

Current NASAA Headlines

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SEC, NASAA and FINRA Announce New Steps to Help Protect Senior Investors



Washington, D.C., February 8, 2008 – The Securities and Exchange Commission (SEC), the North American Securities Administrators Association (NASAA), and the Financial Industry Regulatory Authority (FINRA) today announced a new initiative as part of securities regulators' efforts to protect senior investors. The goal of the initiative is to identify effective practices used by financial services firms in dealing with senior investors, and to provide information about these practices publicly.

As regulators have increasingly focused on protecting older investors, many investment advisers and broker-dealer firms are evaluating their current practices in serving seniors. SEC staff, NASAA, and FINRA will solicit input from all interested parties in order to identify strong supervisory, compliance and other practices used by financial services firms serving seniors in the following areas: marketing and advertising to seniors; account opening; product and account review; ongoing review of the relationship and appropriateness of products; discerning and meeting the changing needs of customers as they age; surveillance and compliance reviews; and training for firm employees. The findings will be published so all firms can improve their service to older investors.

SEC Chairman Christopher Cox said, "It's important to maximize the cutting-edge practices being developed by financial services firms to ensure that America's senior investors are being protected and well-served by brokers, investment advisers, and others in the securities industry."

NASAA President Karen Tyler said, "Strong regulation and heightened investor awareness, combined with effective industry compliance and supervisory systems, are necessary elements in the fight against senior investment fraud. Through this initiative we intend to spotlight successful industry practices from which others may benefit."

FINRA Chief Executive Officer Mary Schapiro said, "Our senior population is growing at an unprecedented rate, making it critical that the securities industry and its regulators focus on the needs of these investors. This initiative will reinforce and expand recent efforts by FINRA, the SEC and NASAA to make certain the entire industry serves the needs of senior customers."

It is not expected that there will be a "one-size-fits all" approach to effective practices in these areas, and there may be many different practices that are effective. The goal of the initiative is not to impose new regulatory requirements, but to help firms better meet their current obligations to, as well as more generally to serve, their senior customers.

This effort is one part of the multifaceted coordinated national initiative to protect seniors from investment fraud and sales of unsuitable securities that was announced by SEC Chairman Christopher Cox and NASAA, and FINRA (formerly the NASD and NYSE) in May 2006. The initiative has several components, including targeted examinations, enforcement of the securities laws in cases of fraud against seniors, and active investor education and outreach.

Since the start of this initiative, securities regulators have brought numerous enforcement actions against those who would prey on senior investors, initiated and completed a series of examinations of securities firms that offered "free lunch" sales seminars targeting seniors (report available at <http://www.sec.gov/spotlight/seniors/freelunchreport.pdf>), and sponsored numerous programs and events across the country to educate older investors on how to invest wisely and avoid costly mistakes.

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