

**Securities and Exchange Commission Investor Advisory Committee
Minutes of the Meeting of September 24, 2020**

The Investor Advisory Committee (IAC) met on September 24, 2020, in a public meeting held remotely online at <https://www.sec.gov>. The meeting convened at 10:00 am¹ and was broadcast live by webcast. The webcast archive can be found on the IAC web page at https://www.sec.gov/video/webcast-archive-player.shtml?document_id=iac092420.

The following persons participated in the meeting:

Commissioners of the Securities and Exchange Commission (SEC)

Jay Clayton, Chairman
Hester Peirce, Commissioner
Elad Roisman, Commissioner
Allison Lee, Commissioner
Caroline Crenshaw, Commissioner

Members of the Investor Advisory Committee

Paul Maloney, Interim Chairman
Cien Asoera
Theodore Daniels
Rick Fleming
Elissa Germaine
Satyam Khanna
Nancy LeaMond
Lori Lucas
Jennifer Marietta-Westberg
Christopher Mirabile
Mina Nguyen
Anne Simpson
Jerry Solomon
Heidi Stam
JW Verret

Panelists

Ray Boshara
Craig Copeland
Randall Eley
Elizabeth Evans
David Forman
Brigitte Madrian
George Nichols, III
Joe Savage

¹ All times listed are for the local Washington, DC time.

Lori Schock

SEC Staff

John Foley

Alexandra Ledbetter

Opening

Interim Chair Mahoney called the meeting to order at 10:00 am and a roll call of members was taken.

Initial Business

Mr. Mahoney announced that this was the final IAC meeting for Ms. Anne Simpson. Mr. Mahoney then turned the floor over for welcome remarks from SEC Chairman Jay Clayton, followed by Commissioners Peirce, Roisman, Lee, and Crenshaw. Chair Clayton and the other Commissioners bid farewell to Ms. Simpson and thanked her for her service. They also welcomed Satyam Khanna to the IAC.

Mr. Mahoney provided an opportunity for Ms. Simpson to share remarks. Ms. Simpson reflected on her IAC tenure and thanked the group.

Approval of Minutes

A motion was put forward and seconded to approve the minutes of the IAC meetings held on May 4, 2020, and May 21, 2020. The minutes were approved and subsequently posted to the [IAC webpage](#).

Panel Discussion Regarding Self-Directed IRAs

Interim Chair Mahoney turned over the floor to Ms. Stam to introduce the panel topic and moderate. Ms. Stam introduced the panel followed by remarks from each panelist in the order listed below:

- **Craig Copeland**, Senior Research Associate, Employee Benefit Research Institute
- **Brigitte C. Madrian**, Dean and Marriott Distinguished Professor, Brigham Young University Marriott School of Business
- **Elizabeth Salas Evans**, President and Chief Compliance Officer, Cayena Capital Management
- **David Forman**, Chief Legal Officer, Fidelity Brokerage Services LLC
- **Joe Savage**, Vice President and Associate General Counsel, FINRA

Dr. Copeland provided some information on IRA balances, including the average and median balances and topics specific to self-directed IRAs. His comments included information on IRA balances at specific age ranges, as well as indicating that there are challenges in “knowledge and understanding of how you turn assets into income” for the general population.

Dr. Madrian began with four (4) themes: 1) many investors lack basic financial literacy, 2) many investors don't understand the impact of investment fees, 3) many investors don't understand the impact of taxes, and 4) many investors are not well-equipped to make sound investment choices in a world where there are virtually an unlimited number of investment options. Her comments expanded on the challenges associated with each theme, and provided insight into the decision-making process that many investors go through.

Ms. Evans began by advocating that there was a “clear need for more minority investment advisory” and highlighted some recent reports on the gaps that exist. She then provided commentary on the SECURE Act, the need for lower minimum denomination bonds, [Reg BI and Form CRS](#), encouraged the SEC to “enhance its efforts to coordinate with other agencies” on self-directed IRAs, and alternative investments regarding non-traditional self-directed IRAs.

