



VOICE OF INDEPENDENT BROKER-DEALERS  
AND INDEPENDENT FINANCIAL ADVISORS

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**SEC Standard of Care Study Recognizes  
Strengths of Broker-Dealer Regulatory System**

***FSI Comment Letter Cited Numerous Times in Study***

**Atlanta, GA – January 24, 2011** – The Financial Services Institute (FSI) acknowledges the hard work of the Securities and Exchange Commission (SEC) staff given their time and resource constraints to complete the study on standard of care mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

“We were pleased with many of the recommendations that the SEC provided in the Standard of Care Study,” said Dale E. Brown, CAE, president and CEO of FSI. “Given the Study’s proposals, it clearly recognizes the strengths of the broker-dealer regulatory system.”

“The Study acknowledges the importance of investor choice and access to services,” continued Brown. “It proposes a means to reduce the costs associated with the proposed regulatory changes and avoids picking winners and losers thereby leaving the choice of provider to investors. These were major concerns for FSI and we are satisfied to see that the Study addresses them.”

FSI supports the Study’s efforts to provide a roadmap to improved investor protection through a uniform standard of care and harmonized regulatory requirements. The Study also emphasizes the need for regulators to provide broker-dealers and investment advisers with clear guidance on how to comply with the new requirements.

“We urged the SEC to provide this guidance so that firms could control costs and investors would retain access to services,” said Brown. “We were happy to see that the SEC addressed this within the Study and recognized the need to provide broker-dealers with specific guidance concerning their obligations under the uniform fiduciary standard of care.”

Additionally, the SEC responded to FSI’s request for clarification of what it means to provide personalized investment advice about securities.

“Our member firms welcome the clarity the SEC recommended,” continued Brown. “Further, FSI specifically recommended in our comment letter to the SEC that they consider requiring investment adviser representatives to be subject to federal continuing education and licensing requirements. We were pleased to see the SEC recommend this CE requirement within the Study.”

And, lastly, the Study recommended that the Commission should consider whether to modify the Advisers Act books and records requirements, including considering a general requirement to retain all communications and agreements, consistent with the standard applicable to broker-dealers.

“Although this recommendation is more modest than we recommended in our comment letter, we believe it’s a step in the right direction,” said Brown.

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**About the Financial Services Institute (FSI)**

*The Financial Services Institute (FSI) is an advocacy organization for the financial services industry – the only one of its kind – FSI is the voice of independent broker-dealers and independent financial advisors in Washington, D.C. Established in January 2004, FSI's mission is to create a healthier regulatory environment for their members through aggressive and effective advocacy, education and public awareness. FSI represents more than 120 independent broker-dealers and more than 15,000 independent financial advisors, reaching more than 15 million households. FSI is headquartered in Atlanta, GA with an office in Washington, D.C. For more information, visit [financialservices.org](http://financialservices.org) or follow us at <http://twitter.com/fsidalebrown>.*