

Eight brokerage firms urge CFP Board to delay new fiduciary standards

Ameriprise, AXA Advisors, Edward Jones, LPL, Morgan Stanley, RBC, Wells Fargo and UBS call on organization to stand down until SEC proposes its own rule later this year.

February 5, 2018 [By Mark Schoeff Jr.](#)

Eight major brokerage firms are calling on the Certified Financial Planner Board of Standards Inc. to halt its effort to raise the investment-advice requirement attached to the designation until the Securities and Exchange Commission proposes its own standard.

Last month, the CFP Board released a [second draft of revisions](#) to the standards of conduct attached to the mark.

In a [Feb. 2 comment letter](#), Ameriprise Financial Services Inc., Morgan Stanley Wealth Management, LPL Financial, RBC Wealth Management US, Wells Fargo Advisors, Edward Jones, UBS Financial Services Inc. and AXA Advisors, said the CFP Board should stand down until the SEC acts.

The agency is planning to [propose its own fiduciary rule](#) this year.

“There is no compelling reason why the revised proposal should move forward at this particular juncture,” the firms wrote. “Given the almost inevitability of inconsistencies between the revised proposal and the SEC’s forthcoming rulemaking, we are requesting that, in order to best achieve its investor protection goals, CFP Board wait to see what the SEC proposes rather than adding to the growing patchwork of standards of care.”

The Labor Department has delayed implementation of the enforcement mechanisms of its fiduciary rule until July 2019 while it [reviews the regulation](#) under a directive from President Donald J. Trump that could result in significant changes.

The CFP Board did not respond to individual comment letters.

“We thank those who submitted comments for their time and attention,” CFP Board general counsel Leo Ryzewski said in a statement. “CFP Board looks forward to reviewing the comments as it develops a final version of the Code and Standards.”

Under the CFP Board proposal, all CFPs, including brokers who hold the credential, must act in the best interests of their clients at all times when they are providing financial advice. The current standard holds CFPs to a fiduciary standard only during the financial planning process.

The [comment letter deadline](#) on the CFP proposal was Feb. 2. The CFP Board plans to issue the final standards by this summer.

The brokerage firms asserted that the CFP's new standard would be unfair to them.

“The result of the revised proposal is impractical burdens placed on our business models, requirements that are broader than, and therefore conflict with, regulatory standards and the addition of supervision and liability risks for regulated firms,” the brokerages wrote.

Their stance was similar to [recent opposition coming from trade associations](#) representing brokers, such as the Securities Industry and Financial Markets Association and the Financial Services Institute.

The revised CFP standards also received push back from the National Association of Personal Financial Advisors, who said that the board should be tougher in requiring CFPs to avoid conflicts of interest.

In the revised standards, “CFP Board declined to express a preference for avoidance of conflicts of interest over disclosure of conflicts of interest,” the [NAPFA letter states](#). “Given the option, many CFP professionals may choose disclosure over avoidance and by not expressing a preference, the revised proposed standards reinforce the notion that disclosure is enough. NAPFA calls upon CFP Board to express a preference for avoidance of conflict of interest.”

Two other fiduciary advocates — the Consumer Federation of America and Consumer Action — said that the proposed CFP standard goes beyond disclosure.

“[The] duty of loyalty makes clear that the CFP professional can act on a conflict only after meeting each of the following requirements: fully disclosing the material conflict of interest to the client, obtaining the client's informed consent, and properly managing the conflict,” the groups wrote in [their Feb. 2 letter](#). “Thus, it is clear that disclosure of conflicts alone is insufficient to satisfy this standard.”

The CFP Board administers the educational and ethical requirements for the designation. There are approximately 80,000 CFPs in the United States.