

**Ep #264: The Significance of the Reg BI Challenge**  
**with Michael Kitces**

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## **Ep #264: The Significance of the Reg BI Challenge** **with Michael Kitces**

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**Narrator:** [00:00:01] Join your host, Maddy Roche, as she brings you into a community of fee-only financial advisors who are successfully building profitable businesses that serve the next generation of clients. Learn from innovative advisors whose unique stories will inspire you to dream big and take action on your goals. Are you ready to live your best life and help your clients live theirs? Then you're in the right place.

**Maddy Roche:** [00:00:25] Hello and welcome to this episode of #XYPNRadio. I'm Maddy Roche your host. I'm honored to interview XYPN co-founder and industry guru Michael Kitces on the show today to talk through XYPN lawsuit against the SEC. In September of 2019, XYPN challenged the Regulation Best Interest rule in federal court. Nine months later, and after a lot of litigation, we received a ruling against us. Today, Michael Kitces talks about what that ruling means and how XYPN plans to respond to it. Michael addresses common concerns from advisors like how this impacts them, why they should care, and how they can continue to differentiate themselves from non fiduciary advisors. Michael also talks about XYPN continued advocacy outside of this lawsuit, how the industry will likely respond. And he discusses how he hopes XYPN can engage our membership base to make meaningful changes per usual. He's got great advice and reminders. Niche services are an advisors best differentiator, and we should all be committed to seeing advice at the fiduciary level through and through. If you're interested in learning more about how to think about and discuss the importance of this lawsuit, this show is for you.

**Maddy Roche:** [00:01:37] Avocado toast. Selfies. A mountain of student loan debt. Gen Y is anything but traditional, and with over seventy five million people, it's a population you don't want to ignore. Learn more about how to serve this unique population in our guide called "Attract and

[XYPN Radio](#) with Maddy Roche

## **Ep #264: The Significance of the Reg BI Challenge with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

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**Maddy Roche:** [00:02:08] You can find any of the resources we mentioned during this episode at [xyplanningnetwork.com/264](http://xyplanningnetwork.com/264). Also, be sure to go to [xyplanningnetwork.com/VIP](http://xyplanningnetwork.com/VIP) to join our private group just #XYPNRadio listeners. It's the community of advisors we've all been looking for that's there to provide support when we need it the most. Best of all, it's free! I encourage you to check it out. Again, that's [xyplanningnetwork.com/VIP](http://xyplanningnetwork.com/VIP). Without further ado, here's my interview with Michael Kitces.

[00:02:37] -- swish --

**Maddy Roche:** [00:02:37] Hello, Michael. Welcome to #XYPNRadio.

**Michael Kitces:** [00:02:41] Good to be back. It's-it's... I just realized, like it's been a few episodes since I've been on because I don't think I have been on since you have been on, since you took over as guests. So congratulations to you. I'm excited to be here as a first-time guest of yours on #XYPNRadio.

**Maddy Roche:** [00:02:59] Awesome. Thank you so much, Michael. I really look forward to this interview. And you're right. It has been nearly a year since you were last on with Alan talking about the same topic. so I'm glad to have you on today to talk about our lawsuit and get all of your

[XYPN Radio](#) with Maddy Roche

## Ep #264: The Significance of the Reg BI Challenge with Michael Kitces

<http://www.xyplanningnetwork.com/264>

perspective on why we did this, where we're going, what do you think is next, and most importantly, how this impacts the members and the advisors in our community and how and why their clients should care about it, so I'm, I'm honored, Michael, of course, to interview you, but I know our listeners are even more excited, so... Why don't you start us off with just a little bit of an update about where we are right now, because something did happen in the past few weeks.

**Michael Kitces:** [00:03:35] Sure, I, so, so where we are right now is unfortunately XYPN, as it stands, did not win its lawsuit. So, we had begun this in a district court. It had been escalated up to the appeals court. The judges, unfortunately, did not rule in our favor. They ruled in favor of the SEC. In essence, we were saying Regulation Best Interest was contrary to law and arbitrary and capricious, which are technical legal terms (we can talk a little bit more about a few minutes), but you know, our, our claims were that the rule and the way the SEC formed it did not meet the requirements of what regulators have to do to substantiate and validate a new rule. The courts, unfortunately, disagreed with us and sided with the SEC. That wasn't... entirely surprising and unprecedented, like we... Obviously we did it because we felt we had a real chance to win, but the history always has been that courts tend to give a lot of deference to regulators. You know, the last time we went through this was the Department of Labor's Fiduciary rule; the industry ultimately did defeat the Department of Labor on that, but only because, frankly, the other side has a lot more money and-and people at it, they filed in multiple different courts and jurisdictions at the same time whilst all of them but one, but you only have to win at one to to get a rule overturned. Unfortunately, we don't quite have the resources to file in like every state of the country and then see if one of them turns out. You know, we-we placed our best bet on where we thought we had a chance, and unfortunately, the appeals court's ruling was against us. That doesn't technically mean it's over yet; we have some decisions to make about asking the appeals court to hear it. What's called

[XYPN Radio](#) with Maddy Roche

## Ep #264: The Significance of the Reg BI Challenge with Michael Kitces

<http://www.xyplanningnetwork.com/264>

"en banc", so normally a three panel, three judge panel hears an appeals case, you can ask the entire appeals court, all of the judges to hear it. It's kind of a way to get a second hearing and a second chance. We can also appeal from here to the Supreme Court; that's kind of the next step if you don't win an appeals court. You can go to the Supreme Court, frankly, as you escalate up the chain. Those, those even get a little bit less likely. It does happen, the Supreme Court does overturn things, but that is a further uphill battle, and so we're still in the process of evaluating with our lawyers - just is it really worth continuing to fight this particular fight or are we just going to shift our resources and focus elsewhere? We're certainly not done with advocating for standards for advice, but whether this is the particular hill that we want to keep fighting up, we're trying to decide whether we're to keep going. But unfortunately, the appeals court ruling what we've been building up to over about eight months of this battle was not in our favor.

**Maddy Roche:** [00:06:13] Lots to chew on there and lots to dig through. I'm, I'm interested in particular why we decided that this avenue of advocacy was going to be the best route for this particular issue. As you mentioned, there was a lot of different advocacy that XYPN can do in this industry, but why was the legal, the legal avenue what we pursued just about a year ago?

**Michael Kitces:** [00:06:33] So really, this was a, this was a buildup. The-kind of reality and regulation of advisors is it's really only about once a decade that like a big rule comes forward and stuff is happening and people have an opportunity to influence the regulation, bequeath comments on the regulation, try to shape the regulation or potentially challenge if it doesn't work out, so the the big issue of the 2000s was an exemption that allowed brokerage firms to charge ongoing fees without registering as fiduciaries. That was one the Financial Planning Association challenged in

## **Ep #264: The Significance of the Reg BI Challenge** **with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

2005 - one actually got it vacated. The next one came 10 years later, was the Department of Labor's Fiduciary rule; that one was kind of in favor of fiduciaries. The industry side challenge that one, they ultimately got it vacated. And, and so this was kind of the next big one that that came up a little bit close to the Department of Labor's, but only because once Department of Labor's rule got thrown out, it kind of cleared the decks for the SEC to take a fresh swing at a rule, and so it was sort of functionally kind of a follow on. If the DLL rule had stuck, I don't think we would have had Regulation Best Interest; we would have had a more straightforward rule that conformed to the Department of Labor's, but clearing the decks, the Department of Labor gave us kind of a second crack at the "big rule of the decade", of the 2010s, which was Regulation Best Interest. And, and, the challenge here was Regulation Best Interest, at the end of the day, it uses that "best interest" label, right? That's the very loaded term of "I act to my client's best interest. It's sort of the core of the Fiduciary duty", but simply put, Regulation Best Interest uses the "best interest" words, it's not actually a Fiduciary "best interest" standard.