Mr. Savage began by providing some information on FINRA's role in regulating self-directed IRAs that are offered by broker-dealers. He then provided some commentary on a broker's obligations when recommending a rollover from a retirement plan to an IRA, conflicts of interest, and Reg BI.

Mr. Forman began by talking about trends in retirement investing, with specific focus on behavior since COVID-19. He then provided some commentary on recent retirement savings, millennials' demand for retirement assets, behavior in market shifts/swings, the electronic delivery of documents, and firm operations during COVID-19.

A discussion between panelists and Committee members occurred, moderated by Ms. Stam.

Recess

Interim Chair Mahoney took the Meeting into recess at 12:05 pm.

Non-Public Administrative Session

Interim Chair Mahoney took the Committee into a non-public administrative session at 12:15 pm.

Afternoon Session

Interim Chair Mahoney called the afternoon session to order at 1:30 pm and asked Mr. Daniels to introduce the panelists for the afternoon session.

Panel Discussion on Minority Community Investor Inclusion

Mr. Daniels introduced each panelist followed by remarks from each panelist in the order listed below:

- **Ray Boshara**, Director, Center for Household Financial Stability, Federal Reserve Bank of St. Louis
- **George Nichols, III**, President and CEO, The American College of Financial Services
- **Trivia Edwards**, Financial Analyst, Comer Capital Group, LLC
- **Randall R. Eley**, President and Chief Investment Officer, The Edgar Lomax Company, and Portfolio Manager, Edgar Lomax Value Fund
- **Lori Schock**, Director, Office of Investor Education and Advocacy, U.S. Securities and Exchange Commission

Mr. Boshara began the discussion by outlining the research his Center studies, including generational, educational, gender, racial, and ethnic wealth gaps, and indicated his comments today would focus on the racial wealth gap. He then provided some commentary on wealth gap changes over time, the various balance sheets of average families by race, debt-to-asset ratios by race, and provided a series of ideas to reduce the wealth gaps.

Mr. Nichols began by talking about the American College of Financial Services' operations and events, and described various actions related to historically black colleges and universities (HBCUs). He then provided commentary on financial literacy with a focus on black women, recruiting and training for black financial professionals, executive leadership programs and a collective impact approach, and encouraged a regulatory focus on diverse communities.

Ms. Edwards began by talking about investing as both “black and millennial,” and the barriers that she has faced in various contexts, and historical topics that contributed to the wealth gap. She then provided commentary on income disparities, home ownership, student loans, millennial investment participation rates, consumer marketing practices to minority communities, and creating financial education into a common core educational requirement.

Mr. Eley began by talking about the importance of education in the financial space, and the general investment environment. He then provided commentary on historical causes of wealth gaps, inequitable education distribution, and the value of the financial community seeking to broaden inclusion and educational activities.

Ms. Schock began by talking about the Office of Investor Education and Advocacy (OIEA), its history and functions, and current focus areas. She then provided commentary on investor.gov, OIEA's work in minority communities, affinity fraud, and various outreach activities around the country.

A discussion between panelists and Committee members occurred, moderated by Mr. Daniels.

Discussion of the Recommendation of the Ad Hoc Governance Working Group

Interim Chair Mahoney asked Ms. Stam to present the proposed recommendation of the Ad Hoc Governance Working group to amend and restate the IAC's bylaws. Following Ms. Stam's presentation, she opened up the discussion to additional comments from IAC members.

A motion was put forward and seconded to move for the adoption of the amended and restated bylaws. A roll-call vote was taken with all members in attendance voting in the affirmative to approve the recommendation.²

The restated bylaws are available at <https://www.sec.gov/spotlight/investor-advisory-committee-2012/iac-bylaws.pdf>.

Subcommittee Reports

Interim Chair Mahoney called upon Mr. Fleming to report on matters of the Investor-as-Purchaser Subcommittee. Interim Chair Mahoney reported on the matters of the Market Structure Subcommittee. Interim Chair Mahoney then called upon Ms. Stam to deliver the report on the matters of the Investor-as-Owner Subcommittee.

Adjournment

Interim Chair Mahoney adjourned the meeting at 3:42 pm.

² Ms. Bennington and Mr. Goettsch were not in attendance.