



# Accelerating Growth:

The Department of Labor Conflict of Interest Rule and its Impact on the ETF Industry



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# Accelerating Growth: The Department of Labor Conflict of Interest Rule and its Impact on the ETF Industry

Foreword by Frank La Salla, Chief Executive Officer, Global Structured Products / Alternative Investment Services

In the years since the 2008 financial crisis we have witnessed historic economic, market and regulatory changes on a global level. The rapid flow of regulatory initiatives has been transformational on the financial industry, having touched every aspect from money market fund reform to the way we look at liquidity.

Most recently, the Department of Labor's Conflict of Interest Rule is re-defining the term "fiduciary" and could profoundly change advisory firms' business models and advisory strategy. While the rule may initially apply to retirement accounts, the implications will potentially affect all accounts. Independent broker dealers, RIAs and advisors are currently the main focus in regards to the effect of the DOL Rule, though in reality it will affect the entire industry—from products to distribution to servicing, including the exchange-traded funds (ETFs) marketplace.

This paper, *Accelerating Growth: The Department of Labor Conflict of Interest Rule and its Impact on the ETF Industry*, will explore the basics of the DOL Rule, and look at the potential effects it will have on the ETF industry. As the low interest rate environment has persisted at a time of slow global growth, the financial industry has grappled with lower returns from more traditional investments. ETFs have benefited from this scenario by renewed investor interest and a record level of assets. In the United States alone, assets held in ETF products hit \$2.3 trillion in June 2016.\*

As our study confirms, the rapid growth in ETF investments has been and currently is fueled by key market trends such as the move from active to passive investments, robo-investing and the substantial increase in 401(k) rollovers.

In addition, the DOL Rule will potentially create even greater growth in the ETF industry due to shifts in advisory strategy to move more expensive active investments to less expensive passive investments to meet the new standard of fiduciary responsibility.

The DOL Rule also has the potential to change the landscape of ETF products. While some will do well, it is possible others may not. While the ETF infrastructure is sound, the DOL Rule may drive industry innovation to perhaps facilitate the changes that are needed to accommodate ETFs in defined contribution (DC) plan platforms.

Finally, as the landscape of the ETF industry grows and changes we cannot forget the need to educate all players and provide better information access. Greater education, increased transparency and the ability to provide comparables so that the advisor can clearly communicate with clients will help all parties make more informed decisions.

The end result to the ETF industry looks to be a positive one, with increasing asset flows into ETFs and expanding product choices for investors. In less than 25 years, ETFs have become one of the most popular and innovative investment vehicles and that trend looks to continue; the ETF industry is changing quickly in fundamental ways.

\* Source: ETFGI, June 2016

## THE BASIC FRAMEWORK OF THE DOL FINAL RULE

On April 10, 2016 the Department of Labor (DOL) finalized its Conflict of Interest Rule (DOL Rule) which re-defines the term fiduciary for the Employee Retirement Income Security Act of 1974, (ERISA) and the Internal Revenue Code of 1986.

Under the final rule, virtually all retail selling and advisory activity involving participants in 401(k) plans, other employer-sponsored retirement plans subject to ERISA, and IRAs, will give rise to fiduciary status, for purposes of ERISA and the Code, on the part of the individual advisor and, in many cases, his or her firm. The final rule generally assigns fiduciary status according to whether an individualized investment recommendation has been made to an ERISA plan, plan participant or IRA holder or whether a recommendation has been directed to a specific ERISA plan, participant or IRA holder. Fiduciary advice recommendations are defined to include:

- Securities recommendations,
- Investment management recommendations on investment policies and strategies,
- Portfolio composition,
- Selection of third parties for the provision of investment advisory or management services, and
- The selection of investment account arrangements.

Recommendations for rollovers, transfers or distributions from a plan or IRA, including recommendations as to the destination of rollover distribution proceeds are also covered.

ERISA fiduciaries are required to strictly avoid conflicts of interest, including receiving compensation from third parties in connection with transactions involving a client's funds—which is prohibited. Code section 4975 contains a set of parallel prohibited transaction provisions that are applicable to transactions involving ERISA plans as well as IRAs, which are generally not subject to ERISA.

In its final rulemaking package, the DOL identifies a number of common compensation arrangements and sales practices that would create prohibited conflicts of interest on the part of fiduciary advisors and firms after the final rule becomes applicable on April 10, 2017, including:

- The receipt of sales loads, commissions, 12b-1 fees, revenue sharing and other payments from third parties that provide investment products
- Proprietary product recommendations
- Recommendations that plan participants rollover their 401(k) or other retirement plans assets to an IRA (either brokerage or advisory) that will generate fees to the advisor and the advisor's firm
- Steering customers to products that generate higher fees for the advisor and the firm where identical, lower-fee products are available
- Recommendations to switch from brokerage accounts to fee-based accounts that generate additional compensation to the advisor and the firm

DOL indicates that its intention in re-defining fiduciary status is not necessarily to outlaw common compensation and fee practices in the retail advisor space. The intention is to condition the availability of prohibited transaction exemption relief for such practices on compliance with a best interest standard of conduct enforceable against advisors and their firms by ERISA plans, plan participants and IRA holders.



