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Good morning. I'm Ken Bentsen, president and CEO of SIFMA. Thank you for joining us at the 37th annual Private Client conference. Through its long history, this has become the marquee event for financial professionals who service the individual investor.

We sincerely appreciate all the work our members do on this event. I particularly want to commend our Private Client team, led by John Maurello, and our very engaged Board and Private Client Group Committee leadership led by Jerry Lombard of Janney, John Vacarro of Westport Resources, and Kent Christian of Wells Fargo, each of whom chair private client committees, for the work they have put in over the last year to build out this robust agenda.

But this is not just a conference we have each spring and then go home and begin to plan for next year. Today, there are over 4,000 registered broker-dealers with approximately 380,000 financial advisors in 170,000 branch offices, serving clients with over $16 trillion in assets. The Private Client community represents the boots on the ground, putting a name and a face on the industry for individual investors as they plan for their future.

SIFMA's Private Client Group is a network of nearly 700 senior professionals representing the entire spectrum of the wealth management community. We include global, regional, and small firms, and cover the employee and independent contractor distribution models, as well as online, self-directed brokerage. Our members range from firms with over 16,000 financial advisors to those with less than 20. Our members' clients are similarly diverse and can range from a millennial opening up their first investment account to a seasoned investor needing private banking relationships. Mostly, our clients represent the face of America, all looking to meet their financial goals and plan for a bright future. The Private Client Group has four active Committees and 23 Roundtables that provide an outlet for meaningful dialogue on a range of key issues facing wealth managers and individual investors. We are committed to promoting the highest standards of excellence in the industry. Many of you are here today. We want you to know that your participation makes a difference.

We are all abundantly aware of the ever-changing landscape for our industry as result of a plethora of new regulatory mandates (on top of the plethora of existing regulatory mandates), economic conditions, marketplace evolution, technical innovation, globalized markets, changing demographics and existential threats and challenges. Each day we continue to maneuver through and adapt to these changes.

While some continue to challenge the role and social value of capital markets, a charge that I believe is specious and not supported by any empirical evidence; it is also important to recognize that the industry has changed dramatically since the last crisis, and that change continues. We must also recognize that the industry has a responsibility not just to respond, though response is often necessary, but also to lead. And leadership can take many forms, both in terms of new initiatives and innovation, and in terms of standing up for what we believe is right, even if it means challenging our regulators or a popular sounding but ultimately counterproductive notion.

I would like to point out a few areas where I believe the industry has led over the last year related to some of the changes I noted above.

No one knows better than the people in this room and at this conference about the avalanche of regulation confronting the industry. This is a highly regulated industry that is now even more regulated. Whether we agree with the diagnosis or prescription of every new rule, I believe that, on the whole, the interchange between the industry and our regulators has been largely and appropriately collaborative. Notwithstanding the occasional, and I believe incorrect, criticism by some in the media and elsewhere that industry overwhelms the regulators with our own "army of lawyers and lobbyists," I believe in the process of give and take. Now this should not be interpreted as an endorsement of the final content of all the rules, in many instances we have our differences, but rather that the process is largely proceeding as Congress intended, with some important exceptions.

There needs to be a dialogue and collaboration between the regulators who are charged with implementing and enforcing the law, and the industry firms who must develop, build, train and operate the compliance and reporting systems to comply with the law. That's no easy task, and as such it should not and cannot be a one-way discussion. And that is not to say that the process could not be better. With the multi-headed functional regulatory apparatus we have the United States, it is even more imperative that regulators improve collaboration amongst themselves. It is critical that there is sufficient dialogue and collaboration across the various disciplines of functional regulators, particularly when it comes to crafting new rules for capital markets structure, practices and functions. And, it is equally important that regulators communicate as clearly, and when possible, with one voice to the industry. Finally, just as it is important for the industry to acknowledge when it has gotten something wrong, so too do policy makers and regulators have such an obligation, in my opinion, as former policymaker myself.

I believe it is important that the industry take a leadership role to respond to the changing landscape with respect to market evolution, changing demographics and technological innovation, and I think we are. Over the past several years, the industry has stepped forward to offer concrete solutions and recommendations to address many challenges we face. For instance, for six years our members called for the Congress to authorize, and the SEC to develop, a uniform standard of care when brokers and registered investment advisors are doing the same thing in providing personalized investment advice. And, we called for improving the oversight and examination regime for retail registered investment advisors. At the same time, we argued, and continue to argue, that improving investor protection does not have to mean reducing or limiting investor choice or raising their costs.

We believe it is important for investors, of all income levels, to have the right to choose the type of service they want to purchase, at the price they want to pay. We recognize it's not an easy task and no doubt the SEC has found that to be true as they continue their review and study of the matter. We are concerned that other efforts, such as that contemplated by the Department of Labor, could result in unnecessarily restricting investor choice and raising investor cost. This is a serious and complicated matter with real consequences that deserves more than campaign-like hyperbole and innuendo seeking to impugn an entire profession based on questionable data that incorrectly ignores the legal and regulatory framework governing brokers and advisors. We have learned all too often that when regulators must implement and operationalize otherwise simplistic rules, the outcomes far overshoot the goals.

While we always strive to work with our regulators, we will not shy away from making our views known, and in fact we have recently released two studies that raise several questions regarding the research proffered by the White House in support of the DOL re-proposal.

