



SIFMA 2012 Annual Meeting

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Opening Remarks

As prepared for delivery

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Thank you, Tim. And thank you all.

Today Tim spoke about policy challenges. And those things are critically important. But I'd like to talk to you about emotion.

Let's face it, feeling good in the financial services industry has been a challenge. There's more pressure, it's harder to do what we do and it sometimes doesn't feel good. But the thing is, we *know* that we do "good".

- You know we employ close to 8 million people nationwide.
- You know we help get roads and schools and hospitals built in small towns across America. \$425 billion worth last year.
- You know that we helped business raise nearly \$1.6 trillion last year to expand, to create jobs, to drive economic growth.
- You know that our employees live and work in, and contribute to their communities.
- We know we do good. But the fact is that many on Main Street don't. We must restore public trust and confidence.
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So, as I was thinking about my talk here today, I considered the way ahead. What can we do to help people understand? To fix what's wrong and emphasize what's right?

Unfortunately, like most complex problems, there's no easy answer, no silver bullet. Our job isn't easy. No matter the results of election – we have a lot to do to convince the skeptics on Main Street and on Capitol Hill.

But we can take steps in the right direction.

- We must commit to **thoughtful risk management**.



Taking risks, whether it is through buying into an emerging market ETF, or extending a loan to a small business, or underwriting a mortgage, is what our industry does. At its heart, taking risk is our business.

But we, as leaders within each of our organizations, have to know what we're investing in, know what we're risking.

Regulators will define the end parameters, but at the end of the day, *each of us* is ultimately responsible for ensuring we regularly review our practices, understand the risks we're taking and manage those risks effectively. Again, this goes back to restoring public trust and confidence.

- We must commit to being **more transparent** about what we do.

We cannot and should not expect individual investors to differentiate among the myriad rules that currently govern financial advice.

Nor can we expect investors to read reams of disclosure in order to understand their investments.

What we must do is provide information about potential risk and conflicts of interest in plain, easy-to-understand language so everyone is on the same page from the beginning of a relationship or transaction. That's easier said than done in a complex industry, but we should make our best efforts to do so.

- And we can advocate for **appropriate industry safeguards**.

We all agree that regulation is necessary. But more regulation does not equal better regulation. Since the beginning of the legislative process we've advocated for regulations that make sense. Ones that are principle-based and cost-effective, ones that reduce systemic risk and ensure the financial services industry remains a driver of economic growth and job creation. Again, it's about building confidence and earning investors' trust.

None of this can be lip service. It isn't about media statements and positive PR.

This is about each of us reinforcing core principles of risk management and transparency in our organizations, from the top down.

At my firm, Raymond James, for as long as I can remember, we've had something we call Service 1st – a commitment to clients – and a pledge that includes the statement: "We believe that putting the financial well-being of our clients first ultimately serves the best interests of our shareholders, our communities and ourselves."



That idea has worked for us – we recently reported our 98th quarter of consecutive profitability. It's all about educating ourselves and our associates about what the hundreds of rules currently in the works mean to our business and, most important, to our clients.

With that understanding, it's about encouraging advocacy – to politicians, of course, but more importantly, to their constituents – to our family and friends and clients. We need more people to understand the good we do and be willing to advocate for the kind of thoughtful, balanced policies that allow us to continue to drive economic growth.

To paraphrase a famous quote: What is right with this industry can fix what is wrong with this industry.

The emotion I want to leave you with is one I was privileged to experience as a financial advisor – the feeling of knowing I mattered. I never felt that more than when I received my first invitation to a college graduation. It was for a young man who I can still see crawling around the room as a toddler while I advised his parents about how best to pay for college.

I am proud to be part of SIFMA and the financial services industry – I *believe* we are engaged in a noble profession.

Let's work together and restore confidence.

Thank you.