## DOL'S FINAL BIC EXEMPTION

To cover the receipt of compensation by fiduciary advisors resulting from nondiscretionary advice recommendations made, the DOL has provided prohibited transaction exemption relief under the conditions of its new BIC exemption. The conditions of the BIC exemption are designed to assure that fiduciary advisors will recommend only those transactions that are in the best interest of the client. Under the DOL's formulation, best interest means advice that is provided with — *the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk tolerance, financial circumstances and needs of the retirement investor, without regard to the financial or other interests of the advisor, financial institution, or any affiliate, related party, or other party.*

DOL officials have repeatedly identified as their chief rulemaking objective that plans, participants and IRA clients who transact on the basis of fiduciary recommendations, be assured of their ability to enforce the best interest standard of conduct against advisors and firms. The emphasis is on creating an enforceable standard. In this regard, most IRAs are subject to prohibited transaction restrictions not under ERISA, but under Code section 4975. Unlike ERISA, Code section 4975 contains no private right of action that would provide a basis for IRA holders to enforce violations of the Code's prohibited transaction rules. Up to now, the sole source of prohibited transaction enforcement powers with respect to IRAs and the Internal Revenue Service (IRS) has been the IRS' authority to seek excise taxes for prohibited transactions. The IRS has only rarely brought such enforcement actions.

To remedy this perceived deficiency, the DOL has designed the BIC exemption prohibited transaction relief conditions in a way that will ensure the availability of private, contract-based enforcement rights by IRA holders. By requiring the delivery of a written fiduciary acknowledgment, the BIC exemption also assures the availability of ERISA based enforcement rights to plans and plan participants.

For the delivery of fiduciary advice to IRA holders, the BIC exemption requires that the IBD or RIA firm (i.e., a financial institution) represented by an advisor provide the following, in an enforceable written contract with the IRA holder.

- A fiduciary acknowledgement
- Agreement to comply with impartial conduct standards
- Provision of warranties
- Disclosures
- Website link
- Product limitations
- Monitoring disclosure
- Exculpatory provisions prohibited

Where advice is being provided to an ERISA plan or plan participant (as opposed to an IRA holder), the BIC exemption requires delivery of the same materials that an IRA holder would receive, except that the materials do not need to be embedded in a written contract. The reason for this difference is that where ERISA enforcement rights are available, the unilateral delivery of the fiduciary acknowledgement and related information is sufficient to secure the plan's and participant's right to bring a claim under the ERISA statute (i.e., a bi-lateral contract is not needed to secure enforcement rights).

## STREAMLINED BIC RELIEF FOR LEVEL FEE FIDUCIARIES

As noted, virtually all IBDs and RIAs providing retail advice recommendations to ERISA plans, participants and IRA holders will need to look to the BIC exemption for prohibited transaction exemption relief. However, a special streamlined version of the exemption is available for level fee fiduciaries. A level fee fiduciary is defined to mean an advisory and related financial institution who receive only a level fee, disclosed in advance, in connection with the advisory and management services being provided. A level fee is one that is based on a fixed percentage of the value of the assets, or a set fee that does not vary with any particular recommended investment, as opposed to a commission or other transaction-based fee.

Level fee fiduciaries need to comply with the fiduciary acknowledgement and Impartial Conduct Standards conditions described above in items 1 and 2, but need not meet the remaining requirements. Also, level fee fiduciaries may satisfy their streamlined exemptive relief obligations through a unilateral delivery of materials to the client; a bi-lateral contract is not required when the recipient of said advice is an IRA holder.

However, level fee fiduciaries utilizing the streamlined version of the exemption are required to satisfy a special condition requiring the documentation of why a rollover recommendation or a switch from a brokerage to a level fee arrangement serves the client's best interest.

## THE DOL RULE AND THE EVOLVING ETF INDUSTRY

Over the past 23 years, ETFs have been changing the landscape of investing. Now a confluence of events is likely to accelerate the growth of the global assets invested in ETFs to \$10 trillion in roughly five years from the \$3 trillion invested in ETFs today.\* This section of the white paper explores where this growth is coming from and how it will be achieved, specifically:

- Drivers of ETF industry growth and the impact on other investment products
- The role the Department of Labor Conflict of Interest final rule will play in ETF growth
- State of the ETF infrastructure
- Industry actions needed to support the growth

### ETF GROWTH – THE GLACIER DID NOT GET IN THE BACKYARD OVERNIGHT

Before the DOL Rule, several trends were, and still are, pushing the investment industry toward greater use of ETFs. These trends are occurring simultaneously, and in parallel with, the rise of the DOL Rule. One overall trend is the move from active to passive investments. As institutions, advisors, and investors have sought out attractive passive investments, they found ETFs to be a solution to their needs. With this trend has been the innovation of automated portfolio management — or, robo-investing. Most robo-investing portfolios are composed of all or mostly ETFs, which has spurred ETF growth over the last several years.

