



SEC AMAC SUBCOMMITTEE: EVOLUTION OF ADVICE

SEPTEMBER 27, 2021

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THEMES EXPLORED IN PREVIOUS AMAC MEETINGS



JULY 16, 2020

Panel: Data Privacy and Technology's Impact on Investment Advice

- The evolution of industry interaction
- Technology advancements have created advantages in servicing clients
- New risks regarding the use and security of personal data
- Technology's role in the evolution of investment advice
- Open questions to be addressed by regulators and the industry



MARCH 19, 2021

Effect of personalization on the delivery of advice and client service

- Key trends and impact to investment advice
- Potential risks associated with artificial intelligence and machine learning-driven personalization
- Relationship between access to investor personal information and adviser recommendations
- Impact of personalization on an investor's ability to respond to and evaluate quality of investment advice



JULY 7, 2021

Panel: Evolution of Advice: Technology-Enabled Personalization

- Overview of broad range of personalized tools offered
- Benefits of technology to driving investor efficiency and client satisfaction
- Considerations for personalized investing when technology is utilized throughout the investment lifecycle
- How technology and financial advice fits within the investment adviser space

SEC AMAC SUBCOMMITTEE PANELISTS: EVOLUTION OF ADVICE, DATA PRIVACY AND TECHNOLOGY'S IMPACT ON INVESTMENT ADVICE (JULY 16, 2020)

Stuart Rubenstein

Akoya

Access to Consumer Data

- Data aggregation is used to provide consumer information for *Learning* (Mint.com or budgeting apps) and *Doing* (Venmo, PayPal)
- Screen Scrapers require consumers to share credentials without sharing consent
- APIs allow for consumers to consent to access in a safe and transparent manner
- Consumers should be able to consent to provide specific data to a specific party, monitor who has access and revoke access as needed
- The consent process must be conspicuous from a user experience and design standpoint

Lowell Putnam

Plaid

Hardeep Walia

**Schwab Asset
Management Solutions**

Considerations for Regulation

- Evolve regulation from product-centric to advisory-centric?
- Principle based model of regulation across value chain?
- Need to re-define what is and what isn't advice?
- Regulatory equity between human-led and algo-led advice?
- Benefits to investors of regulatory consistency across the industry

Eric Clarke

Orion

Enabling the Fiduciary Process

- Access to technology improves transparency with investors
- Allows recommendations to leverage holistic view of a client's financial situation
- Deliver advice at scale by leveraging technology to personalize portfolios
- Transparent reporting helps educate the investor creating confidence and trust

SEC AMAC SUBCOMMITTEE PANELISTS: EVOLUTION OF ADVICE, TECHNOLOGY-ENABLED PERSONALIZATION PANEL (JULY 7, 2021)

Ed O'Brien

eMoney Advisor LLC

Benefits

- Dynamic iterative and monitoring capabilities
- Ability for holistic view of client's current financial health
- Servicing households not engaged in-person advice model
- Survey results show technology driving advisor efficiency and client satisfaction

Jay Lipman

Ethic

Considerations

- What information is most useful for investors in assessing and comparing personalized investments
- How can investors assess personalized choices over time
- What is the role of regulators in balancing transparency but not hindering innovation

Dan Egan

Betterment

Types of Personalization

- Visible personalization that are trackable and transparent
- Digital automatic solutions that allow more efficient service of investors
- Allows education and motivates investors to take action towards their goals

Michael Kitces

Kitces.com

Industry Trends

- Technological revolution similar to industrial revolution
- Role of education, transactions, advice, and management
- Historical view of regulation tied to products



SEC AMAC SUBCOMMITTEE: EVOLUTION OF ADVICE NEXT STEPS:

AMAC Deliverables:

