

# Five Core Fiduciary Principles Interest SEC Commissioners

## *Details of core fiduciary principles and differences between fiduciary and 'arm's length' standards discussed*

Washington, DC – August 3, 2009 – The Committee for the Fiduciary Standard, a group of investment industry leaders, took their fiduciary message to Washington on July 29th. The Committee met with SEC Commissioners, a Treasury official and Congressional staff.

“We felt strong interest from everyone we met. Although no specific commitments were made, our takeaway was that all participants understand and believe in the application of the five core fiduciary principles to any and all who provide (or purport to provide) investment advice,” says Harold Evensky, a member of the Committee and president of Evensky & Katz, a registered investment adviser.

The Committee met with SEC Commissioners Elisse B. Walter and Luis A. Aguilar. During the course of their discussions, the Committee addressed how the five core principles would apply in various circumstances where advice is given to an investor. The Committee also pointed out sharp differences between the fiduciary and arm's length standards. In addition, the Committee briefed an official from the Treasury Department and Congressional staff.

“We saw Washington at its very best. The keen sense of the vital role of the fiduciary standard, and the historic opportunity to ‘do what’s right for investors’ were palpable in our meetings,” says Knut A. Rostad, Chair of the Committee and the Regulatory and Compliance Officer at Rembert Pendleton Jackson, a registered investment adviser.

The five core principles of the fiduciary standard are:

- Put the client’s best interests first;
- Act with prudence; that is, with the skill, care, diligence and good judgment of a professional;
- Do not mislead clients; provide conspicuous, full and fair disclosure of all important facts;
- Avoid conflicts of interest; and
- Fully disclose and fairly manage, in the client’s favor, unavoidable conflicts.

The Committee announced its formation in June for the purpose of working to ensure that any new legislation or rulemaking “meets the authentic fiduciary standard, as presently established in law.” The Committee has:

- Called on Congress to adopt the authentic fiduciary standard in Wall Street reforms and asked that Congress ensure that investors’ best interests are made the number-one priority in new legislation
- Introduced the five core principles of the authentic fiduciary standard
- Urged investors, professionals and all interested market participants to ‘vote’ in support of the five core fiduciary principles by signing the Committee’s online petition
- Been invited by staff members of the House of Representatives Committee on Education and Labor to provide assistance on HR 2989, a Bill intended to introduce fiduciary and fee disclosure requirements for those who give advice to retirement plan participants.

The Committee’s members are recognized leaders in the investment and financial advisor profession:

- Blaine Aikin, fi360
- Clark M. Blackman II, Alpha Wealth Strategies, LLC
- Gene Diederich, Moneta Group
- Harold Evensky, Evensky & Katz
- Sheryl Garrett, Garrett Planning Network
- Roger C. Gibson, Gibson Capital, LLC
- Matthew D. Hutcheson, Independent Pension Fiduciary
- Gregory W. Kasten, Unified Trust Company
- Kate McBride, Wealth Manager
- Fred Reish, Reish, Luftman, Reicher & Cohen
- Ronald W. Roge, R. W. Roge & Company
- Knut A. Rostad, Rembert Pendleton Jackson

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