

NEWS BACKGROUNDER

September 2015

Best Practices Board, NAPFA, Council of Advisors, Hamburger Lead Best Practices Initiative

Washington DC -- The Institute for the Fiduciary Standard announced the ‘Best Practices’ initiative in May 2014, and then released two whitepapers, two drafts of ‘Best Practices’ and the appointment of a Council of Advisors and General Council to assist the Best Practices Board, and a new alliance with the National Association of Personal Financial Advisors (NAPFA) to help advance best practices.

Institute president, Knut A. Rostad, stated "The ‘Best Practices’ initiative has struck a chord among many leaders in the industry. The time is right for fiduciary advisers to restate in the clearest possible terms in the public square what ‘Best Practices’ mean and why they matter to investors."

The Institute whitepaper, “Key Principles for Fiduciary Best Practices and An Emerging Profession,” sets out the principles on which ‘Best Practices’ are based and how they sharply differ from the principles on which brokerage sales practices are based. These are not “differences” of nuance or differences of degree. They are fundamentally opposing views on the very foundation of the Advisers Act of 1940, and views on fiduciary principles expressed by the most respected economic thinkers and jurists of our time, from Adam Smith to Justice Harland Fiske Stone.”

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

Vanguard Founder John C. (Jack) Bogle and Boston University School of Law professor Tamar Frankel have advised the Best Practices Board and lead a Council of Advisors. Council members have offered insights on best practices and professionalism.

The Council of Advisors is comprised of professional recognized in their fields and includes: Steven G. Blum, Deborah S. Bosley, Robert G. Kennedy, Woodrow W. Leake, and Edward J. Waitzer.

NAPFA joins Institute for the Fiduciary Standard to Advance Fiduciary Advisers Best Practices

The Institute for the Fiduciary Standard has partnered with the National Association of Personal Financial Advisors (NAPFA) to advance Best Practices.

Rostad noted, “NAPFA is the industry’s most prominent membership organization singularly focused on fee-only fiduciary advice. NAPFA’s active participation, along with the participation of other groups, is important.”

As Geoffrey Brown, NAPFA CEO, stated “Our strategic partnership with the Institute of the Fiduciary Standard is consistent with NAPFA’s goal of advancing fiduciary principles. We are pleased to combine our outreach efforts and thought leadership, to advance our shared aim of establishing fiduciary best practices. Our partnership represents one of the necessary step towards closing current gaps in consumer protection and education. “

Brian Hamburger, CEO of Market Counsel, Serves General Counsel to Best Practices Board

“The Institute welcomed Brian Hamburger, CEO of Market Counsel, to serve the Best Practices Board as General Counsel. Hamburger is widely respected as a SEC compliance expert and relentless champion of independent fiduciary advisers,” Rostad said.

Hamburger said, “It is an honor to serve as General Counsel to this esteemed board. The Best Practices Board has an ambitious goal in advancing the profession of investment advice. While so many firms focus on regulatory compliance as a minimum threshold, I know that best firms want standards to aspire to.”

Best Practices Board

The Best Practices Board members are recognized and respected industry practitioners:

Clark Blackman, CFA, CPA/PFS, AIF, Alpha Wealth Strategies
Bryan D. Beatty, CFP®, AIF®, Egan, Berger & Weiner LLC
Christopher W. Cannon, CFA, Firstrust
William C. Prewitt, M.S., CFP® Charleston Financial Advisors, LLC
Knut A. Rostad, MBA, AIF®, Institute for the Fiduciary Standard

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

The fiduciary standard has been called “the highest standard under the law.” The best practices incorporate broad fiduciary duties in accordance with common law, statute, regulatory opinions, and the Advisers Act of 1940. The best practices 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*.

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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