STATEMENT

NAPFA STATEMENT ON SECURITIES AND EXCHANGE COMMISSION'S APPROVAL OF REGULATION BEST INTEREST and RELATED GUIDANCE

Chicago, IL (June 5,2019) — The National Association of Personal Financial Advisors (NAPFA) strongly disagrees with the Securities and Exchange Commission's (SEC) approval today of its "Regulation Best Interest" (Reg BI) rule package addressing (i) broker-dealer conflicts and standards of conduct, (ii) required disclosures to retail consumers, (iii) duties of investment advisers under the Advisers Act, and (iv) the Advisers Act "solely incidental" exclusion that protects broker-dealers from both registration as investment advisers and compliance with Adviser Act fiduciary duties.

The Reg BI rule package is based on a new, misleading and undefined 'best interest' concept that is not equivalent to a true, robust fiduciary standard. In contrast to its "best interest" title, the regulations do not require broker-dealers to act in their clients' best interest under a fiduciary standard when providing investment advice, nor does it prevent broker-dealer conflicts of interest when providing financial advice. By not creating a clear uniform fiduciary standard equally applicable to all financial professionals who provide personalized investment advice, the SEC has short-changed consumers and retirement savers. Overall, the Reg BI rule package weakens existing investor protections and threatens to increase public confusion about the different categories of financial professionals and the standard of conduct they are held to when providing financial advice. Consumers need advisors who can and agree to provide ethical and unbiased financial advice under a true fiduciary standard.

NAPFA is particularly concerned about the broad scope and potentially negative consumer impact of the SEC's "solely incidental" interpretation which would apply to any broker-dealer advice that "is provided in connection with and is reasonably related to the broker-dealer's primary business of effecting securities transactions." In addition, NAPFA is also deeply concerned about and troubled by the SEC's lack of adequate consumer testing of the effectiveness of the new Form CRS customer relationship summary, and the SEC's insufficient economic analysis of the Reg BI rule package as a whole. These substantial deficiencies are described in comment letters filed on behalf of NAPFA by the Financial Planning Coalition, and in numerous comment letters from consumer advocates, economists, and other stakeholders.

NAPFA, along with other fiduciary advocates, remains dedicated to helping consumers make informed investment decisions to achieve their financial and life goals. Regardless of the confusion likely to be triggered by today's vote, all NAPFA members will continue to adhere to the organization's strict fiduciary oath, as they have for the past 35 years.

During the days and weeks ahead, NAPFA will closely review the final Reg BI rule package in light of our comment letters and look forward to engaging in a productive dialogue with NAPFA members, with stakeholders including the Financial Planning Coalition, and with the SEC.

ABOUT NAPFA

Since 1983, The National Association of Personal Financial Advisors has provided Fee-Only financial planners across the country with some of the highest standards possible for professional competency, comprehensive financial planning, and Fee-Only compensation. With 3,700 members across the country, NAPFA is the leading professional association in the United States dedicated to the advancement of Fee-Only financial planning. Learn more at www.napfa.org.

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