

FSI Statement on Introduction of Senate Regulatory Reform Legislation

Washington, D.C. - - March 15, 2010 - - The Financial Services Institute (FSI) applauds the inclusion of language proposed by Senators Tim Johnson (D-SD) and Michael Crapo (R-ID) in the Restoring American Financial Stability Act of 2010 directing the Securities and Exchange Commission (SEC) to study and then promulgate rules on important investor protection issues. Protecting investors is the highest priority of regulatory reform and FSI believes the Johnson-Crapo proposal will ensure that gaps in oversight are closed. Harmonization of broker-dealer and investment adviser oversight should also include elimination of costly duplication and overlap of regulation that undermines investor protection.

"This provision is a reasonable compromise that will ensure that the interests of all stakeholders in this debate, but most importantly the interests of small investors, are carefully considered before final rules are implemented," said Dale E. Brown, President & CEO of FSI. "As the delivery of financial advice, products and services has evolved in the seven decades since Congress first passed laws governing securities sales and investment advice, the regulatory lines have blurred and are not sufficient to protect investors. The SEC study will provide valuable insight because there is no clear consensus in the current debate on the best way to redraw the lines."

The SEC study language directs the SEC to examine all the issues surrounding harmonization of broker-dealer and investment adviser oversight. The purpose of the study is to determine the appropriate obligations of brokers, dealers, investment advisers, and their associated persons relating to the provision of personalized investment advice about securities sales to retail customers. The SEC would be required to report the results of the study to Congress within twelve months of the passage of the bill. If the study reveals there are regulatory gaps or overlaps in regulation that may harm or reduce protections to retail customers, the SEC would be required to draft rules to address these issues.

This study will provide the SEC, the financial services industry, and others with great familiarity with the retail market for securities sales and investment advice the opportunity to shape these important regulatory reforms. Expertise in these areas is essential to insure that the final regulatory reforms support universal access to competent investment advice, clear and concise client disclosures, and uniform and effective regulatory supervision of all market participants.

About the Financial Services Institute (FSI)

FSI is an advocacy organization for independent broker-dealers and independent financial advisors. Established in January 2004, FSI has 119 broker-dealer members and over 14,700 financial advisor members. FSI's mission is to create a healthier regulatory environment for independent broker-dealers and their affiliated independent financial advisors through aggressive and effective advocacy, education, and public awareness. Its strategy includes involvement in FINRA governance, constructive engagement in the regulatory process, and effective influence on the legislative process. FSI is headquartered in Atlanta, Georgia, with



VOICE OF INDEPENDENT BROKER-DEALERS
AND INDEPENDENT FINANCIAL ADVISORS

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