

# The Promise and Prospect of a new Fiduciary Environment

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&

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# Topics

- Proposals for a “fiduciary” standard
- Proposals for regulatory oversight
- Strengths and weaknesses of current proposals
- Characteristics of ideal regulatory structure
- What would be different for investors and advisers under the fiduciary standard
- Your questions

# Proposals for a “Fiduciary” Standard

- SIFMA: universal standard of care
- FINRA and others: “fiduciary” standard coupled with suitability standard
- SEC Commissioner Aguilar: the fiduciary standard

# Proposals for Investment Adviser Oversight

- SRO Oversight
  - FINRA
  - Financial Planning Coalition
  - Another SRO?
- SEC Oversight
- State Oversight

# Strengths and Weaknesses of Current Proposals

- Watered-down Hybrid Standard vs. Established Fiduciary Standard
- Regulatory Capture vs. Effective Independent Oversight
- Burden of Knowledge falls to the Investor vs. the Professional

# Characteristics of an Ideal Regulator

- Clearly defined goals and priorities with investor protection as the central mission
- Comprehensive scope, covering all areas of risk
- Minimal overlap with other the missions and jurisdictions of other regulators
- Consistent standard of care requirements for all financial service providers who interact with investors
- Independence, authority and accountability

# What would be different?

- Professional level of accountability: loyalty, due care, utmost good faith
- Consistent emphasis on managing portfolios, not transactions (long term investing)
- Conflict-free compensation systems that include clients in the definition of “success”
- Greater emphasis on developing investment expertise and ethical awareness
- Development of investment products that are competitive on their merits as investments, rather than on their ability to be sold
- Provide legitimacy to “trustworthy adviser”

# Follow up

- Download fi360's letter to Chairman Schapiro from [www.fi360.com/resources](http://www.fi360.com/resources) under "Advocacy" and send your own letter supporting Aguilar to the SEC Commissioners and your elected representatives.
- A recording of the session will be available in the Webinar archive: [www.fi360.com/webinars](http://www.fi360.com/webinars)
- Report attendance at June 2 Webinar for one hour of CE for your AIF or AIFA designation on your next designation renewal form.
- Visit the fi360 blog to continue the dialogue: [www.blog.fi360.com](http://www.blog.fi360.com)
- Email [resources@fi360.com](mailto:resources@fi360.com) for any follow up questions



# Upcoming fi360 Events

- The next Resources Webinar is tentatively scheduled for the first week of September, check back to [www.fi360.com/webinars](http://www.fi360.com/webinars) for more information
- Visit [www.fi360.com/tools](http://www.fi360.com/tools) for regular fi360 Toolkit demonstration webinars
- We have upcoming AIF and AIFA training programs in San Francisco this July, visit [www.fi360.com/training](http://www.fi360.com/training) for the full training schedule
- Stay tuned for a new product launch, the *Fiduciary Essentials for Investment Stewards* training program
- Remember, you now can follow fi360 on [Twitter](#), [LinkedIn](#) and on the [fi360 Blog!](#)



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Blaine Aikin is the Chief Executive Officer of fi360. Fi360 is a national and international leader in the field of investment fiduciary responsibility, providing training, Web-based analytical tools, and resources for those who manage money on behalf of others. He is the author of numerous articles on the subjects of fiduciary responsibility and investment management, and the author of the monthly Fiduciary Corner column in InvestmentNews magazine.

Blaine received his Master of Public Management and Policy degree from the Heinz School of Carnegie-Mellon University. Upon graduation from CMU, he was selected for the prestigious Presidential Management Intern Program which involved management assignments in the U.S. Department of Treasury and the U.S. Senate. He subsequently served as Budget Officer for Prince William County, Virginia. Blaine then entered the private sector in professional financial management. He earned the Certified Financial Planner (CFP) and Chartered Financial Analyst (CFA) designations and served as a principal and Chief Investment Officer of Allegiance Financial Advisors. After providing contract training and consulting services for PNC Financial Services Group, Blaine became a Senior Vice President and Director of Product Development and Management for PNC Advisors. For several years, he also served as an adjunct faculty member of the College for Financial Planning; providing instruction in investment planning and other subjects leading to the Certified Financial Planner designation.



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Kristina's primary role is to research, write, speak and otherwise represent fi360 on legislative and regulatory developments impacting investment fiduciaries. She also provides subject matter expertise to the fiduciary professional designation courses and software tools developed by fi360, acts as legal liaison to outside counsel and serves in a compliance role in the organization.

Prior to joining fi360, Kristina served for over four years as a Special Counsel in the Office of Chief Counsel of the Division of Trading and Markets at the U.S. Securities and Exchange Commission and specialized in broker-dealer regulation. Prior to that, she was an associate with Troutman Sanders LLP in its Washington, D.C. office for two years and specialized in federal energy regulation. Kristina earned her J.D., cum laude, at Georgetown University Law Center, her MBA at Georgetown University's McDonough School of Business, and her B.S.B.A. in Accounting, magna cum laude, at Robert Morris University.