FINANCIAL SERVICES INSTITUTE
VOICE OF INDEPENDENT FINANCIAL SERVICES FIRMS AND INDEPENDENT FINANCIAL ADVISORS

FSI MEMBERS: The different work "hats" our members wear

	Insurance Agent	Registered Rep. (RR)	Investment Adviser Rep. (IAR)	Financial Planner
Corporate Affiliation	Insurance Company or a General Agency	Broker-Dealer	Registered Investment Adviser (RIA)	Registered Investment Adviser (RIA)
Products Offered	• Property & casualty insurance • Life insurance • Annuities	• Securities— (e.g., stocks, bonds, mutual funds, ETFs, etc.) • Variable insurance— (e.g., variable annuities and variable life)	• Investment Advice	• Financial planning services
Compensation Method	• Commission from sale of the products offered	• Commission from the sale of products offered	• Fee based upon the assets under management (AUM)	• Flat or hourly fee • Oftentimes the fee is waived if insurance, securities or other advisory services are sold
Professional Designations and Licenses	• Chartered Life Underwriter (CLU®) • Chartered Financial Consultant (ChFC®)	• Series 6—Mutual Funds and variable annuities • Series 7—All securities products • Series 63—Additional exam required by each state to transact business.	• Chartered Financial Analyst (CFA®) • Certified Financial Planner (CFP®)	• Certified Financial Planner (CFP®)
Legislation	• State insurance laws	• Securities and Exchange Act of 1934	• Investment Advisers Act of 1940	• Investment Advisers Act of 1940 as described in SEC Release IA-1092
Regulators	• State insurance commissioners	• SEC (www.sec.gov) • FINRA (www.finra.org) • States	• SEC if more than $100 million AUM • States if less than $100 million AUM	• SEC if more than $100 million AUM • States if less than $100 million AUM

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KEY TERMS

LEGISLATION

Securities Act of 1933: First law enacted by Congress to regulate the securities markets. The ’33 Act requires registration of securities prior to public sale and adequate disclosure of pertinent financial and other data in a Prospectus to permit informed analysis by potential advisers.

Securities and Exchange Act of 1934: The law governing the secondary trading of securities. The ’34 Act and related statutes form the basis of regulation of the financial markets and their participants. The ’34 Act also established the Securities and Exchange Commission (SEC), the agency primarily responsible for enforcement of United States federal securities law.

Investment Advisers Act of 1940: The ’40 Act requires all investment advisers to register with the SEC. The ’40 Act is designed to protect the public from fraud or misrepresentation by investment advisers. Case law developed under the ’40 Act requires advisers to disclose potential conflicts of interest to those they advise.

REGULATORS

Securities and Exchange Commission (SEC): Federal agency created by the ‘34 Act. The SEC is responsible for enforcement of the federal securities laws. The Commission is comprised of five Commissioners all appointed by the President and confirmed by the Senate on a rotating basis for five-year terms. The Chairman is designated by the President and no more than three Commissioners of the same political party can be on the Commission. The statutes administered by the SEC are designed to promote full public disclosure and protect the investing public in the securities markets. **www.sec.gov**

Financial Industry Regulatory Authority (FINRA): A private corporation that acts as a self-regulatory organization (SRO). FINRA performs financial regulation of member brokerage firms and exchange markets under the supervision of the SEC. **www.finra.org**

North American Securities Administrators Association (NASAA): An investor protection organization comprised of 67 state, provincial and territorial securities administrators in the 50 states, the District of Columbia, the U.S. Virgin Islands, Puerto Rico, Canada and Mexico. **www.nasaa.org**

Municipal Securities Rulemaking Board (MSRB): The MSRB was created by Congress in 1975 to provide oversight of firms engaged in the municipal securities business. A board of directors and professional staff oversee and manage the MSRB and adhere to strict corporate governance practices.

PRODUCTS

Annuity: A contract sold by life insurance companies that guarantees a fixed or variable payment at some future time, usually when a person retires. In a fixed annuity, the amount will ultimately be paid out in regular installments. In a variable annuity, the payout is based on a guaranteed number of units which depend on the value of underlying investments.

Bond: An interest-bearing or discounted government or corporate security that obligates the issuer to pay the bondholder a specified sum of money, usually at specific intervals, and to repay the principal amount of the loan when it fully matures. Some common forms of bonds are secured, convertible or performance.

Insurance: A contract where by individuals or companies that are concerned about potential hazards pay premiums to an insurance company, which reimburses them in the event of a loss. Some common forms of insurance cover business risks, automobiles, homes, boats, workers’ compensation and health. Life insurance guarantees payment to the beneficiaries when the insured person passes away.

Mutual Funds: An investment vehicle operated by an investment company that raises money from shareholders and invests in stocks, bonds, options, futures, currencies or money market securities. Mutual funds offer investors many advantages including diversification and liquidity.

Stock: Ownership of a corporation which is represented by shares that are a claim on the corporation’s earnings and assets.