



July 15, 2010

Dear Colleague,

Today, Congress passed the financial regulatory reform legislation: the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. It is expected to head immediately to President Obama's desk for signature. As many of you know, the Financial Planning Coalition ([www.financialplanningcoalition.com](http://www.financialplanningcoalition.com)) has been advocating for its stakeholders in two specific areas: the regulation of financial planners and the extension of the fiduciary standard to brokers who give investment advice. Although any piece of legislation of this magnitude will by nature have sections that are less attractive than others, we are very pleased to report real progress in the two areas of Coalition focus.

The Coalition began work to establish a financial planner oversight board, including baseline competency standards and the fiduciary standard of care, as soon as Congress convened in January 2009. Over the next year and a half the Coalition lobbied Congress, met with potential supporters and opponents, engaged in a media campaign and mobilized our stakeholders for a grassroots push in support of recognizing financial planning as a distinct profession. Diahann W. Lassus, CFP<sup>®</sup>, CPA/PFS, representing the Coalition, testified before the House Committee on Financial Services.

Representative Michael Capuano (D-MA) and Senator Herb Kohl (D-WI) championed the Coalition's cause and were able to include a provision in the bill calling for a comprehensive six-month study of the need for regulation of financial planners by the Government Accountability Office (GAO).

We are extremely pleased with the parameters of the Study, which will evaluate:

- effectiveness of State and Federal regulation of financial planners;
- current State and Federal oversight structure and regulations for financial planners; and
- legal or regulatory gaps in the regulation of financial planners.

The GAO Study on Financial Planners and the Use of Financial Designations will recommend appropriate regulation of financial planners, including the need to establish competency and practice standards; ethical guidelines; disciplinary authority; and transparency to investors and other consumers. The GAO will send its recommendations in a report to the Senate Committee on Banking, Housing and Urban Affairs; the Senate Special Committee on Aging (chaired by Sen. Kohl); and the House Committee on Financial Services.

The other major area of focus was to support the extension of the fiduciary standard to brokers who give personalized investment advice. The Coalition worked closely with Consumer Federation of America, North American Securities Administrators Association, Investment Advisers Association, and Fund Democracy to further this proposal. Interest in the fiduciary issue grew to be a hot topic when the legislation reached the conference committee and the Coalition again engaged in an all-out lobbying, media, and grassroots campaign in support of a strong fiduciary standard.

Our efforts paid off. Dodd-Frank gives the Securities and Exchange Commission (SEC) authority to require brokers, when providing personalized investment advice about securities to retail customers, to act in the best interest of the customer. The SEC will be able to exercise its rulemaking authority after it completes a six-month study to evaluate the effectiveness of existing legal or regulatory standards of care for broker-dealers and investment advisers for providing personalized investment advice. The study will also look at any legal or regulatory gaps, shortcomings, or overlaps in the standards of care for broker-dealers and investment advisers. Responding to concerns about how the fiduciary standard may be applied to brokers, Dodd-Frank provides that brokers will not be subject to a continuing duty of care or duty of loyalty after providing personalized investment advice to retail customers. Also, the receipt of compensation based on commissions or fees would not be considered a violation of the standard and the SEC may allow brokers to sell only proprietary or a limited range of products provided they give notice to the customer and obtain consent or acknowledgement.

The road to regulatory reform will continue over the coming months and years. The Coalition will continue its work, focused most immediately on the next six months as the GAO and SEC complete the two studies we are most concerned about.

We sincerely thank those of you who expressed support, participated in media calls, sent letters, made phone calls, or initiated visits with your Representative and/or Senator. It truly has been a team effort. We will continue to work with you to achieve our collective goals on behalf of the profession and American consumers.

Sincerely,

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