SIFMA Complex Products Forum
SIFMA Conference Center
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Opening Remarks
As prepared for delivery
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Good morning. I'm Randy Snook, Executive Vice President, Business Policy and Practices at SIFMA, and I'm pleased to welcome you to this year's Complex Products Forum. Before we begin, I'd like to thank all of today's speakers, especially Thomas Selman, Executive Vice President, Regulatory Policy and Legal Compliance Officer, who will deliver the afternoon keynote address. I'd also like to thank the sponsors: BlackRock (Platinum), Morrison Foerster (Gold), PWC (Gold), EY (Silver), and contributing sponsor, Seward Kissel. We appreciate your support of this event.

Complex products are viewed from a variety of perspectives. On one hand, they are those investment options the regulators don't define but point to as requiring more training, supervision, and controls. On the other hand, and to us, and to our financial advisors, they are portfolio management tools which help individual investors manage risk. While they have a different profile and characteristics than more traditional investment solutions, these are used by clients to diversify and mitigate certain portfolio risks. Just as there is no hard and fast definition of 'complex products,' there is also no one-size-fits-all approach to implementing these solutions. Investing in non-traditional products and solutions is not the right strategy for every investor, but they can and do play a vital role for many people. Today we will talk about who the products are right for, how to manage risk, and how to ensure compliance with the highest regulatory standards.

One question our members are struggling with is what the Department of Labor's fiduciary rule means for non-traditional investment products. To provide some history on this issue: SIFMA has long supported action by the SEC to establish a uniform fiduciary standard for broker-dealers and investment advisers when providing personalized investment advice to retail customers. We feel strongly that the approach taken by the Department of Labor creates great challenges for our industry and causes undue harm to the clients we serve. To that end, earlier this month SIFMA and 4 other trade associations filed a lawsuit against the DOL as a result of the over-reaching and harmful regulation in their fiduciary rule. We have an important obligation to properly represent Americans' rights to retirement advice and ensure that a uniform best interest standard—one of our long-standing principles—is properly adhered to in a way that helps Americans fulfill their long-term financial goals.

As it relates to the topic of this conference, there are many questions surrounding the DOL's fiduciary rule and its implementation. Understanding the Best Interest Contract Exemption, and which transactions fall under it, is a chief concern. Our last panel of the day will tackle this topic.

Other panelists will identify newly emerging trends in product development, the product review and product on-boarding process, the importance of suitability, and financial advisor and investor education, as well as regulatory policy and the ways in which it has evolved over the last half-decade. I think we can all agree these are fundamental topics, and I am looking forward to insightful discussion.

And now I'd like to introduce the moderator of our first panel, on the current state of investment management. Please join me in welcoming Laura Thurow, Managing Director, and Director of PWM Research, Products & Services at Robert W. Baird.