
SIFMA Urges Uniform Standard for Advisors, Brokers

By Editor Test Wed, Sep 8, 2010

Broker-dealers and investment advisers should appropriately manage conflict of interest by providing individual investors with full disclosure that is simple and clear and allows them to make informed investment decisions, SIFMA said.

The Securities Industry and Financial Markets Association (SIFMA) has submitted comments to the Securities and Exchange Commission (SEC) in advance of its study on the obligations of investment advisers and broker dealers.

In comments to the SEC, SIFMA highlighted the following key principles the Commission should focus on during their six month study:

- The interests of individual investors should be put first. When providing personalized investment advice to individual investors, broker-dealers and investment advisers should deal fairly with clients.
- Broker-dealers and investment advisers should appropriately manage conflict of interest by providing individual investors with full disclosure that is simple and clear and allows them to make informed investment decisions.
- Individual investors should continue to have access to a wide range of investment products and services, a choice among financial service provider relationships and options for paying for financial services and products.
- Any standard of conduct adopted by the SEC should reduce confusion about existing legal and regulatory regimes by being the exclusive uniform standard that applies to broker-dealers and investment advisers when providing personalized investment advice about securities to individual investors.

In addition, SIFMA requested that the SEC ensure that broker-dealers be able to provide individual investors with best execution and liquidity as principal and offer proprietary and affiliated products that certain investors desire. As noted in the letter, broker-dealers offer a variety of products on a principal basis, including fixed-income products such as municipal bonds, initial public offerings and other underwritten offerings.

The comment letter can be found at the following link:

<http://www.sifma.org/assets/0/232/234/124802/bcb2b9b1-5a0f-4f20-bda3-690160807abb.pdf>.

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