
New advisor legislation endorsed by Financial Planning Coalition

By Editor Test *Mon, Jul 30, 2012*

The Investment Adviser Examination and Improvement Act of 2012 bill was introduced by Rep. Maxine Waters (D-CA) and co-sponsored by Rep. Barney Frank (D-MA), and Representative Michael Capuano (D-MA).

New federal legislation that would authorize the Securities & Exchange Commission to collect user fees to fund increased examinations of registered investment advisers was endorsed this week by Financial Planning Coalition (FPC), an advocacy group formed by the CFP Board, the Financial Planning Association, and NAPFA.

The Investment Adviser Examination and Improvement Act of 2012 bill was introduced by Rep. Maxine Waters (D-CA) and co-sponsored by Rep. Barney Frank (D-MA), and Representative Michael Capuano (D-MA).

The FPC called the bill “a credible alternative” to the Investment Adviser Oversight Act of 2012 (H.R. 4624), introduced in April, which mandated that small advisory firms join a self-regulatory organization (SRO), in addition to current SEC and state regulatory oversight.

While acknowledging the need for more frequent investment adviser oversight, an FPC release said, “Creating a new SRO is not the right solution. The burden of excessive regulation and cost would fall unfairly on small business owners while many larger firms would be exempt and would go unaffected.”

A survey of investment advisers conducted by The Boston Consulting Group showed that 81% of investment advisers would prefer to pay user fees to the SEC than to pay membership fees to a FINRA investment adviser SRO, the FPC release said.

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