**Maddy Roche:** [00:08:23] Interesting.

**Michael Kitces:** [00:08:23] Technically, what it says is the broker has to act in the best interest of the client at the moment they make the recommendation. Not with respect to their entire relationship, not with respect to everything else that happens on ongoing basis. Their firm has no obligation to act in the best interest, so, you know: here, we've created a bunch of overcharge, expensive proprietary products because our firm makes all of the extra money on the back end of it. You as an individual advisor are now supposed to sell only these products that we put on our product shelf because they're the ones that we get paid money on the back end. You, as the broker, are now expected to give best interest advice with

## **Ep #264: The Significance of the Reg BI Challenge** **with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

whatever you've got available, and you can do that to the best of your ability, but the fundamental conflict, which is the firm up the line that only gave their broker a limited list of products, all of which were either proprietary or upcharge because of back in dollars the platform gets all of that continues to be permitted. We can't do that in a Fiduciary realm. That was permitted under Regulation Best Interest because it didn't actually require the whole of advice to be "best interest", just the one person at the end who may or may not even have a fair slate of of solutions to offer their clients in the first place. And so, because of that, because the concerns around Regulation Best Interest, we really took this in stages. The-the rulemaking process involves public comment periods. XYPN had a very thorough, lengthy public comment letter that we had submitted as part of the regulatory process, raising concerns. In fact, we submitted two rounds of public comment letters because there was both an opportunity to comment on the original rule and then a comment, an opportunity to comment on an amended rule, and in practice, even when the final Regulation Best Interest rule came out, the SEC actually cited and acknowledged our comment letter in multiple places.

**Maddy Roche:** [00:10:17] Wow.

**Michael Kitces:** [00:10:17] So, sort of reflecting: and this is part of the nature of the rulemaking process. Regulators say, "well, you know, this portion of the industry suggested this. This other portion of the industry suggested that. Based on all the feedback and literally 'the public comments', we have decided to do this", so our comments were there - they were clearly heard. They didn't necessarily take some of our policy views, which at the end of the day, we're focused on really some pretty simple principles: if you give advice, it should have to be Fiduciary. If you say you give advice, it should have to be Fiduciary, even if all you actually

[\*\*XYPN Radio\*\*](#) with Maddy Roche

## **Ep #264: The Significance of the Reg BI Challenge** **with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

do at the end of the day is sell something. If you tell clients I'm a financial advisor, I have CFP® certification, we offer comprehensive financial planning. You can't do all of that and then at the very, very last minute right when we're about to sign everything, take off the advisor hat, put on a product sales hat and say, "oh, and now to get paid for all this, I'm going to sell something that my firm gave me that may or may not actually be in your best interest because my firm only gives me a list of products that they make extra money on on the back end." And so we challenged this in the, in the rulemaking process with public comments, the SEC moved forward anyways, and so at that point, we, we have to go to the next level, which was okay, we don't feel they properly considered the public comments, we don't feel they're actually even acting within the authority of what of the rules that were set forth - you know, the SEC doesn't get completely open reign to make any ol' darn rule they like; like, they have to make rules that fit the authority that Congress gives them, and Regulation Best Interest in the first place came forth from a particular power under the Dodd-Frank legislation in 2010 and the whole focus of that legislation at the end of the day was, "hey, there seems to be a lot of confusion about the difference between brokers and advisors", so the SEC was, first of all, directed to do a study to determine whether or how much confusion there really is in the marketplace between brokers and advisors. They did that study in the early 2010s. It unequivocally said "everybody's completely confused. No one knows the difference."

**Maddy Roche:** [00:12:27] Right. (laughter)

**Michael Kitces:** [00:12:28] Then, the follow up for the, for the study was the SEC was authorized to engage in a new rulemaking process to put forth a new standard for brokers that give advice and then an extension of that, they said, if they, if they make a standard, they need to make a

[\*\*XYPN Radio\*\*](#) with Maddy Roche

## **Ep #264: The Significance of the Reg BI Challenge** **with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

standard that is at least as stringent as the fiduciary rule that applies to registered investment advisors. And, and that was the sort of the framework that the SEC used to put forth the rule, except what they did at the last minute in in putting forth and justifying the rule is they said... Well, there were really two parts of the Dodd-Frank legislation. The first said the SEC can make a rule. The second part said if the SEC makes a rule, it should be at least as stringent as the advisors act. Well, the SEC read this as two separate options: you can make a rule or you can make a fiduciary rule. We said "no, no. Like, if you look at the language like it clearly says, you can make a rule about personalized investment advice and then if you make a personalized investment advice rule, it has to meet this fiduciary bar." And so, ultimately, our challenge came down and not just sort of sour grapes, like, hey, you asked us for public comment, we gave our public comment and you didn't go our way, like that-that happens, that's part of the process. We've submitted a lot of public comment letters and a lot of things advocating for fiduciary. Sometimes the regulators take up our comments, sometimes they don't. But the particular challenge here was the whole of Regulation Best Interest was premised on this reading of Dodd-Frank and what the SEC was allowed to do that in our reading was just not what Dodd-Frank said, and more to the point, if you really look back at what was going on at the time, like the whole of Dodd-Frank was all about lifting standards on the financial industry because of all the bad stuff that just happened in a giant financial crisis two years earlier, but the whole point of Dodd-Frank was lifting standards in lots of different areas, so the idea of "well, the SEC was authorized to create a new rule, but it could choose to ignore the higher standards" part, it's like, well, then why would they have even made the ruling commission to the SEC to do the study in the first place? Like, you didn't really follow Dodd-Frank, you didn't follow the intent to Dodd-Frank, you didn't even follow what your study told you was a problem in the first place, and it's not even clear what you put forth is consistent with the original Investment Advisers Act from 1940, which is what created RIAs in the first place, and so the challenge of all of that together was what led us to ultimately say, "I think we actually need to

[XYPN Radio](#) with Maddy Roche

## **Ep #264: The Significance of the Reg BI Challenge with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

challenge this rule just from from an actual legal perspective. I'm not sure the SEC has not really has the authority to just completely make up a new set of rules that don't fit the Investment Advisers Act or the Dodd-Frank Act."

