



NEWS

William Francis Galvin
Secretary of the Commonwealth

State House, Room 337
Boston, Massachusetts 02133

Contact: Debra O'Malley
Telephone: 617-727-9180

November 29, 2019

SECRETARY GALVIN MOVES FORWARD ON ADOPTION OF STATE FIDUCIARY STANDARD

Secretary of the Commonwealth William F. Galvin, the state's chief securities regulator, signed off today on new regulations that would impose a uniform fiduciary conduct standard on broker-dealers, agents, investment advisers, and investment adviser representatives when dealing with their customers and clients in Massachusetts.

A hearing on the proposed regulations, which were filed with Galvin's Publications & Regulations Division today, will be announced at a later date.

The proposed fiduciary conduct standard would require financial professionals to treat their customers and clients with utmost care and loyalty. Financial recommendations and advice would be required to be based on what is best for the customers and clients, without regard to the interests of the broker-dealer, advisory firm, and its personnel. The conduct standard is based on the common law fiduciary duties of care and loyalty.

The proposed changes to existing regulations are expected to increase accountability in the financial industry and protect investors by subjecting investment advice to a true fiduciary standard. Municipalities and pension plans would receive the full protection of the heightened conduct standard, along with individual investors.

"I am proposing this standard because the SEC has failed to provide investors with the protections they need against conflicts of interest in the financial industry with its 'Regulation Best Interest' rule," Galvin said.

"My Office has seen firsthand the serious financial harm that investors and savers have suffered as a result of conflicted financial advice," Galvin continued. "Investors must come first."

###