



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 9, 2013

H.R. 2374
Retail Investor Protection Act

*As ordered reported by the House Committee on Financial Services
on June 19, 2013*

H.R. 2374 would prohibit the Secretary of Labor from finalizing a regulation related to certain investment advisors until the Securities and Exchange Commission (SEC) issues a final rule setting standards of conduct for brokers and dealers of securities. The regulation that would be delayed by the bill will define the circumstances under which an individual is considered to be a fiduciary when providing investment advice to retirement and other employee benefit plans and their participants. Under current law, the SEC has been authorized to develop regulations that establish the same standards of conduct for brokers and dealers that are already in place for investment advisors when providing advice to persons who use the information for personal reasons.

Based on information from the SEC and the Employee Benefits Security Administration (EBSA), CBO estimates that implementing H.R. 2374 would not have a significant effect on federal spending. The EBSA plans to propose a new rule related to fiduciary standards for advisors of retirement and employee benefit plans but has not published a schedule for implementation. Therefore, adding a contingency—that the SEC act first—may delay the timing of a final rule from the EBSA, but at no additional cost to the agency. The SEC staff has recommended that the commission develop a rule to harmonize standards of conduct for brokers, dealers, and investment advisors; to that end, the commission has issued a request for additional data and other information on the topic. CBO expects that implementing the provisions of H.R. 2374 would not significantly change the SEC's workload. Enacting H.R. 2374 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 2374 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contacts for this estimate are Susan Willie and Sheila Dacey. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.