**Maddy Roche:** [00:15:17] And during our lawsuit at the at the Court of Appeals level, Congressman Dodd and Senator Frank actually submitted an amicus brief on behalf of XYPN -

**Michael Kitces:** [00:15:26] Yup.

**Maddy Roche:** [00:15:26] - stance, correct?

**Michael Kitces:** [00:15:28] Yeah, so when there's this whole question out there - and I mean, this is not uncommon in legal challenges around legislation in the first place, right? Like Congress writes the rules -

**Maddy Roche:** [00:15:38] Mhmm.

**Michael Kitces:** [00:15:38] - the courts interpret it. Often, the debate essentially comes down to, you know, Congress used this particular word, like what did that word mean in that context? A lot of the case law, when you look at it like the historical cases that get cited, I mean, a whole bunch of is around basically, like if, if Congress uses a comma here, it means this typically. If a Congress uses a period to separate sentences, it means this. The word "may" vs "if" vs "shall" has all these loaded terms, right? It's really

[XYPN Radio](#) with Maddy Roche

## **Ep #264: The Significance of the Reg BI Challenge** **with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

just sort of... judges interpreting grammar and punctuation because that's actually what shapes meaning.

**Maddy Roche:** [00:16:13] Yeah.

**Michael Kitces:** [00:16:13] And, and the FPA's case against the SEC boiled down to essentially one word in the regulation and how it was, and how it was- or one word in the legislation, how is interpreted, so a lot of it is kind of parsing grammar, but, you know, we believe at the end of the day that basically the SEC didn't parse the grammar correctly and that we had an opportunity to, to challenge on the basis.

**Maddy Roche:** [00:16:39] And the court actually saw and acknowledged that we did, in fact, have standing, that-that advisors with XYPN would, in fact, be harmed by this. Can you expand a little bit on how can we have standing but still not win?

**Michael Kitces:** [00:16:50] Yeah, absolutely. So... you know, challenging legal cases like this - particularly when you're, when you're challenging a regulator - really comes down to two, two issues: one I'll call is-is the merits of the case. Like you made an argument, do we-do we buy it? Do we, do we agree with you or do we agree with the other, the other side? Right? That's kind of the merits of the case, but particularly when you're debating or when you're challenging regulators, a key part of challenging regulations is that you have to have standing to challenge the regulation. In essence, if you want to bring a grievance in court, you can't just sue someone else willy nilly. You have to actually show you've been harmed in order to say I have a grievance that the court needs to address. Now, the challenge with

## **Ep #264: The Significance of the Reg BI Challenge** **with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

a lot of regulation is just actually finding like who in particular can say they're harmed enough to actually challenge the case. And it's a big deal issue because the other group that challenged Regulation Best Interest was a coalition of seven states who said at the end of the day, we don't think Regulation Best Interest is good protection for our consumers, for the citizens in our state; we believe ultimately that commerce will be harmed in our state, that advice will be harmed in our state, but it's actually very difficult for states to prove standing, right? You got to like, "well, our citizens will be harmed." "Oh, great. Can you" -

**Maddy Roche:** [00:18:13] Cool! (laughter)

**Michael Kitces:** [00:18:13] - "bring some of them and show them to us? Like, give me an example of" -

**Maddy Roche:** [00:18:17] Yeah.

**Michael Kitces:** [00:18:17] - "three individual citizens in your state who have been harmed by this rule."

**Maddy Roche:** [00:18:22] Mhmm.

**Michael Kitces:** [00:18:22] "Well, we can't do that because the rule hasn't actually taken effect yet, but we believe that our citizens will be harmed." "Like, well, great. Parade some of them, and show us exactly how they will be harmed." It gets a little weird very quickly. It's actually very challenging

[XYPN Radio](#) with Maddy Roche

## **Ep #264: The Significance of the Reg BI Challenge** **with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

for states to fight regulations like this. And in fact, at the end of the day, the states lost on standing.

**Maddy Roche:** [00:18:42] Interesting.

**Michael Kitces:** [00:18:42] And what they mean in practice is if you don't have standing, like it doesn't even matter how good your arguments are. If you can't prove you are harmed, you don't get to fight. So finding someone who is standing in the first place is a big deal. That's actually why regulations are often challenged by industry participants. So FPA challenged the SEC Rule in 2005, SIFMA and FSI, which are lobbying organizations for brokerage firms, challenged the Department of Labor's rule, and then XY Planning Network challenged Regulation Best Interest. Industry participants tend to have more direct ability to show harm, right? And from XYPN standard, and which is really just as representation for the RIA community, you know, we made the relatively simple case: RIAs differentiate on the fact that we have a fiduciary best interest obligation to clients. If brokers can say they also have a best interest obligation but don't actually have the legal consequences behind it, you know, they leave the RIAs with all the legal burden but none of the differentiation that comes with it, which means, in essence, as an RIA, you have, you have a higher legal risk, a higher liability risk, and no way to differentiate on that basis. That actually imposes an undue cost on our RIAs relative to brokers in the competitive landscape. Now, the SEC zone study had shown if we expand advice into brokerage firms, it will likely harm formation of RIAs.

**Maddy Roche:** [00:20:07] Interesting.

## Ep #264: The Significance of the Reg BI Challenge with Michael Kitces

<http://www.xyplanningnetwork.com/264>

**Michael Kitces:** [00:20:07] And so when we brought that to the courts, the courts did agree: Regulation Best Interest puts RIAs at a competitive disadvantage - at least relative to where they were.

**Maddy Roche:** [00:20:19] I'm interested-

**Michael Kitces:** [00:20:19] The courts agreed; they said it outright in their opinion. That was sort of fundamental to demonstrating why XYPN had standing, right? We represent RIAs that are harmed by a new rule that says "brokers can say they act in the best interests of clients, but then not actually have the full legal obligation act in a client's best interest at all times."

**Maddy Roche:** [00:20:40] Fascinating. I'm interested, Michael, in your opinion, of what would have happened had we won this? What would the impact have been on the broker dealer industry if this rule came down differently?

**Michael Kitces:** [00:20:50] So, so if XYPN won, in essence, it would have been back to the drawing board again.

**Maddy Roche:** [00:20:56] Wow.

**Michael Kitces:** [00:20:56] Right? We tried this with Department of Labor. We got a few years in, then it was vacated, which essentially meant it was back to the drawing board. Had XYPN won Regulation Best Interest

[XYPN Radio](#) with Maddy Roche

## Ep #264: The Significance of the Reg BI Challenge with Michael Kitces

<http://www.xyplanningnetwork.com/264>

would've been vacated and we would have been back, essentially the status quo, the way things were recognizing that we're in this environment where the way things are isn't actually good and... good right now, like there's all this investor confusion, everyone acknowledged that the SEC has done studies, everyone's done studies - we've all proven that it's confusing, which means had Regulation Best Interest been vacated, realistically, the SEC would have had to just start over again and say, "Okay, why don't you try again on a rule? Let's see if we can do a little better the second time." A. It would have sorted more directly acknowledged - okay, if, if we won on the Dodd-Frank provision that the SEC had to issue a rule that was full fiduciary, then if they came back to the table for another rule, well I know doubts can be full fiduciary because if it's not, we're just gonna sue them again and we'll win again on the same basis that we won the first one. So in practice, it would have removed Regulation Best Interest, it would have put us back to where it was. The pressure is still on the SEC to make a new rule and at least the presumption is "and if we got a new rule, a new rule would be more fiduciary" because that's actually what Dodd-Frank said they were supposed to do in the first place.

