

PIABA: DIVIDED SEC VOTE LOWERING INVESTOR ADVICE PROTECTIONS FOR INVESTORS “VERY DISAPPOINTING”

WASHINGTON, D.C. – June 5, 2019 – The party-line vote today by the Securities Exchange Commission (SEC) on investment advice standards, including the so-called “Reg BI” proposal, will result in a investors receiving less protections, rather than more, according to the Public Investors Arbitration Bar Association (PIABA).

The SEC has essentially codified the FINRA suitability standard, calling it “Best Interest.” With the new rule, investors are left believing that their brokers will do what is best for them, when in fact, their brokers may still be influenced by insidious conflicts of interest. The rule does not prevent brokers from doing what is best for themselves.

“This is a very disappointing result from the SEC after almost a decade to review this issue,” says Sam Edwards, PIABA’s executive vice president. “In many ways, investors will actually be worse off than before as the SEC has used a name for the rule ‘Best Interests’ that suggests the standard of conduct for those in the brokerage industry has been increased to essentially a fiduciary standard, but the rule falls far short of that standard. Those in the brokerage industry will be able to tout that they are acting in their clients’ ‘best interest’ by following the rule, but the reality will be business as usual for the brokerage industry.”

“This was a missed opportunity. The SEC heard what the problems were with the existing standards and chose to codify them rather than fix them,” said Christine Lazaro, president of PIABA. “The SEC is going back to the days of *caveat emptor*, expecting investors to figure out how to protect themselves.”

Yesterday, PIABA joined the Consumer Federation of America in [a joint news conference to raise concerns about the so-called “Reg BI” in advance of the SEC vote](#). During that event, PIABA and CFA released [a joint statement outlining their concerns about the Clayton proposal](#).

Public Investors Arbitration Bar Association is an international, not-for-profit, voluntary bar association of lawyers who represent investors in securities and commodities arbitration proceedings and securities litigation. The mission of PIABA is to promote the interests of the public investor in securities and commodities arbitration, by seeking to protect such investors from abuses in the arbitration process, by seeking to make securities arbitration as just and fair as systemically possible and by educating investors concerning their rights. For more information, go to www.piaba.org.

MEDIA CONTACT: Max Karlin, (703) 276-3255 and mkarlin@hastingsgroup.com.

CAN’T PARTICIPATE? A streaming audio replay of the June 4th news event is available on the web at www.piaba.org.