

September 22, 2008

Regulators Release New Report to Assist Financial Services Firms in Serving Older Investors



Washington, D.C., Sept. 22, 2008 – As part of the Securities and Exchange Commission’s third annual Seniors Summit held in Washington today, the staff of the SEC along with the Financial Industry Regulatory Authority (FINRA) and the North American Securities Administrators Association (NASAA) released a joint report outlining practices that financial services firms can use to strengthen their policies and procedures for serving older investors as they approach and enter retirement.

Projections show that nearly one in every six Americans will be age 65 or older by the year 2020. Given the increasing number of investors who need advice and guidance, financial services firms are actively developing new products and increasingly providing financial advice and services to senior investors. The SEC, FINRA, and NASAA view the protection of senior investors as a top priority.

The regulators’ joint report – [Protecting Senior Investors: Compliance, Supervisory and Other Practices Used by Financial Services Firms in Serving Investors](#) – provides practical examples of proactive steps being taken financial services firms in serving senior investors.

SEC Chairman Christopher Cox said, “Today’s market turmoil affects senior investors very directly, because for them, investing for the longer term isn’t an option. They and the more than 76 million baby boomers will directly benefit from this report on improving broker-dealer sales practices and developing high standards for firms’ interactions with senior investors.”

NASAA President Fred Joseph said, “The practices outlined in this report, combined with strong regulation, effective industry compliance and supervision, and increased investor awareness, help ensure that the financial needs of our growing senior population are being met by brokers, investment advisers and others in the financial services industry. We appreciate the efforts of those in the industry who shared their successful programs with us and we look forward to continue working with the SEC, FINRA, and the financial services industry in the fight against senior investment fraud.”

FINRA CEO Mary Schapiro said, “FINRA is working closely with firms to make sure they treat seniors properly and educate brokers how best to interact with this growing segment of the investor population. The Joint Report will prove to be a valuable resource to financial services professionals as they struggle with the range of issues associated with an aging customer base – and it is my belief that this report will help make the securities industry a leader among industries when it comes to developing guidelines to serve senior customers.”

The regulators’ joint report summarizes firms’ practices in the following areas:

- Getting started: how firms are thinking of ways to remodel their supervisory and compliance structures to meet the changing needs of senior investors.
- Communicating effectively with senior investors.
- Training and educating firm employees on senior-specific issues (such as how to identify signs of diminished capacity and elder abuse).
- Establishing an internal process for escalating issues and taking next steps.
- Encouraging investors of all ages to prepare for the future.

- Advertising and marketing to senior investors.
- Obtaining information at account opening.
- Ensuring the appropriateness of investments.
- Conducting senior-focused supervision, surveillance and compliance reviews.

By sharing this information, regulators hope to provide practical examples to assist firms in ensuring that they work with senior investors in an ethical, respectful and informed manner.

The SEC's Seniors Summit also includes discussions about how securities firms and professionals can detect signs of diminishing capacity of a senior investor and what steps to take; what will get securities professionals into trouble with regulators and enforcement officials; and new surveillance techniques to make sure firms are in compliance with the law.

For more information:

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