**Maddy Roche:** [00:22:14] Sure. I could see some people thinking that this is XYPN's way of taking down the BD world. Um, and I don't think that that was our intention really at all because as you've mentioned a number of times, through different podcasts and through your writing, that the broker dealer, you know, industry plays a really important part in our industry, and that's really not what we're trying to do. We're instead -

**Michael Kitces:** [00:22:32] And look, at the end of the day, the brokerage industry, by its own acknowledgment, is incurring billions of dollars of costs to implement Regulation Best Interest. Like it is still a higher standard, it's not a full fiduciary standard, but it is a higher standard. It has a lot of legal

## **Ep #264: The Significance of the Reg BI Challenge** **with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

compliance costs. It will expose them to more liability, like the BD community is not also like is not happy about Regulation Best Interest. I think they were happy with it to the extent it wasn't full fiduciary. That might have -

**Maddy Roche:** [00:23:00] Mmm.

**Michael Kitces:** [00:23:00] - been even more challenging to them. But, you know, it I mean, the irony to me is, had we vacated Regulation Best Interest, it actually would have reduced costs for the brokerage industry and improved the profits - at least in the in the short term, because they wouldn't have the additional compliance burdens - but more importantly, I think at least to the take that we, the take that we have on fiduciary is it would have reinforced the separation. Look, brokerage firms can keep doing brokerage things, but if you want to give advice, you can't do it as a broker with a non-fiduciary standard; you just have to register as an investment adviser and just do it as an investment adviser. You know, our advocacy position has always been that we're, like we're not out to get broker dealers, we're not out to eliminate broker dealers, I'm not even negative on broker dealers. Like, you know, at the most fundamental level, like broker dealers broker and deal in securities markets, like it is essential for, like, capital formation and how our economy works. So if you go back to the origins of broker dealers, you know, 80 to 100 years ago when they sort of started taking on their modern form, you know, it's, it's the early 1900s, you want to get on this railroad thing where you build one going west and it's very profitable and expands the economy, but it costs you \$10 million in 1910, dollars to build this giant railroad, the only way you get \$10 million is you go sell 10 million \$1 shares to investors, but if you're a railroad, you don't know 10 million people to buy \$1 shares, so you go to a brokerage firm that says, "we will agree to get the \$10 million of shares out

## **Ep #264: The Significance of the Reg BI Challenge** **with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

to the public. We might, you know, keep a half a million and give you \$9.5 million for our troubles, but we will underwrite the securities and the way we will get the 10 million investors to each put in \$1 is we have brokers whose job is to sell the stock to the public and convince them to buy it!" Right? Someone's got to do that and like that's not a... That's not a fiduciary advice; that's a like, "hey, I got a hot stock. This railroad's going west and that's gonna make it go to the moon" and like, nothing negative about it. Just if your company wants to raise capital, someone's got to pitch the sale. Like, that's an essential part of capital formation. And if you can successfully convince an investor to actually invest \$1 into the railroad, the only way they actually get their money out is at some point they have to sell the share, which means not only do you need brokers to facilitate the primary market of initial public offerings, but you need brokers to facilitate a secondary market so that when you want to sell the shares, there's another investor who can buy it and you can make your money for having participated in the IPO of the railroad that went west. So that function, like in the most literal sense, "brokering and dealing" is what broker dealers were meant to do, and it's absolutely fundamental to how the financial system works. I mean, even all of us in the RIA world entirely rely on broker dealers - like your custodian, be it Schwab and Fidelity and TD Ameritrade -

**Maddy Roche:** [00:26:10] Yup.

**Michael Kitces:** [00:26:10] - and all the rest? Literally, they are broker dealers! Like a custody clearing firm is a broker dealer. That's what it does. We sit our advice offering on top of it, but, you know, imagine trying to manage client portfolios without a custodian that does brokering and dealing. Like, you literally wouldn't have a way to buy and sell the funds the ETFs, all the other pieces in there. So broker dealers are absolutely

[XYPN Radio](#) with Maddy Roche

## **Ep #264: The Significance of the Reg BI Challenge with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

essential for the finances. Like, I'm not just saying that's like gloss over or placate the BD commune. Like liter- they are absolutely essential. The problem, though, and really I think the essence of the challenge we're seeing is a hundred years ago, the brokers called people one at a time and said, "do you want to buy the stock?" 30 years ago, technology- we invented computers. Well, I guess 40 years ago, we started using computers. We put a personal computer in people's home and suddenly people could use a computer and, like, back then a dial up modem to go online and start to buy a stock.

**Maddy Roche:** [00:27:13] Mmm.

**Michael Kitces:** [00:27:13] The Internet accelerated that, the, you know, the rise of, of E-Trade and the dot coms that did trading and now we've continue down that road for another 20 years, and so what started out as an absolutely human function of brokers is now like you want to buy a stock, like just pull out your smartphone, hit the button and like -

**Maddy Roche:** [00:27:30] Easy!

**Michael Kitces:** [00:27:30] - a stock happens in a couple of seconds and we took the human out of it -

**Maddy Roche:** [00:27:35] Mmm.

## **Ep #264: The Significance of the Reg BI Challenge** **with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

**Michael Kitces:** [00:27:35] - which makes it cheaper, which makes it more efficient, that's why stock trading has gone from like \$200 a trade to free over the span of 40 years. You know, it's a wonderful technology-technological leap forward, but it meant all the people who literally used to broker don't broker anymore. The companies broker! The broker dealer brokers, but brokers with technology, it doesn't broker with the brokers, so the brokers had to find something else to do and they found something else to do that's really awesome: to give people financial advice.

**Maddy Roche:** [00:28:04] Oh, yes!

**Michael Kitces:** [00:28:05] But they're still regulated as brokers.

**Maddy Roche:** [00:28:08] Yup.

**Michael Kitces:** [00:28:08] And to me, like, that's the essence of what all of this built up to and why you still see a divide even when you go back and look at the Department of Labor's fiduciary rule; Broker dealers overwhelmingly oppose the fiduciary rule. Actual brokers, like if you look at the surveys of all the people who worked at broker dealers and just ask them, like, "do you believe everyone who says there are a financial advisor should have to act in their client's best interest?" the answer was overwhelmingly "yes." Across brokerage firms and RIAs. Like, if you're in the business advice, why would you not be wanting to do this? Like... It's sort of fundamental good business, right? Most of us get that intuitively. It's actually the platforms whose business model is not advice; it's to broker and to deal, like that's literally what they get paid for. And the fundamental conflict even between broker dealers and the advisors themselves who still

## **Ep #264: The Significance of the Reg BI Challenge** **with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

are wearing a broker hat but are giving advice because the broker dealer does the brokering with technology and the people who used to be brokers are still registered representatives and are not really giving advice, but they're giving it under the brokerage rules, not the advice rules. That's what ultimately has created the whole clash here, but our position for XYPN has always been, "look, there's nothing wrong with broker dealers brokering and dealing. Even advisors need broker dealer platforms, but advisors need to work with advice firms and be regulated as advisors. Let brokerage firms be brokerage firms only and simply, and simply keep them separate." And the fundamental challenge of Regulation Best Interest is it says brokers can actually be in the advice business and not be subject to an advice standard. And like that was the essence of what we were suing and challenging in the first place. It was not, say, broker dealers are bad and should go away; it was to say broker dealers should broker and deal and people who give advice should be registered as advisors.

