

CAROLYN B. MALONEY
14TH DISTRICT, NEW YORK

2332 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3214
(202) 225-7944

COMMITTEES:
FINANCIAL SERVICES

OVERSIGHT AND
GOVERNMENT REFORM

CHAIR
JOINT ECONOMIC COMMITTEE



Congress of the United States
House of Representatives
Washington, DC 20515-3214

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DISTRICT OFFICES:
☐ 1651 THIRD AVENUE
SUITE 311
NEW YORK, NY 10128
(212) 860-0606

☐ 28-11 ASTORIA BOULEVARD
ASTORIA, NY 11102
(718) 932-1804

WEBSITE: <http://maloney.house.gov>

The Honorable Mary Schapiro
Chairman
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20569-1090

Dear Chairman Schapiro:

I appreciate the efforts of the Commission and its staff in implementing the provisions of the Dodd-Frank Act ("the Act") that seek to strengthen investor protection and effective regulation of financial professionals while allowing the capital markets to continue to function productively. The Commission's responsibilities under the Act are significant and its resources are spread thin. I am committed to working with you to ensure that the SEC can appropriately fulfill its core mission and carry out its new requirements under the Act.

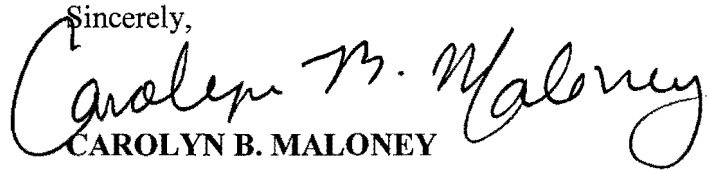
One of those new requirements, contained in Sec. 913 of the Act, directs the Commission to examine the standard of care obligations of broker dealers and investment advisors. In its report, the Commission staff have recommended that it promulgate rules that would impose a "uniform fiduciary standard" on all broker-dealers, their registered representatives and investment advisors.

I understand that two of your colleagues, Commissioners Casey and Paredes, noted several concerns in a statement of dissent on the study's recommendations: "The study's pervasive shortcoming is that it fails to adequately justify its recommendation that the Commission embark on fundamentally changing the regulatory regime for broker-dealers and investment advisors..." Your colleagues also stated that that, "the study does not adequately recognize the risk that its recommendations could adversely impact investors," nor does it "identify whether retail investors are systematically being harmed or disadvantaged under one regulatory regime as compared to the other." They conclude by indicating that "a stronger analytical and empirical foundation than provided by the study is required before regulatory steps are taken that would revamp how broker-dealers and investment advisors are regulated."

Although the Act required the Commission to complete a report, it left rule-writing authority discretionary based on the outcome of the report. I would urge the Commission, before it moves forward with a proposed rule, to conduct an overall cost-benefit analysis regarding consumer preferences and access to affordable products so that it can assess the impact a uniform standard might have on retail investors and the advice they receive from financial professionals.

Thank you for your attention to this matter.

Sincerely,


CAROLYN B. MALONEY
Member of Congress