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SEC Commissioner, 2008-2015

Broker/Advisor “Titles”: Potential Rulemaking at the SEC  
Wednesday, September 6, 4:15pm ET

A Fiduciary September 2017 Event



# Advice-Givers Should Stay True to the Fiduciary Framework<sup>1</sup>

- Many broker-dealers aggressively market themselves as “financial advisers,” which exacerbates investor confusion.
- The issue arises when you cannot distinguish one advisor from another, yet one is a fiduciary acting in the client’s best interest and the other has no such obligation.
- Beyond the confusion, brokers who provide personalized investment advice are being permitted to end-run the Advisers Act and its higher fiduciary standard of care.

# Financial Regulatory Reform: The SEC Moving Forward<sup>2</sup>

- The SEC should move away from a two-tier market with different client obligations.
- It should move toward a uniform fiduciary standard of care for all those who provide investment advice, no matter the title on an individual's business card.
- Investors already believe their interest is being put first when they receive advice. The SEC should make that a reality.

# A Shared Responsibility: Preserving the Fiduciary Standard<sup>3</sup>

- One simply cannot be 3/4ths of a fiduciary. There is only **one** fiduciary standard, and it means having an obligation to act in the best interest of client and to put their interests above one's own.
- 2009 White Paper on Financial Regulatory Reform by the Obama Administration explicitly called for a uniform standard, but lobbyists kept the requirement out of Dodd-Frank.
- The SEC has the authority to act by rulemaking – and it should.

<sup>1</sup> Protecting Investors by Requiring that Advice-Givers Stay True to the Fiduciary Framework <https://www.sec.gov/news/speech/2010/spch042910laa.htm>

<sup>2</sup> Financial Regulatory Reform: The SEC Moving Forward <https://www.sec.gov/news/speech/2010/spch092110laa.htm>

<sup>3</sup> A Shared Responsibility: Preserving the Fiduciary Standard <https://www.sec.gov/news/speech/2010/spch032610laa.htm>