

## **The Future's Better for Investors If...**

### **An Investor-Oriented Vision for the Investment Research Industry**

#### **Investors use investment research aligned with their interests.**

- Investors can easily find a wide range of competitive investment research choices that are certifiably aligned with their financial interests.
- Investment banks fairly represent and truthfully advertise to the public that they are in the primary business of promoting companies' securities.
  - Investors can objectively and appropriately assess true investment risk without fear or suspicion of misleading investment research.
- Investors pay for investment research based on value, performance, merit and competition, not based on IPO access or trading.
  - Investors' money, (tens of billions of dollars of public investor commissions) is spent for the investor's benefit and not misappropriated for a broker's benefit.

#### **Fair competition keeps investment research honest.**

- Market forces are allowed to reward good performing and value-added research and weed out poor performing research or no value-added research.
  - Robust competition from pure research provides market discipline to improve the objectivity of all research providers.
  - Market forces and investors pick winners and losers not government.
- A vibrant pure investment research industry flourishes because the government no longer enables, legitimizes, and sustains anti-competitive bundling and dumping practices.
  - Investment banks can't dump free research on the pure investment research industry as subsidized, loss-leader advertising/marketing.
  - Antitrust enforcers and regulators view the bundle of banking, trading, and research services as separate markets with different customer interests.

#### **Government protects investors.**

- Trustworthy investment research enables investors to entrust companies with their capital to grow their businesses, create jobs and fuel economic growth.
  - Government encourages alignment of interests and warns investors of conflicts.
  - Government vigorously enforces fair representation and truth in advertising laws.
- Government has an effective system of internal controls to protect against misappropriation of the tens of billions of dollars in public investor commissions.
  - Transparent separate accounting of banking, trading and research commissions empowers public investors to be good consumers and government good overseers.
  - Government has transparent accounting to audit public investment research commissions to deter, detect and prosecute wrongdoing and mis-appropriation.
- Government no longer tolerates and legitimizes anti-competitive and collusive behavior.
  - Government encourages the emergence of a pure investment research industry.
  - Government reduces regulation and lowers regulatory barriers to entry for pure investment research firms that do not have investment banking conflicts.

**Little of this potential investor-friendly future exists today.**