



CENTER FOR CAPITAL MARKETS  
COMPETITIVENESS

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March 13, 2019

The Honorable Delores G. Kelley  
Chair, Senate Finance Committee  
Annapolis, MD 21401

**RE: Senate Bill 786 - Financial Consumer Protection Act of 2019 – Opposed**

Dear Chair Kelley:

The U.S. Chamber of Commerce (“Chamber”) appreciates the opportunity to provide feedback on SB 786, the Financial Consumer Protection Act of 2019. The Chamber is also a member of the Maryland Consumer Best Interest Coalition and we support their testimony on this issue.

The Chamber is opposed to the provision that would give broad authority to the Maryland Securities Commissioner to adopt regulations to establish a “fiduciary duty” rule, as it would create marketplace confusion thereby harming investors. We encourage the legislature to strike the provision in its entirety.

The Chamber supports efficient regulation of financial services and we have engaged with the Securities and Exchange Commission (SEC) throughout the development of its three proposals regarding the standard of conduct for investment advisers and broker-dealers. However, strong and efficient regulation cannot be achieved through a patchwork of conflicting state-by-state regulations that differ materially with respect to one another as well as to Federal regulations. Furthermore, these activities almost always involve the means of interstate commerce.

Financial professionals cannot efficiently serve their clients if they are subject to different legal obligations, documentation requirements, and legal risks in every state. Federal rules rather than varying state standards will protect investors from

regulatory arbitrage and ensure each investor receives equal treatment, no matter where they live.

States seeking to impose a state-specific fiduciary duty on broker-dealers and investment advisers will also have to navigate many potential conflicts with Federal law, including the Securities Exchange Act, the Investment Advisers Act, the Federal Arbitration Act, the Employee Retirement Income Security Act and the Commerce Clause of the U.S. Constitution.

The SEC will soon finalize enhanced federal standards governing investment recommendations and advice. We urge the Maryland legislature to avoid the unintended consequences of establishing a state fiduciary regulation and allow the SEC to take the lead and finalize its regulations.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Quaadman', with a long, sweeping horizontal stroke extending to the right.

Tom Quaadman

Cc: Members of the Senate Finance Committee