**Maddy Roche:** [00:30:03] Absolutely. And that is to help consumers be able to know who they're working with and how and why. I'm interested in, and I hear this question fairly frequently from members, but how do members, how do advisors in the RIA fiduciary space differentiate themselves, especially now that we're not, we're not getting the support that we need from the industry to do it? How can individual advisors communicate and differentiate themselves from non fiduciary advisors with their clients?

**Michael Kitces:** [00:30:31] So so, frankly, this is one of the reasons why, I guess somewhat controversially, in our space, in our world, I'm one of the people who's advocated for more than a decade now: don't differentiate yourself on your fiduciary duty to clients.

## **Ep #264: The Significance of the Reg BI Challenge** **with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

**Maddy Roche:** [00:30:46] Interesting. Tell me more.

**Michael Kitces:** [00:30:48] You know, it's really important to be a fiduciary. Like, that to me is absolutely essential. I mean, just like the def- like the definition of the word "advice" is advising what's for you - that's what makes it advice - so the only way advice is advice is it's for the person that's receiving the advice. So -

**Maddy Roche:** [00:31:09] Yes!

**Michael Kitces:** [00:31:10] - like, being a fiduciary, absolutely fundamental. Marketing as a fiduciary, not sustainable.

**Maddy Roche:** [00:31:16] Interesting.

**Michael Kitces:** [00:31:17] Not sustainable as a differentiator and really for two reasons: so you know, Regulation Best Interest is now going to create a problem for everyone who marketed as a fiduciary, so you're going to say "I'm a fiduciary" and the client's gonna say, "what does that mean?" "It says, I act in your best interest." They say, "so does my broker." So we lost our differentiator. Now, the irony is, if the rule went the other way and we won and the thing was vacated and then we came back to the table and the SEC made a new rule that was equal stringency fiduciary for all the brokers and we got that version of the rule... You still couldn't market your fiduciary anymore. Because now everyone is. So the reality is our lawsuit lost and it unfortunately means fiduciary probably won't be a differentiator, but even if it had won and we got the regulators to come back to the table with a better

## **Ep #264: The Significance of the Reg BI Challenge with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

fiduciary rule, your marketing plan would still lose by marketing as a fiduciary.

**Maddy Roche:** [00:32:16] Mmm.

**Michael Kitces:** [00:32:16] And again, it's not that fiduciary is bad. Like, at its core, I don't know how advice can be anything else. But, there's a difference between being a fiduciary - because it's right and important for clients and an essential level of accountability for how people hire advisors - and using that as your marketing differentiator when it's not sustainable. And -

**Maddy Roche:** [00:32:39] Interesting.

**Michael Kitces:** [00:32:40] - and now I think we are, we are hitting that crossroads -

**Maddy Roche:** [00:32:43] Mmm.

**Michael Kitces:** [00:32:43] - where it's going to be harder to market and differentiate this way. Yes, we can still explain, "no, Regulation Best Interest isn't a full fiduciary standard because they only have to be at your best interest the moment they give you advice, but not with respect to the entire relationship and the broker firm they work with doesn't have to act in your best interest at all and they can still have spillover agreements or revenue sharing agreements, a proprietary product" and on

[XYPN Radio](#) with Maddy Roche

## **Ep #264: The Significance of the Reg BI Challenge with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

and on and on. Like, we can explain all that. Most people's eyes will start glossing over and this gets difficult. Again, like it's not that I'm opposed the importance of fiduciary duty, but it was a hard thing to market as a differentiator in the first place. It's getting much, much harder now.

**Maddy Roche:** [00:33:20] Yeah.

**Michael Kitces:** [00:33:21] And so, frankly, I think this will ultimately force painful in the transition, good in the long run, and why, you know, you hear certain themes from XYPN on an ongoing basis.

**Maddy Roche:** [00:33:32] Right.

**Michael Kitces:** [00:33:32] This is why niches matter because that doesn't get taken away from you when there's a regulatory change that lifts standards for advisors.

**Maddy Roche:** [00:33:43] Yes.

**Michael Kitces:** [00:33:43] Right? You can make a sustainable differentiator by being better than anybody else of the particular type of target clientele that you serve.

**Maddy Roche:** [00:33:50] Mhmm.

## **Ep #264: The Significance of the Reg BI Challenge** **with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

**Michael Kitces:** [00:33:50] Trying to differentiate on your legal standard while advocating for higher standards isn't sustainable because of exactly what happened. Either the regulators will agree with you and everyone will be a fiduciary - awesome for consumers, no more fiduciary marketing plan - or we get the bad version, which is the industry tries to appropriate the label without even giving the full standard, which is kind of what we got to, which again, means you lose some of your marketing differentiation.

**Maddy Roche:** [00:34:20] Mmm. Yeah. And I imagine -

**Michael Kitces:** [00:34:20] It forces you back to say, "well, what's a better differentiator?" At the end of the day, a better differentiator is find a client, tell them you're awesome at, and be awesome at whatever it is that they need; not "I'll help anyone who comes in with whatever it is they need, but I happen to be a fiduciary and others are not."

**Maddy Roche:** [00:34:37] Mmm. Mhmm. It would seem like wasted, wasted time in front of a prospective member trying to argue this one other side of differentiation versus focusing on your strengths, which is why your ideal for that client and why the service and the model will work for them and so forth.

**Michael Kitces:** [00:34:53] Yup.

**Maddy Roche:** [00:34:53] I do hear, Michael, some members say that that this SEC lawsuit was the advocacy work they've waited, waited for XYPN to

[XYPN Radio](#) with Maddy Roche

## **Ep #264: The Significance of the Reg BI Challenge** **with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

have and do, that this kind of advocacy work for an advanced member is worth membership dues in and of itself, but then I get some comments where "I just don't care about it. It just doesn't matter." Why do, and why should, advisors care about this?

**Michael Kitces:** [00:35:18] So I'd answer this in a few different ways: you know, one, I mean, as-as your conversation sort of went to, like, you know, the, one of the reasons why we sued and the reason why the courts agreed we had standing is Regulation Best Interest actually puts fiduciaries at a competitive disadvantage, not just for the outright challenge of marketing -

**Maddy Roche:** [00:35:40] Yup.

**Michael Kitces:** [00:35:40] - but literally like... non-fiduciaries get to use the "best interest" words and are not subject to the fiduciary consequences that go with it. Like, it's even more fundamental economic disadvantage than just losing your, your marketing differentiator. So on the one hand, like why, why it's important to challenge regulations like this, it actually puts people in the business of advice at a disadvantage relative to companies that sell and distribute products who are saying they give best interest advice, but only at the moment of advice while they also sell their own conflicted products. So, you know, just actually puts people in the business of advice at a disadvantage, which, you know, to us is to something important to stand up for on behalf of our members. The broader answer, though, that, look like we have all experienced, you know, being a financial advisor is not a particularly good thing in America. Go to a cocktail party, have someone ask what you do. Tell them you're a financial advisor. Watch them take a step back.

