



NEWS

FOR IMMEDIATE RELEASE

Contact: *Benjamin Lewis*
Perception, Inc.
301-963-7555

NAPFA Appeals to the SEC: Protect Fiduciary Duty!

Fee-Only financial advisors caution Commission to not loosen principal trading restrictions

Arlington Heights, IL (August 16, 2007) – On its website the Securities and Exchange Commission (SEC) states, “*As more and more first-time investors turn to the markets to help secure their futures, pay for homes, and send children to college, our investor protection mission is more compelling than ever.*”

The National Association of Personal Financial Advisors (NAPFA) strongly agrees. NAPFA is calling on the SEC to step-up and protect investors by not relaxing the principal trading restrictions.

Since 1983 NAPFA, the leading association of Fee-Only comprehensive financial advisors, has been a strong advocate of a fiduciary standard to protect investors. The issue of principal trading further clouds the already hazy lines separating what is ‘in the best interests of the investor’ and ‘what is in the best interests of the broker/dealer’.

“The SEC states that it has a mission to protect investors, but for it to even consider loosening principal trading restrictions calls that mission into question,” said Dick Bellmer, national chair of NAPFA. “A fiduciary standard represents the highest possible standard in the industry and the Commission has a duty to ensure this high standard remains intact.”

The letter sent to the SEC by NAPFA on August 14, 2007 provides four primary points of view on the issue, including:

- Even though the securities markets have become more transparent over time, the inherent conflicts of interest and risks to individual investors involving principal trades have not changed.
- Loosening principal trading rules lessens fiduciary duties – which should be preserved as the highest standard under the law. This erosion of the fiduciary standard hurts not only consumers but also the investment advisory professional.

- State common law fiduciary duties applicable to investment advisers would still require detailed disclosures and informed consent even if principal trading rules are relaxed under the Advisers Act.
- The real reason behind principal trading relief is to preserve the profits of Wall Street firms at the expense of individual investors. The Commission should not serve as a tool of broker-dealer firms to prevent disintermediation and stop progress in securing for individual investors a greater share of the returns the capital markets have to offer.

“We know NAPFA is not alone on the issue of principal trading and we call on industry leaders, professionals, and organizations to join us in making the SEC aware of their position. We can only hope the Commission is objective on this issue and follows its commitment to protect investors,” concluded Bellmer.

The NAPFA letter to the SEC is available to interested parties. To obtain a copy of the letter, or for more information on NAPFA, please contact Benjamin Lewis of Perception, Inc. at 301-963-7555 or benjamin.lewis@perceptiononline.com.

ABOUT THE NATIONAL ASSOCIATION OF PERSONAL FINANCIAL ADVISORS (NAPFA)

Since 1983, The National Association of Personal Financial Advisors (NAPFA) has provided Fee-Only financial planners across the country with some of the strictest guidelines possible for professional competency, comprehensive financial planning, and Fee-Only compensation. With more than 1,600 members across the country, NAPFA is the leading professional association in the United States dedicated to the advancement of Fee-Only comprehensive financial planning.

For more information on NAPFA, please visit www.NAPFA.org.

To learn more about NAPFA’s Focus on Fiduciary initiative, please visit www.FocusonFiduciary.com.

###