LifeMark
Securities Corp.

One Step Closer to a Uniform Fiduciary Standard

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As we are all aware, implementation of the DOL Fiduciary Rule has again been delayed by another 18 months and its viability is looking weaker by the day.

Those of you who have been following my guidance on the DOL Rule and the fiduciary movement know that I have predicted failure of the DOL Rule and its replacement by a comprehensive Fiduciary Rule that will appropriately be crafted by the Securities Exchange Commission (SEC). It appears that we have moved a step closer.

On Tuesday, September 26th, SEC Chairman Jay Clayton met with senate lawmakers on a number of issues. While there, he was grilled on the subject of a fiduciary standard and the DOL Rule. He made it very clear that harmonizing a Fiduciary Rule with the DOL is a top priority item and there were four essential aspects the commission would pursue.

1. **Investors must have a choice** – "… so they aren't pushed into a narrow set of circumstances as a result of whatever steps we take"
2. **There must be clarity** – "…That investors know what type of person they're dealing with and they know the obligations owed to them"
3. **There must be consistency -** "If you have two different types of accounts but you're facing the same person – a retirement account and a non-retirement account – there ought to be consistency with respect to those accounts"
4. **The SEC, DOL and state regulators "are coordinated in how we approach this fiduciary regulation**"

If financial advisers are still playing the wait and see game, consider this a shot across the bow. The message from the SEC is abundantly clear. The commission is finally taking up the task they were charged with in 2010 under Dodd-Frank. Harmonization of standards in the financial services industry is inevitable and will ultimately better serve the public interest by eliminating the ambiguity of multiple standards. The industry will also benefit by the efficiencies that come from a single set of rules as opposed to the present model.

The ultimate role of the DOL may be mutating in regard to the deployment and enforcement of a fiduciary rule but it still appears that there will be one. I believe that they will either collaborate with the SEC in penning a uniform fiduciary rule or simply defer and retain some role in enforcement. Either way, I remain confident that a uniform fiduciary standard will be in place in the near future and it will impact insurance agents, financial planners, securities brokers and investment advisors.

I think the more relevant question is what firms and advisers are doing to prepare for the imposition of new rules. As we all know, the announcement of the DOL Rule last year left advisors bewildered, confused and in fear of losing their ability to practice their craft. In an effort to capitalize on the chaos, many large financial institutions engaged in fear mongering and predatory behavior that resulted in premature retirements of seasoned advisors who believed they would be unable to continue to run their business profitably.

While there is still a significant portion of the industry opposed to fiduciary rule, there are those firms that have embraced fiduciary standards and built a business model around them. I and my firm, LifeMark Securities, are solidly among the latter. In fact, LifeMark deployed policies that exceeded those required by the DOL in the first phase of implementation.

We will continue to monitor this situation closely and I will be providing a more detailed analysis of the collaborative efforts of the SEC and DOL as they evolve.

In the meantime, I strongly suggest that all firms and advisors consider adopting a fiduciary compliant business model immediately. Start by reading my recently published treatise titled **6 Steps to Compliance with the DOL Fiduciary Rule or a Uniform Fiduciary Standard.** That together with other informative guidance for advisors may be found at www.vincentmicciche.com.