## Ep #264: The Significance of the Reg BI Challenge with Michael Kitces

<http://www.xyplanningnetwork.com/264>

**Maddy Roche:** [00:36:45] Oh no! (laughter)

**Michael Kitces:** [00:36:47] Right? I mean, like, I'm sorry, like everyone who is listening can raise their hand has had some version of -

**Maddy Roche:** [00:36:51] Yeah.

**Michael Kitces:** [00:36:51] - this experience, right? Like, I mean, I've literally seen people like take a step back. Like, they are waiting for what they're assuming is the sales pitch to follow because that's what they've experienced with so many brokerage firms that have shifted in the advice business, but are actually still primarily in the brokerage business, which means they say they're giving advice, but they're literal business models to broker and deal and sell products because that's the function of a broker dealer. And so, we sit at this trust level that for a while was, I think, actually lower than Congress? Congress managed to get under us over the past couple of years, but financial advisors come up a bit since the financial crisis, but we're one of the lowest trusted industries out there and have been for a long, long time. And I think it comes from the fact that when our industry has low standards, you know, the masses experiences the low standard and not the high standard, and it forms a fundamental level of distrust. When you lift the standards and the average person gets an experience with an above average advisor who at least is pretty decent now because you raise the competency standards, you raise the education standards, you raise the standard of conduct to a level that has to be fiduciary, which will naturally weed out a lot of bad actors because they're going to get sued out of the business pretty quickly once there are actual legal consequences for bad advice... When you lift up the standards for the industry overall, you get better outcomes for everyone and you get a lift in

## **Ep #264: The Significance of the Reg BI Challenge with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

trust that actually makes it easier. Right? Like when we look at professions that have high trust bars like medicine, you know, you, you know the one thing doctors don't have to do when they start their medical practices? Go to networking meetings for patients.

**Maddy Roche:** [00:38:37] (laughter)

**Michael Kitces:** [00:38:37] Because we trust them enough that we just call a doctor when we're sick. Right? Most people are afraid to do that in the financial advisor role, and if they do that once by random luck of the draw, there's a decent chance they got a not-great advisor who was actually a sales person role, had a not good experience and said, "well, I've learned my lesson, never going to do that again." And when you do that- and they tell their friends and they tell their family and word spreads, and so you get this incredibly low adoption rate for financial advice in the country - like I think our, our industry collectively has brought on itself. And so -

**Maddy Roche:** [00:39:10] Mhmm.

**Michael Kitces:** [00:39:10] - you know, as I look at this in the long term, like, why is this fight worth fighting? Because what you eventually get to is high standards on a high trust industry means clients just call you when they need help and you can spend most of your time helping people instead of trying to scramble for clients. And there's actually some very interesting economic research out there around this. There was actually a famous Nobel Prize winning paper back in the 70s called "The Market for 'Lemons.'" It helped to explain why a lot of states put "lemon laws" in place. So "lemon laws": if you bought a bad car - like a car that was broken and

## **Ep #264: The Significance of the Reg BI Challenge** **with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

damaged but they didn't tell you about it - it was called a "lemon." Like you drive it off the lot and the thing falls apart three days later.

**Maddy Roche:** [00:39:57] Mmm.

**Michael Kitces:** [00:39:57] A big problem in the early days of cars; they were not as sturdy and well put together as a lot of what we buy today. What they figured out was that when too many people sold lemons, trust in the automobile industry dropped so far that eventually the good automakers got put out of business and the only ones that survived were the ones that sold high profit, crappy lemons. And it actually becomes a race to the bottom. If your standards are too low, the low quality providers that make a lot of money doing crappy stuff actually put the high quality providers out of business, and then eventually no one wants to buy one from anyone because the only ones that are left are low quality providers.

**Maddy Roche:** [00:40:35] Mhmm.

**Michael Kitces:** [00:40:35] So you know, Akerlof actually got the Nobel Prize for the research around what happens when you allow low trust industries into a race to the bottom, and -

**Maddy Roche:** [00:40:45] Mmm.

**Michael Kitces:** [00:40:45] - to me, in essence, we sort of have a version of that. Not that everybody works, that works at brokerage firms are bad,

[XYPN Radio](#) with Maddy Roche

## **Ep #264: The Significance of the Reg BI Challenge** **with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

but we are extremely accommodating of the industry's bad apples, because all I have to do at the end of the day is point out that the client signed a disclosure form and I can always rely on FINRA arbitration on "I was just acting as a salesperson. That-that-that client made their own decision about what to buy." In fact, in the brokerage industry, you'll notice they don't even call them "clients", they call them "customers."

**Maddy Roche:** [00:41:14] Oh. Yes.

**Michael Kitces:** [00:41:16] Right? If you just think about what's the difference between a client and a customer? Even the SEC acknowledged it - when they put out form CRS, the "C" is "customer/client." They call it a "Client Relationship Summary" for RIAs and a "Customer Relationship Summary" for brokerage firms.

**Maddy Roche:** [00:41:31] Wow.

**Michael Kitces:** [00:41:33] And that's from the regulator. Right? Acknowledging this... this difference between the two. And so, like, why do we fight this fight in the aggregate? Like, what's the long game? The long game is when you lift the standards, when you create an environment where the worst of the worst actually at least get weeded out instead of just continuing to do more bad sales and you lift up standards and the average experience that a consumer has with advisors, eventually you get people saying, "I have a great advisor, you should call one as well." Not what often happens, say, like, "oh, I worked with advisor once. I'm still trying to get all the policy."

## **Ep #264: The Significance of the Reg BI Challenge with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

**Maddy Roche:** [00:42:11] Yeah, absolutely. I love that "high standards" and "the high trust industry." I think that that's a beautiful way to say it. And given that our, you know, the XYPN members and, you know, advisors in the fiduciary realm are being injured here and have standing legally to bring a case against this, what kind of advocacy work can they do? What can they do as an individual solo shop to, to move the needle forward? Is there anything that they can do other than continue to be wonderful and impressive to their clients?

**Michael Kitces:** [00:42:44] So, I mean, certainly just be being wonderful and impress your clients, like that stuff does does matter, right? You know, grassroots change starts at the grassroots and -

**Maddy Roche:** [00:42:53] Yes.

**Michael Kitces:** [00:42:53] - like that, that stuff is that stuff is real. Even when you look across the industry, like the RIA community of giving fiduciary advice has been so successful for the past 20 years that the entire industry now is shifting in this direction. You know, and for the past three years, the 50 largest broker dealers have now been generating more of their revenue from fees than from commissions.

**Maddy Roche:** [00:43:15] Wow!

**Michael Kitces:** [00:43:15] Like the largest brokerage firms are actually majority fee firms now, which is just a tidal wave shift.

