



## **SIFMA Private Client Conference**

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### **Remarks**

*As prepared for delivery*

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Good afternoon. I'm Randy Snook, executive vice president of business policies and practices at SIFMA. It's terrific to have all of you here with us today. I'd like to thank Federated Investors for hosting today's luncheon presentation, and also extend my thanks to all of the conference speakers and sponsors for their participation and support of SIFMA's Private Client conference.

As everyone in this room knows, the individual investor plays an important role in the capital formation process. The capital markets, the diversity of products and choices which the markets provide, give individual investors investment opportunities to save prudently.

This relationship, this role, could be damaged by regulation which unduly restricts or limits investor choices in the name of investor protection.

It's individual investors that:

1. Own the majority of the \$3.7 trillion municipal bond market which funds the nation's infrastructure and repairs for the crumbling bridges and roads.
2. Invest \$80 billion in BDCs, or business development companies, helping finance loans to small and medium sized businesses to fund their own growth.
3. Provide the capital to the \$706 billion REIT market, which finances our apartment and office buildings.
4. Hold half of all assets under management held by ETFs.

Why is it so important? Because we have the deepest, most liquid capital markets in the world, and the individual investor is fundamentally tied to how our capital markets function.

However, if we limit investor choice, we limit opportunity. Investor choice is a critically important component of how individuals can accomplish their objectives. Investors need choice in many areas:

1. Choice in products;
2. Choice in markets;
3. Choice in providers; and
4. Choice in how they pay.

These choices empower an individual investor to get the best return, consistent with his or her risk profile, in the most cost effective way possible.

That's why it's concerning that a number of recent regulatory proposals could limit choice.

For instance, if regulation is turned toward the asset management industry, individual investors could be harmed. Every day individual investors rely on mutual funds to accomplish their objectives and get a greater return on capital in a diversified portfolio. If mutual funds are hit with bank like regulation, individuals will most likely find themselves with fewer and higher cost alternatives.

The fixed income markets and fixed income market structure are an area of increased focus by the regulators- much of this to protect the individual investor which we think is important. However, the additional layering of regulation and the layering of cost on markets that are less liquid, could make transactions more expensive or limit choice. Certain strategies like traditional bond ladders could be much more difficult to implement efficiently.

The coming rule re-proposal from the Department of Labor which other speakers have discussed today is another example of regulation which would limit investor choice and raise investor cost for investors that need to save for retirement.

Our industry provides the foundation for American growth and prosperity, and the individuals who invest in our markets, either directly or indirectly, are essential to our collective continued success.

SIFMA recognizes the role the individual investor plays in the functioning of our economy, and that's why we are working so hard to preserve investor choice. SIFMA's Private Client Group represents an estimated 75%, or 270,000, of US financial advisors. We have four active committees and 23 roundtables focused on the most important issues facing wealth managers and individual investors. We appreciate your involvement in this important work, and we encourage anyone here who would like to be more involved to get in touch with John Maurello.

Now it is my pleasure to introduce Mark Halperin, managing editor at Bloomberg Politics and co-host of With All Due Respect, a daily political TV show on Bloomberg TV. Prior to joining Bloomberg, Mark served as editor-at-large and senior political analyst for

TIME magazine and political director of ABC News, where for over 20 years, he covered national politics and government, including six presidential campaigns.

Mark is the co-author of The New York Times No. 1 best seller Game Change: Obama and the Clintons, McCain and Palin, and the Race of a Lifetime, which chronicled the 2008 presidential election, and its New York Times best-selling sequel, Double Down: Game Change 2012. Please join me in welcoming Mark.