

NEWS RELEASE

Tuesday, May 13, 2014

Fiduciary Institute to Craft Fiduciary Best Practices That Investors Want

*Investor Distrust Linked to Opaqueness, Conflicts,
and Unclear Communications, Esp. on Fees, Expenses;
Highlights Opportunity for Fiduciary Advisors*

Washington DC, May 13 -- The Institute for the Fiduciary Standard today announced the formation of a Best Practices Board to craft fiduciary best practices for investment and financial advisors.

Institute president, Knut A. Rostad, stated, "Investors feel bruised from the financial crisis. They've seen Wall Street bad behavior and bonuses appear to go hand in hand, opaqueness as the rule of thumb, and fiduciary rulemaking stalled. The upshot: while the market is near all time highs, investor trust is lower than ever."

Rostad continued, "*Distrust* plagues the industry. Research suggests many investors are so skeptical they believe advisors who do what investors want – avoid conflicts and mitigate unavoidable conflicts; keep fees and expenses reasonable; and are transparent, clear, truthful and honest – do not even exist. This should alarm fiduciary advisors. By certifying advisors in best practices, the Institute seeks to show investors what certified fiduciary advisors do, and that fiduciary advice is accessible and can be invaluable."

The Institute released a whitepaper, "Fiduciary Advisors Must Uphold and Advocate for Best Practices," (See at thefiduciaryinstitute.org.) that sets out why a best practices initiative is needed.

Best Practices Board Advised by Bogle, Frankel and Council of Advisors

Institute advisors, Vanguard Founder John C. (Jack) Bogle and Boston University School of Law professor Tamar Frankel will also advise the Best Practices Board and lead a Council of Advisors, to be formed this summer. Council members will offer insights on best practices and professionalism. Best Practices Board members are recognized and respected industry practitioners:

Clark Blackman, CFA, CPA/PFS, AIF, Alpha Wealth Strategies
Christopher W. Cannon, CFA, Firsttrust
Gregory Curtis, Greycourt & Co, Inc.
Rick A. Ferri, CFA, Portfolio Solutions
William C. Prewitt, M.S., CFP® Charleston Financial Advisors, LLC
Knut A. Rostad, MBA, AIF, Institute for the Fiduciary Standard

Best Practices to Reflect “The Highest Standard Under the Law”

The fiduciary standard has been called “the highest standard under the law.” The best practices will incorporate broad fiduciary duties in accordance with common law, statute, regulatory opinions, and the Advisers Act of 1940. The best practices will also reflect the high aspirations for the fiduciary standard expressed in the landmark Supreme Court decision, *SEC vs Capital Gains Research*. The starting point for the Best Practices Board deliberations is the Institute’s paper, *Six Core Fiduciary Duties for Financial Advisors*.

The Best Practices Board seeks to complete its work by year’s end, and will put the best practices out for public comment. The best practices will be followed by plans to accredit and validate practitioners who meet them.

Institute for the Fiduciary Standard

The Institute for the Fiduciary Standard is a non-profit organization formed in Virginia to benefit investors and society by advancing fiduciary principles through research, education and advocacy. For more information: www.thefiduciaryinstitute.org.

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