## Ep #264: The Significance of the Reg BI Challenge with Michael Kitces

<http://www.xyplanningnetwork.com/264>

**Maddy Roche:** [00:43:25] Yeah.

**Michael Kitces:** [00:43:25] I think it was like 8% of their revenue was, was from fees a decade ago and now it's over 50% and continuing to climb. So, you know, the grassroots of consumers showing preference for actual advice firms that give advice and models that are aligned around advice instead of around product... like consumers are voting with their feet, business models are showing the economic value -

**Maddy Roche:** [00:43:49] Mhmm.

**Michael Kitces:** [00:43:49] - of doing so, advisors are moving, right? We have a label for it: we call it the "breakaway movements" of just... you know, you don't hear a lot of people going from RIA to a brokerage firm; it's pretty much one way from brokerage firms to RIA. Not all - the majority are still on the brokerage side - but moving over slowly while brokerage firms themselves reinvent, so, you know, the grassroots thing of do the right thing for one client at a time writ large across the industry really is literally moving the industry. Never, maybe as slowly, or never as fast as the most like, but it, but it's actually happening. The second piece of this is, well, you know, first of all, as I said at the beginning, we're still trying to decide whether we're going to challenge Regulation Best Interest further. Whether we do or don't, we are not done at XYPN. Like we are not done in the, in the advocacy battle. Even as we were going through Regulation Best Interests legal fight over the past nine months, we filed public comment letters with Massachusetts supporting their state fiduciary rule, we filed a public comment letter with New Jersey supporting their state fiduciary rule, we've had meetings with NSAA, the National Securities Administrators Association, around improving fiduciary standards and the regulation of

## **Ep #264: The Significance of the Reg BI Challenge with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

financial planning fees because they're still kind of figuring out how to do that as people do less assets under management and more standalone financial planning fees. And so, there's actually a lot of other advocacy work that XYPN is doing around prudent regulation of advice beyond just what we've been doing with Regulation Best Interest. That happened to be the most visible part, because, you know, when you sue a federal regulator, the newspapers pick it up a little bit more.

**Maddy Roche:** [00:45:32] Right.

**Michael Kitces:** [00:45:32] But that's not the only piece of what we're doing and, you know, whether we end Reg BI challenge here, whether we continue it, whether we continue it and win or we continue it and lose... That, that's not the only place that we're focused, and the reason I point that out is what what will come back for members at some point is realistically what seems to be happening is this battle is going from the feds to the states.

**Maddy Roche:** [00:45:56] Yup.

**Michael Kitces:** [00:45:56] This is becoming a state-based issue. Part of that is just, you know, the nature of regulatory advocacy to some extent has always been, you know, if it's hard to get something done at the federal level, you do it in some states. If you get enough states on board, then eventually it bubbles back up to the federal level anyways, so there's kind of a long term strategic path there, but the indirect effect - and XYPN actually exemplifies this - when you take the next shift to the industry, so most the industry is going from products to advice as encapsulated by

[XYPN Radio](#) with Maddy Roche

## **Ep #264: The Significance of the Reg BI Challenge** **with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

assets under management fees, and then this, you know, Vanguard at the front of the next wave of change are going from assets under management fees to holistic advice fees. Right? Financial planning fees, subscription fees, retainer fees, broadly, we call this "fee for service." That's kind of what XYPN is focused on. Well, the funny thing happens when you shift to "fee for service" and you start charging for the whole advice relationship is you don't necessarily, either you don't necessarily gather a lot of assets under management because you don't manage the assets, you give financial planning advice, or you work with a different group of clientele which just maybe don't have piles of assets, they have money and can pay the advice fees but not necessarily piles of assets, which means you end out with most advisors never accumulating \$100 million of assets under management. They may have wildly successful practices and a lot of revenue, but they don't necessarily at the \$100 million number. And the reason why that matters is \$100 million of regulatory assets under management is what moves you from state registration of your investment advisors to SEC-register. And so when firms go more planning-centric, they disproportionately end out under the \$100 million threshold and being state-based. We see this in practice in XYPN, about 97% of our members are state-based.

**Maddy Roche:** [00:47:38] Yup.

**Michael Kitces:** [00:47:38] And so what that means in practice is all this debate around the next generation of advice and charging planning fees and being fiduciary for clients, it's all gravitating down to state level because that's actually where you end out when you register advice-only firms that aren't doing investment management. Because we didn't make the threshold based on how, how many clients you serve or how successful

## **Ep #264: The Significance of the Reg BI Challenge with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

the firm is; we made the threshold based on regulatory assets under management, which isn't necessarily the primary model of the future.

**Maddy Roche:** [00:48:12] Yeah.

**Michael Kitces:** [00:48:12] It may be a model and if you accumulate a lot of assets, you're still going to be SEC-registered, but firms increasingly are going to the states just because of the regulatory framework that we have, but what that means is the regulation of financial planning advice is increasingly becoming a state issue. And so for members that want to be engaged around this, I would simply say stay tuned because we're going to be doing more work at the state level; we're actually talking to some firms that we may work with on an ongoing basis to help us do state advocacy work. You know, the bad news of the state advocacy work, there's 50 of them -

**Maddy Roche:** [00:48:47] Aw man!

**Michael Kitces:** [00:48:47] - instead of one federal regulator.

**Maddy Roche:** [00:48:47] (laughter)

**Michael Kitces:** [00:48:47] You know, it takes a little more organizing effort to get underway, but what that means is at the state level, you know, if you have connect- certainly if you have connections to your state legislators or your state regulators but even just being a citizen of your state, when

[XYPN Radio](#) with Maddy Roche

## **Ep #264: The Significance of the Reg BI Challenge** **with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

there's an opportunity to mobilize and put comment letters in or go to a hearing or participate in something, we will be calling on members when those opportunities come up to say, "hey, you know, something's happening in Nevada. They've got a rule proposed. They just put out some regulations. There's a hearing that's gonna happen. XYPN is going to testify at the hearing. We'd love to have members there to support and be able to talk to any of the legislative aides that have questions. You know, can someone come out?" or, "hey, we need to do a letter writing campaign to a particular legislator to let them know that, no, if you put a fiduciary rule, your citizens will not lose access to advice. Yeah, brokers firms may say they're leaving, but we got a bunch of XYPN advisors who would be happy to serve all those clients that brokerage firms say they can't serve as fiduciaries because we know we can."

**Maddy Roche:** [00:49:52] Yes.

**Michael Kitces:** [00:49:53] But legislators need to hear that sometimes. So, "okay, all members in this state, you know, here's a letter writing template. Please send this to your state legislator and let them know that you are prepared to serve clients on a fiduciary basis without an asset minimum. The brokerage industry says you can't, but it turns out that's not a problem of fiduciary advice, that's just their problem."

**Maddy Roche:** [00:50:13] Yeah.

**Michael Kitces:** [00:50:14] And that's important from the regulatory end. You know, legislators don't want to make changes that, you know, that limit access to advice, but if it's just down to, "hey, if we change the role,

[XYPN Radio](#) with Maddy Roche

## **Ep #264: The Significance of the Reg BI Challenge with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

You know, one side of the market does bear and on the other side of the market does worse", like, that's fine. They can, they can, they can sort that out.

