

HOUSE No. 3248

The Commonwealth of Massachusetts

PRESENTED BY:

Thomas M. Stanley

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act limiting certain conflicts of interest for investment advisors and brokers.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Thomas M. Stanley</i>	<i>9th Middlesex</i>	<i>1/16/2015</i>
<i>John J. Lawn, Jr.</i>	<i>10th Middlesex</i>	<i>3/17/2015</i>

HOUSE No. 3248

By Mr. Stanley of Waltham, a petition (accompanied by bill, House, No. 3248) of Thomas M. Stanley and John J. Lawn, Jr., for legislation to prohibit certain conflicts of interest involving investment advisors or brokers. Financial Services.

The Commonwealth of Massachusetts

In the One Hundred and Eighty-Ninth General Court
(2015-2016)

An Act limiting certain conflicts of interest for investment advisors and brokers.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Chapter 110A of the General Laws is hereby amended by adding the following 3
2 sections:-

3 Section 418. The secretary shall provide disclosure forms on which the registrant shall
4 indicate whether he is acting as an investment advisor or a broker-dealer along with a brief
5 description of what each role entails. The form shall be provided to a client at the start of the
6 relationship or upon any change in status and shall be signed both by the client and the registrant.

7 Section 419. If a registrant is acting both as an investment advisor and as a broker-dealer,
8 the registrant shall adhere to the fiduciary standard and at all times act in the best interests of the
9 registrant's clients.

10 Section 420. Anyone registered as an investment advisor under this chapter shall not
11 receive conflicted remuneration. For the purposes of this section, conflicted enumeration is
12 defined as any benefit, whether monetary or non-monetary, given to a registrant who provides

13 financial product advice to clients that, because of the nature of the benefit or the circumstances
14 in which it is given: (i) could reasonably be expected to influence the choice of financial product
15 recommended by the registrant; or (ii) could reasonably be expected to influence the financial
16 product advice given to clients by the registrant.