profession, while opposing suggestions to establish a self-regulatory organization for investment advisers.

The Investment Adviser Association is a not-for-profit organization that represents the interests of SEC-registered investment advisory firms. Founded in 1937, its membership today consists of more than 450 firms that collectively manage in excess of \$7 trillion in assets for a wide variety of individual and institutional investors. For more information, please visit [www.investmentadviser.org](http://www.investmentadviser.org).

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