**Maddy Roche:** [00:50:31] (laughter)

**Michael Kitces:** [00:50:31] And so it's important to let legislators know and some of those moments as well, so we'll be trying to figure out like there's some technology tools that can help with this. We're formulating what our state strategy is going to look like. There'll be a lot more to come on this over the next 6 and 12 months, but I think that's ultimately going to be the other way for members that want to stay involved or get involved is helping to participate in some of those efforts when the, when the opportunities come and, you know, if you do have any more direct connections to system state regulators, the state legislators, like, let us know we will be forming a list soon so we know who we have some connections to to get the conversation. You know, the the industry, anytime they are concerned about something will drop like a million dollars on lobbyists like that to try to block a rules so we will not be able to outspend the other side. We do have, you know, the, the force of good on our side, but having a few people who know a few people just to be able to talk to the legislators, the regulars that we need to talk to matters; it does help.

**Maddy Roche:** [00:51:30] Awesome, so the direction from Michael Kitces is stay tuned. Michael, is there a timeframe for us to make our decision about this particular lawsuit? Do we have to -

## **Ep #264: The Significance of the Reg BI Challenge with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

**Michael Kitces:** [00:51:41] Yeah. It will be over, it will be over the next relatively few weeks here.

**Maddy Roche:** [00:51:45] Okay.

**Michael Kitces:** [00:51:45] There are, there are some time limits around this, but just we don't want to drag this out indefinitely. You know, as much as we thought Reg BI was a bad rule in the first place, even we pushed and asked the court to issue a ruling before the June 30th date, not that they couldn't overturn it afterwards, but -

**Maddy Roche:** [00:52:02] Yeah.

**Michael Kitces:** [00:52:02] - just... Uncertainty is not good for anyone in the industry. It just, it adds costs. It adds complexity. It adds hassle, so as much we wanted to see the rule struck down and gone, we also just didn't want it to be lingering indefinitely. So we're not going to leave this floating forever. You'll hear something in the next relatively few weeks, possibly by the time the podcast is out here of where we stand on it, but the key takeaway is like even if this is a particular battle that we lose, we're not done with the fundamental advocacy effort that says all advice should be fiduciary advice. Period.

**Maddy Roche:** [00:52:36] Mhmm.

## Ep #264: The Significance of the Reg BI Challenge with Michael Kitces

<http://www.xyplanningnetwork.com/264>

**Michael Kitces:** [00:52:36] Brokerage firms should continue to exist. They should simply be brokerage firms.

**Maddy Roche:** [00:52:41] Yeah.

**Michael Kitces:** [00:52:41] And let's, let's get the bright line separation between the two. The way it actually existed for most of the past hundred years, except just the past 20 or 30 years, that technology took such a leap forward - the rise of the Internet and discount brokerage - that it turned the whole brokerage industry into advice firms and now our regulations are trying to catch up.

**Maddy Roche:** [00:53:03] Super great context. Thanks for all of this explanation. Michael, I'm going to ask the question that I know our listeners are wondering just because you are so fluent in all of this: are you going to law school so you can continue to sue the SEC? Because this is your second language!

**Michael Kitces:** [00:53:18] Like I... Go to law school so -

**Maddy Roche:** [00:53:20] (laughter)

**Michael Kitces:** [00:53:20] - I can just like set up shop on their doorstep and just, like, hand them motions myself.

## **Ep #264: The Significance of the Reg BI Challenge with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

**Maddy Roche:** [00:53:25] Wreak havoc!

**Michael Kitces:** [00:53:27] I don't know, I, I... There's certainly a- you know, if I had gone to slightly different path in life, I easily could have ended out as a lawyer. Our lawyers actually asked me if I had gone to law school.

**Maddy Roche:** [00:53:37] (laughter)

**Michael Kitces:** [00:53:37] "You kind of think like a lawyer." Like -

**Maddy Roche:** [00:53:39] Kind of.

**Michael Kitces:** [00:53:39] - we hired a very, very good law firm, so I took that in the complimentary sense.

**Maddy Roche:** [00:53:45] Of course!

**Michael Kitces:** [00:53:45] I don't know if quite send myself off to go to law school on this, but just, you know, for better or worse, it is kind of the way my brain works of just being able to read through laws and parse laws. That's part of why we write those giant summaries when a big tax law comes out as well. And so I don't think I'll be done on the advocacy front anytime soon. You know, just being able to read through the laws and the rules and kind of figure out, "is this good law? Is this bad law? Do we have something to say to make a better law?" And if the industry didn't do a good

## **Ep #264: The Significance of the Reg BI Challenge** **with Michael Kitces**

<http://www.xyplanningnetwork.com/264>

thing, do we need to challenge this, this law or regulation is-is something I'll be continued to be involved with, I think, for a long time to come. Fortunately, we have found some very good legal partners who were just actually really good at the lawyering stuff, so I may let the lawyers be lawyers.

**Maddy Roche:** [00:54:31] All right. Good to know. Well, I will thank you on behalf of our listeners, our membership, and this industry for being a fearless leader here, and doing something that not everyone was willing to do, and, of course, casting your perspective on it. You know, from-from the level of the advisor to the consumer, I think it's also important that we can have language in our minds, that we can also talk through this and understand where we, where we can help and where we can begin to push and continue to push the needle forward. But -

**Michael Kitces:** [00:54:57] Absolutely.

**Maddy Roche:** [00:54:57] - Michael, I know you and I could talk for hours. I say this at the end of all the podcasts, but you- we know that we could -

**Michael Kitces:** [00:55:02] Yes!

**Maddy Roche:** [00:55:02] - talk for hours on this, but I will let our listeners get on with their days. Michael, thank you so much.

## **Ep #264: The Significance of the Reg BI Challenge with Michael Kitces**

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**Michael Kitces:** [00:55:08] Oh, my pleasure. Thank you, Maddy. And congratulations again on a great run of hosting the podcast now!

**Maddy Roche:** [00:55:13] Thank you. I so appreciate that.

**Michael Kitces:** [00:55:15] Absolutely.

[00:55:16] -- swish --.

**Maddy Roche:** [00:55:18] Avocado toast. Selfies. A mountain of student loan debt. Gen Y is anything but traditional, and with over seventy five million people, it's a population you don't want to ignore. Learn more about how to serve this unique population in our guide called "Attract and Profitably Serve Millennial Clients in your RIA." Discover three key ways to tap into the millennial market and six things that they want from their financial advisor. Visit [xyplanningnetwork.com/millennials](http://xyplanningnetwork.com/millennials) for your free copy.

**Maddy Roche:** [00:55:49] Be sure to join our VIP community at [xyplanningnetwork.com/VIP](http://xyplanningnetwork.com/VIP) to hang out with other #XYPNRadio listeners, ask questions for future mailbag episodes, and finally, to find a community of like minded financial advisors. Thank you so much for joining me today. We'll see you next time.

**Narrator:** [00:56:05] You are not alone and you are not crazy. It's scary starting, building, and growing your own financial planning firm. And that's

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**Ep #264: The Significance of the Reg BI Challenge  
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