

Fiduciary Standards Board

Press Release

FIDUCIARY STANDARDS BOARD REACTS TO SEC INQUIRY

(Boston, MA. May 16, 2013) The Fiduciary Standards Board (FSB) has issued a briefing that warns of the extinction of fiduciaries as an unintended consequence of well meaning policies and regulations. The briefing entitled "The Fiduciary's Existential Role", raises the concern that using a fiduciary standard as a form of punishment will diminish the lifespan of existing fiduciaries and create a disincentive for new fiduciaries.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 called for new regulations of both broker/dealers and investment advisers. The SEC is not required to look beyond the Investment Advisers Act of 1940 to create such regulations. The concern is brokers and advisers subject to the resulting regulation may become responsible for investments subject to other Acts including: ERISA, MPERS, UPIA, UPMIFA and the Internal Revenue Code (for IRAs).

The paper's author, Louis S Harvey and president of FSB noted that "We need to carefully consider that any dilution of what it means to be a fiduciary will erode the public trust and diminish the fiduciary's role." He added, "While there is much to be done to upgrade the standards of fiduciaries, the exponentially larger problem are the hundreds of thousands that claim or imply that they are acting in their client's best interest but are not. This fact is borne out by the Rand report issued a few years ago."

The FSB Briefing Paper is available at <http://www.fiduciarystandardsboard.org/>.

About FSB:

The Fiduciary Standard Board (FSB) is a not-for-profit institution that provides intellectual property to qualified organizations seeking to advance the use of fiduciary standards. FSB was established in 2000 under its former name, the Foundation for Fiduciary Studies. Its mission is to develop and maintain up-to-date fiduciary standards; and communicate the value of fiduciary relationships to the public at large. FSB is the sponsoring organization of the [Registered Fiduciary](#) (RF™) that identifies those professionals who maintain a fiduciary standard of care in all dealings with the public.

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