

**Securities and Exchange Commission Investor Advisory Committee
Minutes of the Telephonic Meeting on Nov. 7, 2018**

The Investor Advisory Committee (IAC) met on November 7, 2018 in a public meeting conducted telephonically. The meeting convened shortly after 2 p.m. and was audio broadcast live to the public.

The following persons participated in the meeting:

Commissioners of the Securities and Exchange Commission

Chairman Jay Clayton

Advisory Committee Members¹

Anne Sheehan (Chair)
Elisse Walter (Vice Chair)
Craig Goettsch (Secretary)
Allison Bennington
John Coates
Lisa Fairfax
Rick Fleming
Matthew Furman
Stephen Holmes
Nancy LeaMond
Paul Mahoney
Jennifer Marietta-Westberg
Lydia Mashburn
Mina Nguyen
Barbara Roper
Damon Silvers
Anne Simpson
Jerome Solomon
Heidi Stam
Susan Ferris Wyderko

Welcome Remarks

Chairman Anne Sheehan called the meeting to order shortly after 2:00 p.m.

SEC Chairman Jay Clayton, in his opening remarks, commented on the agenda and expressed his appreciation to the Committee for its work on behalf of investors. The Chairman's full statement is posted [here](#).

Approval of the Minutes of the September 13 Meeting

¹ William Lee and J.W. Verret were absent.

The Committee voted unanimously to approve the minutes of the previous meeting on September 13, 2018.

Recusal of the Investor Advocate

Mr. Fleming, the SEC's Investor Advocate, recused himself from the Committee meeting following approval of the minutes due to his involvement in the Commission's investor testing program for the proposed customer relationship summary.

Discussion of Recommendation of the Investor as Purchaser Subcommittee Regarding Proposed Regulation Best Interest, Form CRS and Investment Advisors Act Fiduciary Guidance

Barbara Roper, Chairman of the Investor as Purchaser Subcommittee, presented the recommendation. She described four ways in which she believes that the recommendation would improve upon the proposed rulemaking package.

A discussion with Committee members ensued.

Ms. Roper moved to approve the [recommendation](#), and Mr. Goettsch seconded the motion. The Committee approved the recommendation by a vote of 15-4, with Allison Bennington, Paul Mahoney, Lydia Mashburn², and Mina Nguyen voting against. As noted above, Mr. Fleming recused himself.

In voting in favor of the overall recommendation, Mr. Furman noted that he was unable to support the section of the recommendation describing the proposed best interest standard and, thus, was not part of the "majority" of the Committee described in the recommendation.

Mr. Solomon voted in favor of the recommendation, but said that he, like Mr. Furman, was not in agreement with the entire document.

Ms. Stam voted in favor of the recommendation, explaining that she supported it because she believed it was an accurate reflection of the views of the committee and because it supported the Commission proposal.

Ms. Wyderko voted yes, adding that she echoed Ms. Stam's comments.

² With procedural clarifications provided after the meeting about voicing partial support for IAC recommendations, Ms. Mashburn noted support for some elements of the recommendation while, on balance, being unable to vote in favor of its passage. In particular, Ms. Mashburn supported provisions for usability testing for Form CRS and clarification of the obligations the SEC's proposed best interest standard placed on broker-dealers and investment advisors; without further evidence and exploration of both the harm to be remedied by a uniform fiduciary standard as well as the effectiveness of that standard in providing a remedy, she could not support the recommendation for a uniform fiduciary standard for broker-dealers and investment advisors.

Following the vote, Ms. Marietta-Westberg associated herself with others who supported the recommendation overall but not every single aspect of it.

Mr. Silvers said that his line had been inaudible during the roll call of the vote, but that he would have voted in favor of the recommendation. Chairman Sheehan said that his vote would be added to those in favor of the recommendation.

After the vote, the Committee discussed whether to insert additional language indicating the broad support for the recommendation but decided not to do so.

Additional remarks by Chairman Clayton

Chairman Clayton clarified to the Committee that Rand Corporation conducted two investor studies relevant to proposed rulemaking: [a general study of investor literacy](#), which was released to the public on October 12, 2018; and [a study of the proposed customer relationship summary](#), which was set to be released soon after the meeting.

CLOSING

Chairman Sheehan adjourned the meeting at 2:46 p.m.