

**OPENING REMARKS OF THE HONORABLE RUBEN HINOJOSA
COMMITTEE ON FINANCIAL SERVICES
SUBCOMMITTEE ON CAPITAL MARKETS
REGULATION OF BROKER-DEALERS AND INVESTMENT ADVISERS
SEPTEMBER 13, 2011**

Chairman Garrett, I commend you for holding today's hearing on the regulation and oversight of broker-dealers and investment advisers. As indicated, the hearing will examine two studies mandated by the Dodd-Frank Act: one on the effectiveness of standards of care applicable to broker-dealers and investment advisers; and the other on the need for enhanced examination and enforcement resources for investment advisers.

The hearing will cover additional issues, including the appropriate role and balances for self-regulatory agencies (SROs) such as the Financial Industry Regulatory Authority, or FINRA and legislation that addresses broker dealers and investment advisers and how each is regulated.

As Co-Founder and Co-Chair of the Financial and Economic Literacy Caucus alongside my good friend and colleague Judy Biggert of Illinois, I commend the FINRA Investor Education Foundation for providing more than \$63 million in investor education and protection initiatives through grants and targeted projects. I agree with FINRA that the best form of investor protection comes through education.

However, it is impossible to educate investors if there is not enough transparency in the capital markets and the internal structure and activities of federal agencies, or SROs, their lesser counterparts.

I and many others believe the time has come for Congress to revisit the issues surrounding SROs; update them; and require that SROs, and particularly FINRA, provide transparency in their operations, especially their structure and compensation packages, some of which I've learned are in the millions of dollars, unlike FINRA's federal agency counterparts.

I am attaching two documents: A petition Supporting a Fiduciary Standard for Financial Professionals as Outlined in Section 913 of the Dodd-Frank Act; and, petition requesting that the SEC Extend the Fiduciary Standard to Broker-Dealers.

Again, thank you for holding this hearing today. I look forward to the testimony.

I yield back the remainder of my time.