

**NEWS RELEASE**

**Tuesday, April 16, 2013**

**SEC Chairman Mary Jo White's First Investor Protection Question:  
FINO or the Authentic Fiduciary Standard?**

**Vanguard Founder John C. Bogle:**  
"We must get the issue of fiduciary duty absolutely right."

Washington DC – The Institute for the Fiduciary Standard today released a paper and op-ed that concluded the SEC's March 1 release on the uniform fiduciary standard badly missed the mark on fiduciary duties. (See the Institute website at [www.thefiduciaryinstitute.org](http://www.thefiduciaryinstitute.org).)

**Knut A. Rostad**, president of the Institute, said "The assumptions in the SEC Release, if adopted in rule making, would effectively remove fiduciary duties for brokers and advisers giving investment advice to retail investors. The uniform fiduciary standard would be FINO: fiduciary in name only."

"This would mean brokers and advisers would be permitted to put their own interests first, before their clients, freely provide conflicted advice, not disclose these conflicts and charge hefty fees and expenses without making sure investors were completely aware of what these products and services cost them."

Rostad said, "The Chairman has an opportunity to kick off her leadership at the SEC with a strong signal on investor protection. She can reject the March 1 SEC advisory release assumptions that effectively remove fiduciary duties for brokers. Dodd Frank provides ample grounds for Chairman White to do so."

The paper noted that the law requires a standard "no less stringent than the standard applicable to investment advisers under the second 206 (1) and 206 (2) of the Advisers Act." Further, the SEC Release explicitly notes these assumptions may not represent the views of the SEC.

**John C. Bogle**, Vanguard founder, endorsed the thrust of Knut Rostad's op-ed regarding SEC Chairman Mary Jo White and the March 1 SEC release. "This SEC Release is important, and we must get the issue of fiduciary duty absolutely right. I have long called for a federal standard of fiduciary duty that requires not only registered investment advisers, but also brokers and institutional money managers providing investment advice to act solely as fiduciaries. Investors deserve a fair shake."

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