Aité Uniform Fiduciary Standard Study Findings
July 2013

On behalf of the **Financial Planning Coalition**, **Aité** estimated the benefits and costs of a uniform fiduciary standard to financial advisory industry professionals providing personalized investment advice. Aité conducted an online survey of 498 registered representatives (RR) and registered investment advisers (RIAs) who work with wealth management firms.

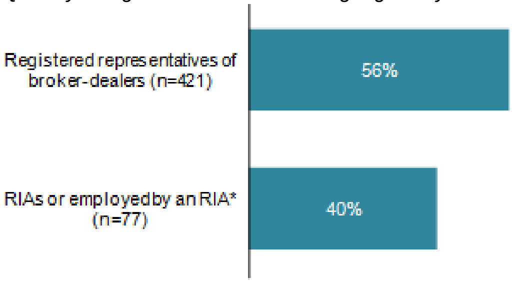
Survey participants work primarily with individual clients/families; are registered with either FINRA, the SEC or both; and hold at least a Series 6, Series 7, Series 65, or Series 66 license.

RIA findings have an 11-point margin of error at the 95% confidence level; Registered Representatives of broker dealers have a 4.6-point margin of error at the 95% confidence level.

Key Finding #1: Business Models Cut Across Regulatory Worlds

Over half of RRs and 40% of RIAs are licensed as both a broker and an investment adviser.

Q. Which of the following licenses do you have? (Series 6,7,66,65,63,3,24 etc.)
Q. Are you registered with the following regulatory bodies? (FINRA, the SEC)



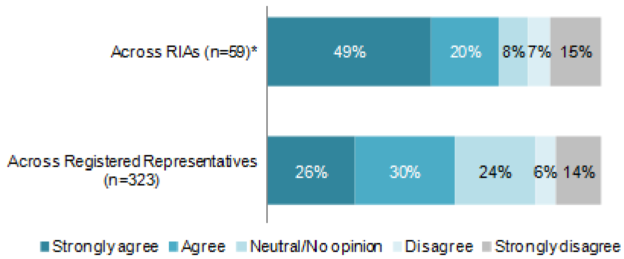
*Advisors who state that they work for an RIA and that their primary source of compensation is from assets-under-management–based fees and/or advice fees.

Further, over half of RRs earn AUM/advice fees, and many RIA firms generate some revenue from investment commissions.

Key Finding #2: Most RRs and RIAs agree that a fiduciary standard is appropriate for professionals delivering personalized investment advice.

Over half of RRs and more than two-thirds of RIAs believe the fiduciary standard is appropriate.

Q. What is your opinion of the following statement: A fiduciary standard is appropriate for all financial services providers who deliver personalized investment advice to retail investors



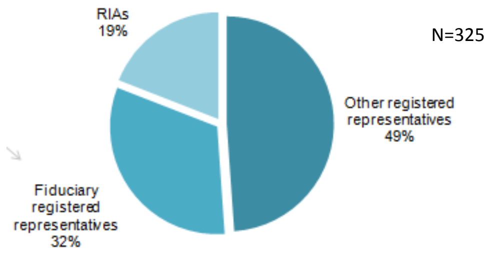
49% is statistically significantly higher than 26%

Key Finding #3: Registered Reps and Conflict of Interest Disclosures

While over 60% of RRs disclose at least one type of conflict of interest, there are opportunities to increase adoption of specific disclosures. Of these RRs disclosing at least one conflict, 52% ask their clients for informed consent; dually registered reps are more likely to do so, compared to RRs only registered with FINRA.

Key Finding #4: Fiduciary Registered Reps

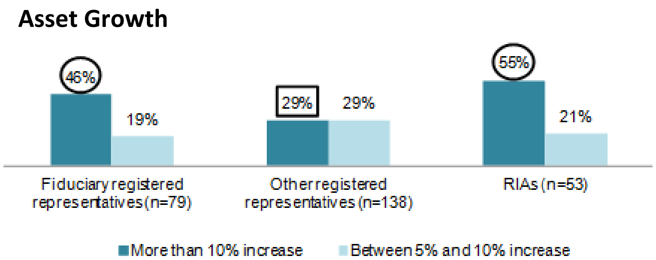
Almost one-third of RRs state that their practice manages assets as a fiduciary for over half of client assets. Almost 20% of RRs' deliver financial plans as a fiduciary for over half of their clients. These "Fiduciary RRs" represent 32% of the RRs and RIAs surveyed.



Key Finding #5: Benefits of a Fiduciary Model on Practice Performance

RIAs and Fiduciary RRs experienced stronger asset and revenue growth over the last five years than RRs not delivering fiduciary services.

