



Press Release

Is the SEC Regulation of Brokers in the Best Interest of Investors?

ANDREW EVANS | AUGUST 8, 2018

Following the close of the public comment period, Director of Financial Services Policy Thomas Wade examines the SEC's proposed rule covering brokers' obligations to investors. The rule has some flaws, he notes, but some significant strengths as well.

An excerpt:

Perhaps recognizing the fraught history of the term fiduciary, the SEC has suggested a “best interest” standard that all but knocks on the door of fiduciary. This is an inspired choice – there is a temptation in the financial services industry to treat fiduciary as a defined term of art when it is not. As SEC Commissioner Hester Peirce notes, fiduciary is a term that is “wonderful for marketing purposes, but potentially misleading for investors.” Here we have a higher standard of investor protection couched in terms more readily identifiable – or at least, no less clearly defined than fiduciary.

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