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ARKANSAS SECURITIES DEPARTMENT

NEWS RELEASE
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Survey Shows Investor Confusion Over Brokerage Fees Most Investors Don't Know the Cost to Service and Maintain Their Accounts

WASHINGTON, D.C. (April 9, 2015) – New research from the North American Securities Administrators Association (NASAA) finds investors are confused when it comes to the fees charged by brokerage firms to service and maintain their accounts.

“Greater transparency and improved disclosure would allow investors to quickly and easily compare prices, products and firms,” said William Beatty, Washington Securities Director and President of NASAA. “While broker-dealers may be complying with the technical requirements governing fee disclosures, our research shows that improvements are needed to raise awareness among investors of the costs associated with their brokerage accounts.”

Commissioned by NASAA, the independent research firm ORC International conducted a public opinion poll by surveying 1,072 investors with a brokerage account across the continental United States by telephone from January 8-25, 2015, regarding their awareness of service and maintenance fees charged by brokerages over the lifetime of an account.

Highlights of the findings include:

- Brokerages routinely charge fees to serve and maintain brokerage accounts, yet 30 percent of investors mistakenly believe their firm had no such charges and 25 percent indicated they did not know whether they were being charged in addition to investment commissions.
- Of the investors who know they are being charged, 52 percent indicated that they did not know the amount they pay in fees to serve and maintain their account.
- Of all investors surveyed, 71 percent indicated that they did not know the amount of additional service and maintenance fees their brokerage firm charges for services they might need in the future, such as transferring their account to a different brokerage or obtaining documents from their brokerage.
- Fees matter to investors. 81 percent said the amount of fees they pay for services and account maintenance over the lifetime of their account is important to them.
- 79 percent would like their brokerage firm to provide a separate chart that lists its service and maintenance fees in a format that is simple to read and understand. 65 percent would prefer a direct link on their brokerage firm's website to a chart of service and maintenance fees.
- 88 percent would like to see brokerage firms use standardized and uncomplicated terms to describe service and maintenance fees in order to help compare fees between different firms.

The investor survey was conducted following the release last year of a study by NASAA's Broker-Dealer Section uncovering a wide disparity in how broker-dealers disclose the fees they charge customers and questionable practices regarding broker-dealer fee charges and markups.

The Arkansas Securities Department is a member of NASAA, the non-profit association of state, provincial, and territorial securities regulators in the United States, Canada, and Mexico.