AARP Floods SEC With Letters Slamming Reg Best Interest

By Beagan Wilcox Volz, *Ignites*, June 27, 2018 [subscription required]

Thousands of individual investors have sent letters to the SEC railing against the proposed Regulation Best Interest.

The vast majority of those appear to stem from an AARP campaign objecting to the rule. "You've worked hard to save enough to enjoy your retirement. But a loophole in the rules makes it legal for some bad financial advisors to tell you where you should put YOUR money based on what's best for THEIR pocketbooks, not yours," AARP writes on its website to preface "talking points" for those sending comments to the SEC.

AARP, which has more than 38 million members, also provides a form for an e-mail message that can be sent directly to the SEC with the subject line: "Stop financial advisers from sapping Americans' retirement savings."

The SEC has received more than 2,800 comments via what it calls "Letter Type A." Many of those letters seem to include AARP's talking points verbatim, although the regulator doesn't identify the lobbying group as the source of the form letter.

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"Chairman [Jay] Clayton has said that Main Street investors are his primary objective in this rulemaking," says Niels Holch, executive director of the Coalition of Mutual Fund Investors. "Given his objective… you would think that individual letters from individual investors would have greater influence than they normally would in a comment letter file."

Regulation Best Interest, which is part of a three-pronged rule package, would tighten the standard of conduct for brokers, requiring them to act in clients' "best interest" rather than to just recommend suitable investments. Currently, brokers operate under the less stringent suitability standard. But SEC commissioners and investor groups alike have complained that the agency's proposal does not define the term "best interest" or lay out how it differs from the fiduciary standard to which investment advisors must adhere.