



**Watch for the
Division of Securities
at the following events:**

**Utah Retirement
Systems Seminars
Provo & SLC
9/27 & 10/4**

**SL County Senior Expo
South Towne Expo Ctr.
Sandy
10/3 & 10/4**

**Utah Aging Alliance
Fall Conference
Park City
10/10 & 10/11**

**Utah Education Assoc.
Educator's Expo—Sandy
10/17 & 10/18**

**U of U
Osher Lifelong Learning
Institute-Lunch & Learn
Ft. Douglas
Commander's House
10/23**

**SunRiver Community
Seminar 11/1**

**Southern Utah
Educator's Conference
St. George
11/1 & 11/2**

**AARP Staying Sharp
Fraud Forum
Provo City Library
11/9**

**Hill Air Force Base
Winter Wingman
Travel Expo
11/14**

A Look Inside the Utah Department of Commerce

The Utah Department of Commerce is the state agency responsible for licensing and registration Utah's professional and business community. It provides oversight of business registrations, trademarks, Uniform Commercial Code filings, professional and occupational licensing, consumer protection, public utilities, securities, real estate and residential mortgage lending. Employees of the Department respond to consumer complaints within the areas of jurisdiction.

The Department's **vision** is to contribute to the success of Utah businesses, professionals, and consumers by creating a favorable economic environment.

The Department's **mission** is to promote commerce and protect Utah consumers through fair commercial and professional practices.

The Department of Commerce consists of the following nine divisions: Administration, Consumer Protection, Corporations and Commercial Code, Occupation and Professional Licensing, Office of Consumer Service, Office of Property Rights Ombudsman, Public Utilities, Real Estate and **Securities**.

The **Division of Securities** is responsible for regulating the securities (investment) industry in the state and enforcing Utah's securities laws. A mandate of the Division of Securities is to educate and protect Utah's investors. It also provides the tools to research investment opportunities and the individuals or firms selling those investments.

"Check Before You Invest"

A Seminar Available for Your Group or Business
To schedule, contact the Utah Division of Securities:
www.securities.utah.gov | Phone (801) 530-6600
160 East 300 South | Salt Lake City, UT 84111

PROVIDES INVESTORS WITH THE
INFORMATION AND
RESOURCES THEY NEED TO MAKE
INFORMED DECISIONS ABOUT THEIR
INVESTMENTS.



Tools and Resources to "Check Before You Invest"

The Utah Division of Securities encourages investors to "Check Before You Invest". The Division recommends three simple ways:

- 1) Call the Division
- 2) Use "BrokerCheck®"
- 3) Search the Division's Online Database.

Call the Division (801) 530-6600 or Toll Free at 800-721-7233 with any questions or for the most up-to-date information about a firm, individual or investment.

BrokerCheck is a free tool to help investors research the professional backgrounds of current and former FINRA-registered brokerage firms and brokers, as well as investment adviser firms and representatives. It should be the first resource investors turn to when choosing whether to do business or continue to do business with a particular firm or individual.

The Division's Online Database provides the public access to legal documents on past actions taken by the Division.

Links to these resources can be found on the Division's website homepage at **securities.utah.gov**.

Hot Topics for Savvy Investors

Fiduciary vs. Suitability: Should you care?

The debate about fiduciary versus suitability standards as applied to the financial industry is about conflicts of interest. Many investors are unaware of what these different standards are and how conflicts of interest arise. Gaining an understanding of those topics will help you answer the question, 'Should you care?'

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. 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 advisors'.

Suitability Standard

Broker-dealers only have to fulfill a suitability obligation, which is defined as making recommendations that are consistent with the best interests of the underlying customer. Broker-dealers are regulated by the Financial Industry Regulatory Authority (FINRA) under standards that require them to make suitable recommendations to their clients. Instead of having to place his or her interests below that of the client, the suitability standard only details that the broker-dealer has to reasonably believe that any recommendations made are suitable for clients, in terms of the client's financial needs, objectives and unique circumstances. A key distinction in terms of loyalty is also important, in that a broker's duty is to the broker-dealer he or she works for, not necessarily the client served. Also, the need to disclose potential conflicts of interest is not as strict a requirement for brokers; an investment only has to be suitable, it doesn't necessarily have to be consistent with the individual investor's objectives and profile.

Potential Conflicts

The suitability standard can end up causing conflicts between a broker-dealer and underlying client. The most obvious conflict has to do with fees. Under a fiduciary standard, an investment advisor would be strictly prohibited from buying a mutual fund or other investment, because it would garner him or her, a higher fee or commission. Under the suitability requirement, this isn't necessarily the case, because as long as the investment is suitable for the client, it can be purchased for the client. This can also incentivize brokers to sell their own products ahead of competing products that may be at a lower cost.

Tips for Choosing a Financial Professional

Tip 1. Do your homework-Ask questions.

A lot of the information you'll need to make a choice will be in the documents the financial professional can provide you about opening an account or starting a relationship. You should read them carefully. If you don't understand something, ask questions until you do.

Tip 2. Find out whether the products and services are right for you.

Financial professionals offer a range of financial and investment services such as financial planning, money management, advice on choosing securities, tax and retirement planning, and insurance. Just like a grocery store offers more products than a convenience store, some financial professionals offer a wide range of products or services, while others offer a more limited selection.

Tip 3. Understand the fees.

Many firms offer more than one type of account. You may be able to pay for services differently depending on the type of account you choose. Remember, even if

you don't pay the financial professional directly, through an annual fee, that person is still getting paid.

Tip 4. Ask about the professional's experience and credentials.

Financial professionals, brokers or investment advisors must hold licenses. You can check these licenses at <http://securities.utah.gov/>.

Financial professionals also use designations such as CFP or CFA. You can check the meaning of these designations and others at <http://www.finra.org/Investors/ToolsCalculators/ProfessionalDesignations/index.htm>.

Tip 5. Ask the financial professional if they have had a disciplinary history with a government regulator or had customer complaints.

Even if a close friend or relative has recommended a financial professional, you should check the person's background for signs of any potential problems.



Oct. 3rd and 4th, 2013
South Towne Expo Center

Celebrate Utah Public Education
at the UEA Convention & Education Exposition!

Thursday and Friday, October 17-18

» Seminars begin at 8 a.m.

» Exhibit Hall open 11 a.m.-5 p.m.

See details at myUEA.org/convention



Good for one admission
(Regular admission \$10)

UEA Convention
EDUCATION & EXPOSITION
OCT. 17-18
South Towne Expo Center, Sandy