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House Passes Retail Investor Protection Act

Earlier this week, the House of Representatives passed H.R. 2374, the **Retail Investor Protection Act of 2013**, by a vote of 254-166. The bill prohibits the Secretary of Labor from prescribing any regulation under ERISA defining the circumstances under which an individual is considered a fiduciary until 60 days after the SEC has issued a final rule governing standards of conduct for brokers and dealers.

The bill also amends the **Securities Exchange Act of 1934** to prohibit the SEC from imposing an investment advisor standard of conduct as the standard of conduct of brokers and dealers before it has ascertained:

- (i) If retail customers are systematically harmed or disadvantaged owing to the operation of brokers or dealers under different standards of conduct than those for investment advisors; and
- (ii) Whether adoption of a uniform fiduciary standard of care for brokers or dealers and investment advisors would adversely impact retail investor access.

While 30 House Democrats voted in favor of the legislation, the Administration released a Statement of Policy yesterday strongly opposing the bill and recommending a Presidential veto if it is passed by Congress. Consequently, it is highly unlikely that the Democrat-controlled Senate will take up the legislation.

We are continuing to monitor this issue. If you have any questions about this alert, please contact either of the authors.

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