# CONGRESSIONAL BUDGET OFFICE
# COST ESTIMATE

October 21, 2015

## H.R. 1090
### Retail Investor Protection Act

*As ordered reported by the House Committee on Financial Services on September 30, 2015*

H.R. 1090 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 employee retirement and other benefit plans and their participants. Under current law, the SEC is 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) within the Department of Labor, CBO estimates that implementing H.R. 1090 would not affect federal spending. The EBSA has proposed 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.

In a 2011 report[1], the staff of the SEC recommended that the commission develop a rule to harmonize standards of conduct for brokers, dealers, and investment advisors; to that end, in 2013 the commission issued a request for additional data and information on the topic. The SEC has not, however, proposed such a rule. Because the bill would not direct the SEC to issue a rule on standards of conduct, CBO expects that implementing H.R. 1090 would not affect the SEC's workload or its costs. Enacting H.R. 1090 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 1090 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2026.

1. Securities and Exchange Commission, *Study on Investment Advisors and Broker Dealers* (January 2011), page 101, www.sec.gov/news/studies/2011/913studyfinal.pdf.

H.R. 1090 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 Noah Meyerson. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.