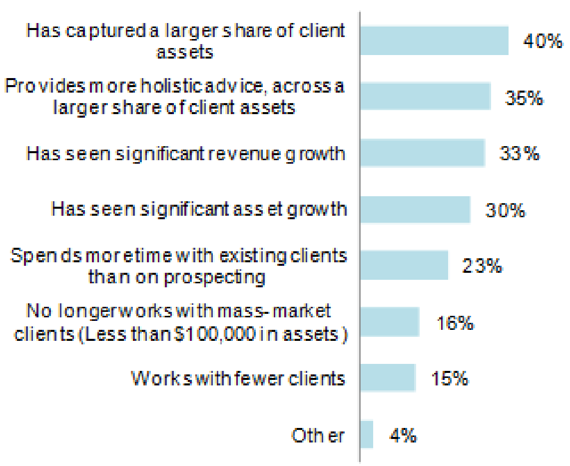
Q. What average annual change has your practice seen over the last 5 years (since 2007) for the following annual metrics?
(Annual change in client assets, advisers with at least 5 years of experience)



Percentages outlined by circles differ significantly from the percentage outlined by a square

RIAs and RRs who transitioned from mostly commission-based to mostly fee-based business models over the past five years report the largest impact has been on share of client assets, followed by the development of a more holistic scope of advice. Only 16% indicate they no longer work with mass-market clients, and only 5% of this group's clients are mass market.

*Q. What impact has the growth in fee-based business had on your practice? My practice… (n=81)**



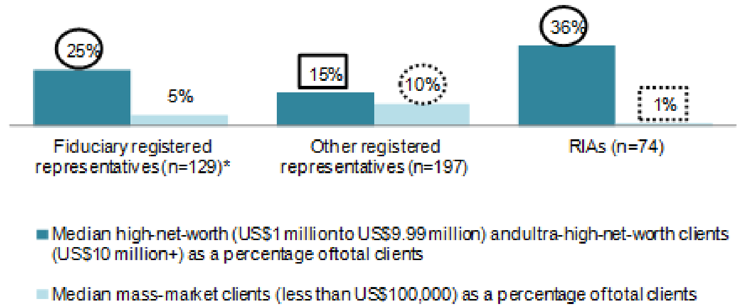
** Registered representatives and RIAs who went from managing less than 40% of client assets for a recurring AUM-based fee to managing at least half of client assets in this way over a period of 5 years*

Key Finding #6: Impact of the Fiduciary Model on Ability to Attract High Net Worth Clients, Address the Needs of Mass-Market Clients

Fiduciary RRs are more likely to work with high net worth clients relative to other RRs.

Fiduciary RRs work with an equally low percentage of mass-market clients as compared with other registered reps – 5% and 10%, respectively. This difference is not statistically significant.

Q. Please provide an approximate percentage breakdown of your practice's clients by wealth segment



Percentages outlined by circles differ significantly from percentages outlined by squares in each category

**% of mass-market clients (5%) is not significantly different from 10% (other registered representatives)*

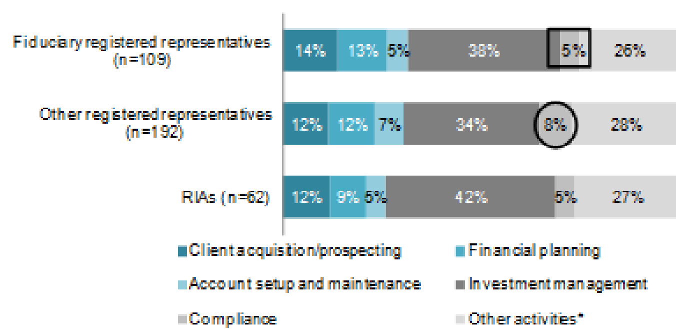
Key Finding #7: Impact of Fiduciary Model on Registered Rep and RIA Time Allocation

RRs adopting a fiduciary standard for the majority of clients spend a similar percentage of time on key wealth management activities such as financial planning and investment management as do other registered reps.

There are minimal differences in time spent on compliance across RR types and RIAs; RRs delivering fiduciary services to less than half of clients report spending most of their time on compliance.

Q. Please allocate the percentage of time you spend on each task.
Q. You mentioned before that other people work with you in your practice; please allocate the percentage of time they spend per month on each task.

Responses were weighted based on the number of client-facing professionals in the practice



Percentage outlined by a circle differs significantly from percentage outlined by a square at the 90% confidence level

**Other activities consist of: performance reporting, data reconciliation, customer service (check requests etc.), fee billing, and general administration)*