KAUFMAN DOLOWICH LLP

SEC Proposes New 'Best Interest' Rule For Brokers, Investor's Business Daily, ft. Brendan McGarry

Brendan P. McGarry, attorney in the Kaufman Dolowich & Voluck Chicago office, was quoted in an article by Paul Katzeff published in *Investor's Business Daily.*

The Securities and Exchange Commission proposed Wednesday a revision of its conflict-of-interest rules for brokers. The proposal would beef up existing SEC requirements but stop short of the stricter fiduciary rule that the Department of Labor created in 2016.

DOL's fiduciary rule was struck down by a mid-March ruling by the 5th Circuit Court of Appeals. The new SEC proposal calls for implementation of a "best interest" standard for brokers. The SEC action opens a 90 day period of public comment before the SEC actually makes a rule.

Some corners of the financial industry applauded the SEC's more-cautious tack. The Insured Retirement Institute said in a release, "We are particularly appreciative of the Commission's commitment to collaborating with their counterparts at the DOL, FINRA (Financial Industry Regulatory Authority), and the state insurance and securities departments around the country to develop a cohesive and consistent regulatory framework. "

Brendan McGarry, of Kaufman Dolowich & Voluck, told IBD that the " 'best interest' standard for broker-dealers will likely receive criticism from proponents of the DOL fiduciary rule as being too lenient on broker-dealers." He added, "The proposal may also receive criticism from industry participants as being too vague regarding the definition of 'best interest.' "

In fact, a fiduciary standard typically requires someone to act in a client's best interest. So the SEC will have to clarify how its proposal would resemble or differ from a fiduciary rule, McGarry said via email.

McGarry also said that the SEC's proposed document for disclosing potential conflicts of interest goes beyond what the DOL required.

McGarry represents securities broker-dealers, directors and officers of financial institutions, and registered investment advisers in litigation and regulatory matters.

© 2026 Kaufman Dolowich. All Rights Reserved. | www.kaufmandolowich.com