Setting the global standard for investment professionals

CFA Institute Poll of U.S. Members: SEC and Investment Advice Regulation

26 November 2010

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About the Survey

As part of its reaction to the Madoff scandal, the Dodd-Frank Wall Street Reform and Consumer Protection Act calls for the Securities and Exchange Commission to study the need for more resources to oversee investment advisers. In their responses, some have suggested that the examination of investment advisers should be outsourced to a self-regulatory organization such as the Financial Industry Regulatory Authority, or FINRA. To help CFA Institute respond to this study, we asked our members what they think about, first, how the SEC is doing in its oversight of investment advisers, and second, whether they think the SEC or some other entity should oversee these firms.

1,317 usable responses were received, for a response rate of 4.4 percent and a margin of error of ±2.6 percent at the 95 percent confidence level. 30,341 members in the United States involved in asset management were emailed a link to respond to the online poll on 19 November and the poll closed 26 November.

Key Findings

The majority of members (65 percent) do not believe the SEC is doing an adequate job regulating those who provide investment advice to investors. However, over half believe the SEC should be responsible for such regulation (70% of those that think the SEC is doing an adequate job regulating think the SEC should be responsible compared to only 49% of those who do not think the SEC is doing an adequate job regulating).

Is the SEC doing an adequate job regulating those who provide investment advice to investors?

(Each Respondent could choose only **ONE** of the following options:)

Response	Total	% of Total Respondents	%
Yes	466		35%
No	848		65%
Total Responses: 1314		0% 20% 40% 60% 80%	

Do you think the SEC should be responsible for regulating those who provide investment advice to investors, and if not, which entity should be responsible for doing so?

(Each Respondent could choose only **ONE** of the following options:)

Response	Total	% of Total Respondents	%
Yes, the SEC should be responsible.	746		57%
No, I think the Financial Industry Regulatory Authority (FINRA) should be responsible.	332		25%
No, I think a newly established self-regulatory organization (SRO) should be responsible.	183		14%
No, some other entity — please specify	52		4%
Total Responses: 1313		0% 20% 40% 60% 80%	

“Other” entities members believe should be responsible for regulating those who provide investment advice to investors include:

- *a new one*
- *A newly established government entity*
- *A newly established outside regulatory organization*
- *A private, for profit body that profits from external parties*
- *both in appropriate areas*
- *caveat emptor*
- *Certified Fraud Examiners assigned to investment advisors*
- *CFA Center for Financial Integrity WITH GOVERNMENT FUNDS*
- *CFA Institute*
- *CFA Institute*
- *CFA institute*
- *CFA Institute*
- *CFA Institute*
- *CFP Board*
- *combination of both-new SRO*
- *CPA performing examinations regardless who regulates RIAs.*
- *Elizabeth Warren consumer protection agency*
- *fdic*
- *Federal Reserve*
- *FINRA but everyone is considered a Fiduciary Advisor*
- *government should reform sec*
- *I am not informed enough about the issue to be able to answer this question.*
- *I believe investors get a false sense of security when any entity is charged with regulation*
- *imposing fiduciary standard will go long way*
- *individual States*
- *No entity should regulate the industry*
- *No entity should regulate. Your entire premise that regulators actually CAN and rare INCENTED to regulate is completely wrong. My observation of the SEC (and I say this having received an ADMISSION from regulators themselves) is that instead of preventing and prosecuting fraud, the regulator institutionalizes it. Politically connected firms are NEVER prosecuted.*
- *no opinion*
- *no regulator*
- *No regulatory authority is necessary*
- *Nobody*
- *none*
- *none*
- *None*
- *none; govt. regulators only provide a false sense of security*
- *Not an SRO! TBD*
- *Not familiar with FINRA but think one body should oversee all markets (no CFTC, etc.). Need a single source*
- *Not necessarily another entity, but a system that is appropriate for size of AUM, bigger firms have different risk exposures than smaller firms. They shouldn't use one-stop rules for advisors with just 100M versus those much bigger.*
- *not sure*
- *nothing*
- *One entity should regulate all securities-related business (brokers, FA's, Trust Companies, etc.)*
- *Personal Responsibility*
- *Public accounting firms*
- *Regulation of investment advisors should be left to private sector auditing and certification firms.*
- *SEC should have Regulatory-Responsibility and should, as it deems appropriate, delegate authority to FINRA to regulate the entire investment advisory industry.*
- *Should go back to simple criminal and civil law*
- *SRO with Independent Oversight Board*
- *State agency*
- *State Securities Agencies*
- *The SEC can do a satisfactory job, but having a second set of SRO-eyes with both industry experience and from the investor perspective will allow a more holistic regulatory approach.*
- *the states*
- *there should be no such regulation*