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FINRA's Ketchum to SEC: Act Now on Fiduciary, or We'll Make Our Own Disclosure Rules.

CEO Ketchum says FINRA will also review the impact its rules have on BD firms—and will be asking for firms' input on which ones to review

Richard Ketchum, CEO of the Financial Industry Regulatory Authority, called on the SEC Tuesday to "act quickly" to finalize its rule to put brokers and advisors under a uniform fiduciary standard, but noted that in the absence of SEC action, FINRA would "look hard" at issuing "an additional disclosure rule with respect to broker-dealer firms."

At FINRA's annual conference in Washington, Ketchum said that it's time for the SEC to move toward finalizing a uniform fiduciary standard. After his speech, Ketchum told reporters that as SEC Commissioner Elisse Walter had noted, "there may be a role for FINRA in the area of disclosure leadership and controls either consistent with the SEC's action" on a fiduciary rule or outside of the SEC's rule.

The Need for Thorough and Effective Policies and Procedures

Whether an advisor is SEC or state-registered, RIAs must revise their policies and procedures to address significant compliance problems occurring during the year, changes in business arrangements, and regulatory developments.

Privacy Policies and Rules

Whether an RIA is SEC or state-registered, the firm must have policies and procedures in effect to protect clients' privacy. Policies and procedures should explicitly require an RIA to send out its privacy notice each year.

Ketchum said that once FINRA has completed its "conflicts review" of firms, which the self-regulator launched at the end of 2012, FINRA would "look hard at additional disclosure with respect to broker-dealer firms." Disclosure, Ketchum added, will be a "major focus" for FINRA this year.

Another priority for FINRA in 2013, Ketchum told attendees, will be to review the impact its rules have on BD firms—and it will be asking for firms' input on which ones to review.

"We will be reviewing certain rules retrospectively to determine if the rules have achieved their intended purpose," Ketchum said. "And we will be analyzing the costs and benefits of existing and potential rulemaking."

The effort will be headed by FINRA's new chief economist, Jonathan Sokobin, who will be responsible for gathering and analyzing data on securities firms and markets. Said Ketchum: "Expect to hear more from us on the retrospective rule review later this year."

Ketchum told reporters that FINRA's broker bonus disclosure plan will be brought up at the self-

regulator's July board meeting. He added that FINRA was "looking hard" at its failed proposal to require firms to link to BrokerCheck on their websites and would be "coming back" with a simplified proposal.

As to an SRO for advisors, Ketchum noted that as SEC Chairwoman Mary Jo White stated in her recent testimony, boosting advisor oversight is very important to her and "she's not going to be satisfied with the status quo." However, Ketchum said that while FINRA would support a bill allowing the SEC to assess user fees to fund advisor exams, he still believes it's "unrealistic" that such a bill, or a measure approving an SRO for advisors, will come to light in this Congress.