

THE FIDUCIARY STANDARD

Investment advisors are bound to a fiduciary standard that was established as part of the Investment Advisors Act of 1940. They can be regulated by the SEC or state securities regulators, both of which hold advisors to a fiduciary standard that requires them to put their client's interests above their own. The act is pretty specific in defining what a fiduciary means, and it stipulates that an advisor must place his or her interests below that of the client. It consists of a duty of loyalty and care, and simply means that the advisor must act in the best interest of his or her client. For example, the advisor cannot buy securities for his or her account prior to buying them for a client, and is prohibited from making trades that may result in higher commissions for the advisor or his or her investment firm.

It also means that the advisor must do his or her best to make sure investment advice is made using accurate and complete information, or basically, that the analysis is thorough and as accurate as possible. Avoiding conflicts of interest is important when acting as a fiduciary, and it means that an advisor must disclose any potential conflicts to placing the client's interests ahead of the advisor's. Additionally, the advisor needs to place trades under a "best execution" standard, meaning he or she must strive to trade securities with the best combination of low cost and efficient execution.



SOME THINK REGISTERED REPRESENTATIVES ARE SIMILAR TO RIA'S, BUT:



They are usually compensated by commissions on product transactions



Typically not held to a fiduciary standard; when making a recommendation, held to "suitability standards"



Suitability standards say they can recommend certain securities or investments if they believe they are *suitable* for a particular investor—but they are not required to put your best interest first

*Only 8% of those individuals interviewed with a household income of \$75,000 or more feel a broker dealer is most likely to provide them with the best advice.**

*Survey, "Most Would Turn to Independent Financial Advisors During this Difficult Time", conducted September 11 to 14, 2008 by Opinion Research Corporation.

Fusion Capital Management is registered as an investment advisor with the SEC and only transacts business in states where it is properly registered, or is excluded or exempted from registration requirements. SEC registration does not constitute an endorsement of the firm by the Commission and does not imply that the advisor has achieved a particular level of skill or ability. All investments have the potential for profit or loss.

Contact us:

9111 Cypress Waters Blvd, Suite 140
Dallas, TX 75019

P: 866.254.4235

F: 888.607.8601

E: info@fusioncm.com

www.fusioncm.com