

Fixing Financial Services with Authentic Communications in 2021

*Overview for Transparency Task Force:
Recommendations for the Form CRS
Securities & Exchange Commission*

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Knut A. Rostad, President, Institute for the Fiduciary Standard
www.thefiduciaryinstitute.org

Securities & Exchange Commission (SEC) 2001 to 2020

- *“For 20 years the SEC let broker-dealers use unclear or misleading language to muddle core legal and business differences that define investment advisers and broker-dealers. ...*

The solution? What if We tell investors the truth?”

Knut A. Rostad . May 2021

Securities & Exchange Commission (SEC) in 2021

- Will the ‘truth’ strategy work?
SEC Chair, Gensler, has stated, “Telling the truth matters”
- Research and experts agree that ordinary investors can understand concrete ideas described in plain language
- New SEC in 2021 is most investor / fiduciary-centric since 2001; three of five commissioners are strong Democrats

Solution? Disclose the facts on what advisers and brokers do

- **Advisers ...**
- Fiduciary standard
- Advisor relationship
- Agent for client
- Client paid fees
- ... **In relationships of two**

Solution? Disclose the facts on what advisers and brokers do

- **Brokers ...**
- Suitability plus standard*, (Reg BI)
- Sales and trading relationship executing trades
- Recommendations “solely incidental” to brokerage
- With issuers, primary role is offering and selling securities
- Compensation from trading, pricing and sales for issuers
- Compensation for execution -- not for recommendations
- **... In relationships of three**

* Recommendation of SEC Commissioner Hester Peirce, April 2018

Two versus Three

