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### **fi360 Statement Regarding SEC Study on Investment Advisers and Broker-Dealers**

Fi360 applauds the comprehensive work and analysis undertaken by the Securities and Exchange Commission staff in reaching the conclusion that a strong fiduciary standard, built upon centuries of case law in practical application, is paramount to protecting the \$13 trillion in investable assets owned by Americans today.

We are pleasantly surprised and heartened by the strength of the report's analysis. In particular, we are very pleased with the repeated emphasis that a common fiduciary standard for brokers and investment advisers should be no less stringent than the standard that currently applies to investment advisers. The numerous references to the twin duties of loyalty and care as a basic framework for any rulemaking are an encouraging sign that the SEC recognizes the special responsibility entrusted to a fiduciary.

The report also appears to reject one point of contention, that simple written disclosure is sufficient to mitigate the corrosive influence of conflicts of interest. The report recognizes that the fiduciary duties of loyalty and care are compromised when conflicts are permitted to be disclosed away at the outset.

The argument of Wall Street lobbyists has been that what is good for the industry will be good for investors. The SEC report rejects that line of thinking and asserts that the regulation of financial advisors requires investors' interests to be served first rather than treated as by-products of the standard of care. Of course, this SEC report is only the beginning of the end of a long and contentious debate over standards of care for advice-givers. Much more needs to be done in seeking clarity and full support of the Commission in supporting the study's recommendations and in adopting a strong fiduciary standard of care. There is much room for mischief as the focus of the debate shifts in the near future to rulemaking, and there is no question that special interests will attempt to stall and water down the proposed uniform fiduciary standard of care.

That said, this last week truly has been a historic and groundbreaking period of time in the financial services industry, marked by a solid study that clearly embraces fiduciary principles and practices. We at fi360 strongly urge the Commission to adopt a uniform fiduciary standard based on the study's well-reasoned recommendations. We believe strong adherence to the basic tenets of this report would unquestionably enhance investor protection, harmonize the regulation of advice, and codify the higher, more

consistent fiduciary standard of conduct that so many financial advisors aspire for their profession to achieve.

### **About fi360**

Fi360 offers a comprehensive approach to investment fiduciary education, practice management and support that has established them as the go-to source for investment fiduciary insights. With substantiated Practices as the foundation, fi360 offers world-class fiduciary Training/Education, [Tools](#) and [Resources](#) that are essential for fiduciaries and those who provide services to fiduciaries to effectively and successfully manage their roles and responsibilities. Fi360 assists those who rely on their fiduciary education programs, professional [AIF® and AIFA® designations](#), Web-based analytical and reporting software and resources to achieve success. For more information about fi360, please visit [www.fi360.com](http://www.fi360.com) or Twitter: [@fiduciary360](https://twitter.com/fiduciary360).

For more information and commentary on the SEC's study, visit the fi360 blog: [http://blog.fi360.com/fi360\\_blog/2011/01/fi360-comments-on-the-sec-fiduciary-study.html](http://blog.fi360.com/fi360_blog/2011/01/fi360-comments-on-the-sec-fiduciary-study.html)