

MEMO# 22350

March 17, 2008

Securities Regulators Announce New Initiative to Protect Senior Investors; Participation by Fund Firms Sought

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TO: CHIEF COMPLIANCE OFFICER COMMITTEE No. 5-08
CLOSED-END INVESTMENT COMPANY COMMITTEE No. 8-08
PENSION COMMITTEE No. 11-08
SEC RULES COMMITTEE No. 23-08
SMALL FUNDS COMMITTEE No. 10-08 RE: SECURITIES REGULATORS ANNOUNCE NEW INITIATIVE TO PROTECT SENIOR INVESTORS; PARTICIPATION BY FUND FIRMS SOUGHT

The Securities and Exchange Commission, the North American Securities Administrators Association, and the Financial Industry Regulatory Authority have announced that they will seek to identify effective practices used by financial services firms in dealing with senior investors. [\[1\]](#) In a recent letter to Institute President and CEO Paul Stevens, the regulators requested the Institute's support in making this project a success. Accordingly, the Institute is seeking to identify fund firms that would be willing to meet with the regulators' staffs and share their "best thinking" on senior issues.

According to the press release announcing this initiative, as the regulators have increased efforts to protect older investors, many investment advisers and broker-dealers are evaluating their current practices in serving seniors. The release states that "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." It further states that a "one-size-fits-all" approach to effective practices is not expected, and that there may be many different practices that are effective. The regulators intend to publish their findings in order to help all firms improve their service to this investor group.

Specifically, the regulators will seek input from all interested parties concerning effective supervisory, compliance, and other practices 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
- Employee training

If your firm would like to participate in this initiative, please contact me at 202/326-5819 or rgraham@ici.org.

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[1] See *SEC, NASAA and FINRA Announce New Steps to Help Protect Senior Investors* (press release issued Feb. 8, 2008), available on the SEC's website at <http://www.sec.gov/news/press/2008/2008-16.htm>. This initiative is part of a coordinated effort by the regulators, dating back to May 2006, to protect seniors from investment fraud and sales of unsuitable securities.

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