

Committee Applauds SEC Study on Investment Advisers and Broker-Dealers

*The Committee for the Fiduciary Standard
Calls SEC Study “Bold Blueprint” to Develop Uniform Fiduciary
Standard ‘No Less Stringent than Currently Applied To Investment
Advisers’*

Washington DC – January 23, 2011 – The Committee for the Fiduciary Standard released the following statement this morning regarding the SEC’s *Study of Investment Advisers and Broker-Dealers*:

The SEC staff has written an excellent study which reflects a keen understanding of the differences between the suitability and fiduciary standards. It calls for a uniform standard that does not “supplant” the Advisers Act, and explicitly states that “the existing guidance and precedence under the Advisers Act regarding fiduciary duty as developed primarily through Commission interpretive pronouncements ... will continue to apply to investment advisers and be extended to broker-dealers, as applicable, under the uniform fiduciary standard.”

Moreover, the study recommends “a fiduciary standard no less stringent than currently applied to investment advisers under the Advisers Act” and the standard for all brokers, dealers, and investment advisers “when providing personalized investment advice about securities to retail customers... shall be to act in the best interest of the customer without regard to the financial or other interest of the broker, dealer, or investment adviser providing advice.”

This study is a bold blueprint and provides an excellent foundation for the rulemaking to follow, where the standard will be shaped. In particular, the report’s repeated reinforcement of the need to preserve the fundamental fiduciary duties of loyalty and care establish touchstone principles that are central to meaningful reform. The staff are to be commended for their excellent work.

The Committee for the Fiduciary Standard was formed in June 2009 to advocate for the authentic fiduciary standard, as presently established under the Investment Advisers Act of 1940. The Committee’s Steering group members are recognized leaders in the investment profession:

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