We have also come together as an industry to propose substantive concrete proposals to address technological innovations that impact market structure and practices. There is no question that our markets are more efficient, enjoy better execution, and are more cost efficient than in any time in our history. This is the byproduct of regulatory change and technological innovation. But our markets have also become more fragmented; complex and confusing to some; and unabated that could serve to undermine investor confidence. Our members last summer put forth several recommendations to update our existing equity market structure, improve resiliency, transparency, and ultimately enhance investor confidence.

Many of these recommendations are similar to those offered by the SEC. This is an example of where the industry is showing leadership and collaborating productively with its regulators. Likewise, as our society fully integrates itself into the digital era, our members, on both the business and compliance side, are working with our regulators to better understand how the industry and the rules can adapt to this brave new world of social media that will soon likely subsume what us aging baby boomers have understood to be modern forms of communication. Technology can be a good thing if used appropriately. It can lead to efficiencies and smart regulations, decrease costs, reduce human error, and serve as useful tool for analyzing large pools of data. However, with all the benefits that come with technology, there are also potential pitfalls.

We must, however, remain mindful of balancing the risks and rewards presented by technology. Regulators must avoid the temptation to over rely on big data because new systems are costly to design, implement and maintain. It's also important that our regulators are careful not to require duplicative or concurrent programs, as well as weigh the impact on privacy and the protection of customer data. In the age of increasing cyber threats, we must be careful not to compromise personal or sensitive data in our quest to reap the benefits of technology.

Big data and technology can never be a substitute for human insight and observation. Technology should be a tool that complements the work of compliance and the regulator, not replace it.

Finally, we must take a leadership role to respond to emerging threats, as well as trends that create new industry issues. Two that I would highlight are cyber security and our aging population. Our industry and its leaders view the threat posed by cyber criminals, hacktivists, nation-states and terrorists the most serious facing the industry. And the industry, as a whole, and in collaboration with the government, is working diligently to improve its defenses and coordination. Defenses include the development and adoption of standards and enhancing our information sharing capabilities through universal adoption by all industry participants, including third party vendors. It also means improving our recovery protocols and processes and enhancing our partnership with the various government entities engaged in protecting the nation. This cannot be regulated away, and it must be an iterative and ongoing process among all participants, regulator and regulated.

With our aging population, and the benefits of increased life expectancy, our industry also faces new issues related to senior investors. Over the last several years, our members have identified the need to update rules, and perhaps laws, to better equip regulators and advisors on how they confront an aging client, particularly those with cognitive impairment. As with social media, many of our rules, well intentioned at the time of creation, are not applicable to the times we live in today. Again, this is an area where collaboration between our regulators and the industry is critical, and I am pleased to say, is happening. Our members and staff are working closely with our regulators at the federal and state level to develop a model framework to develop a 21st century approach and ensure that everyone has the capability to protect the interests for our older investors.

As evident from what I've just detailed, we have seen a lot of changes over the last decade, from the onslaught of regulations, a greater integration of technology into our roles, and heightened public scrutiny. But the heart of our business is still the partnership we have with investors.

That's why your role is more important today than ever before, and why the Private Client Group is such a critical component of SIFMA. As firms work to implement all of these new regulatory changes and look for ways to improve business practices, your clients turn to you for advice and guidance on the best path forward to achieve their investment goals. They are looking to you to help them achieve their financial goals. You work tirelessly to help your clients meet those goals, and that work is an integral part of the U.S. economy. It's our goal here at SIFMA to help you fulfill those responsibilities and to make sure your clients get the freedom of choice they deserve.

Before introducing our next speaker, I want to close by leaving you with a few recent observations regarding our industry, and how we are viewed globally. We have been through tremendous change since the financial crisis, and many things have changed. But at the same time, some things have not, such as our industry's ability to allocate capital, assist investors of all stripes to achieve their financial goals, and fuel capital formation and economic growth, and that is a good thing. I recently met with the CEO of the Shanghai

Stock Exchange who explained to me how China is trying to develop their markets and expand their investor base in order to enhance China's growth potential. He said we want to learn from the US experience, and the development of the US markets. And just last month, SIFMA had the opportunity to host the EU's new Commissioner for Financial Stability and Financial Markets at our offices, where he discussed Europe's Capital Markets Union initiative. If you read the Commission's green paper on the Capital Markets Union you will note that the Europeans are looking to the United States, and our capital markets system, as a way to grow Europe, just as it has helped to grow the US economy. At a subsequent meeting with industry officials from the UK, they made the point that a key component of the Capital Markets Union will be the expansion of the private client investor base and the wealth management system, like that we have in the US. I think it is important that we as an industry, take note that others around the world are looking to the US as a model on which to base the development of their financial markets.

With that, I thank you again for your participation in this conference and note it is my great honor and privilege to introduce our next speaker, Jerry Lombard. Jerry is the president of the Private Client Group at Janney Montgomery Scott, as well as the chair of SIFMA's Private Client Services Committee. Jerry has over 30 years experience at Janney, where he played a key role in building the firm's advisory services platform. He is a member of Janney's Board of Managers and has been very involved in SIFMA's Private Client Group for a decade, and we appreciate his countless contributions to our efforts. Please join me in welcoming Jerry to the stage.