Concurrent with these trends has been the substantial increase in 401(k) rollovers. As the 76.4 million Baby Boomers retire or move toward retirement, ETFs offer an inexpensive and easy way to construct pre- and post-retirement portfolios. Along with this, momentum has been building to have 401(k) plan sponsors offer participants the opportunity to invest in ETFs. According to the Investment Company Institute, assets held in defined contribution plans now total \$6.8 trillion. Even modest shifts to ETFs would represent significant growth for the industry. Deborah Fuhr, Managing Partner ETFGI Global, sees ETFs as a good investment solution because of their flexibility.

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**Key Takeaway: Even without the DOL Rule, market dynamics favor rapid growth in ETF investments.**

**“ETFs are a good investment solution. They have become an alternative to many other things. An alternative to picking stocks. An alternative to mutual funds. An alternative to even hedge funds. ETFs allow you to easily gain exposure to different asset classes and different markets in small minimum investment sizes during the day.”**

— Deborah Fuhr, Managing Partner ETFGI Global

These trends in the United States exist within the context of global growth in the ETF industry. Globally, there are over 4,000 institutions in 57 countries that use ETFs.\*\* In Europe, the Middle East and Asia (EMEA) asset growth has mirrored the U.S., though ETFs were established in 2000—seven years after the U.S.

Regulatory initiatives in EMEA, such as the Retail Distribution Review (RDR), are expected to drive the EMEA growth rate even higher. Countries such as the UK and Holland have made regulatory changes that also have influenced the growth of ETFs and other countries are expected to make changes as well.

ETFs are also more resilient after experiencing the market volatility of the past decade. As JC Mas, Managing Director at BNY Mellon states, *“ETFs have the advantage of having gone through a few shocks over the last ten years. There is empirical evidence of how well ETFs stand up in a crisis. The crisis of 2008, the taper tantrum or even regional issues like when entire countries freeze their capital markets as was the case in Greece last year and Egypt several years ago. Even though these countries and their capital markets were an important part of specific ETFs, those ETFs kept trading for the most part and arguably traded pretty efficiently.”*

Finally, institutions are moving toward ETFs. Fifty-five percent of U.S. ETF and ETP assets were reported in holding reports by institutional investors based on regulatory filings and mutual fund holdings as of the end of 2014. Because of the sheer size of the assets involved, this movement will lead to substantial growth in the ETF industry.

\* Source: John D’Antona, ETFs: The future of asset management?, Bloomberg Professional <https://www.bloomberg.com/professional/blog/etfs-future-asset-management/>, May 17, 2016

\*\*Source: ETFGI

## DOL RULE – ANOTHER INGREDIENT FOR ETF GROWTH

The fiduciary standard embodied in the DOL Rule is expected to accelerate ETF growth beyond its current trajectory.

Specifically, it is expected that the fiduciary standard will lead advisors and institutions to:

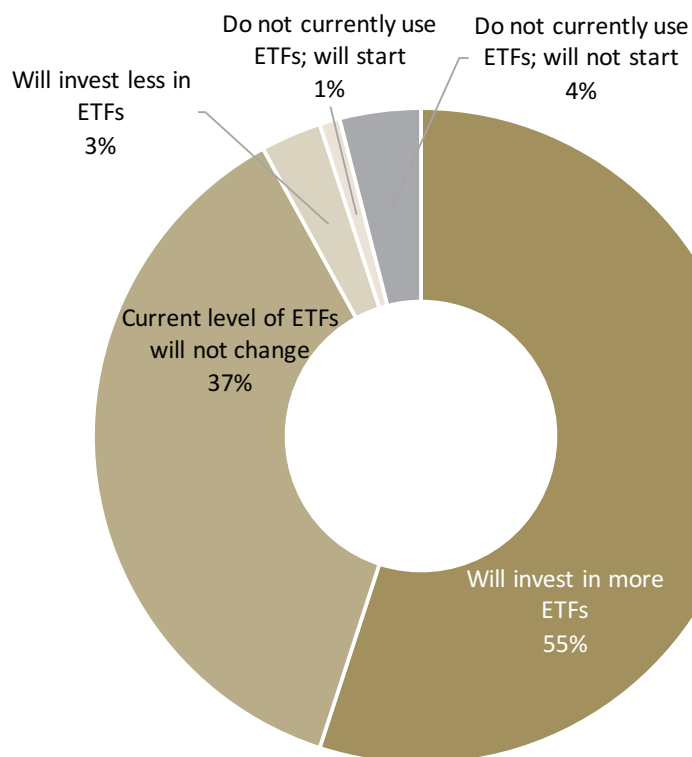
- Move assets from more expensive active investments to less expensive passive investments, which favor ETFs
- Motivate plan sponsors to find a way to offer ETFs
- Add impetus to institutions' use of ETFs

To help understand the impact of the DOL ruling on advisors' use of ETFs, BNY Mellon, in conjunction with ETF Trends, conducted a survey of 170 advisors (see Methodology in Appendix). The results of the study confirm that the DOL Rule will have a strong impact on advisors' use of ETFs, with over

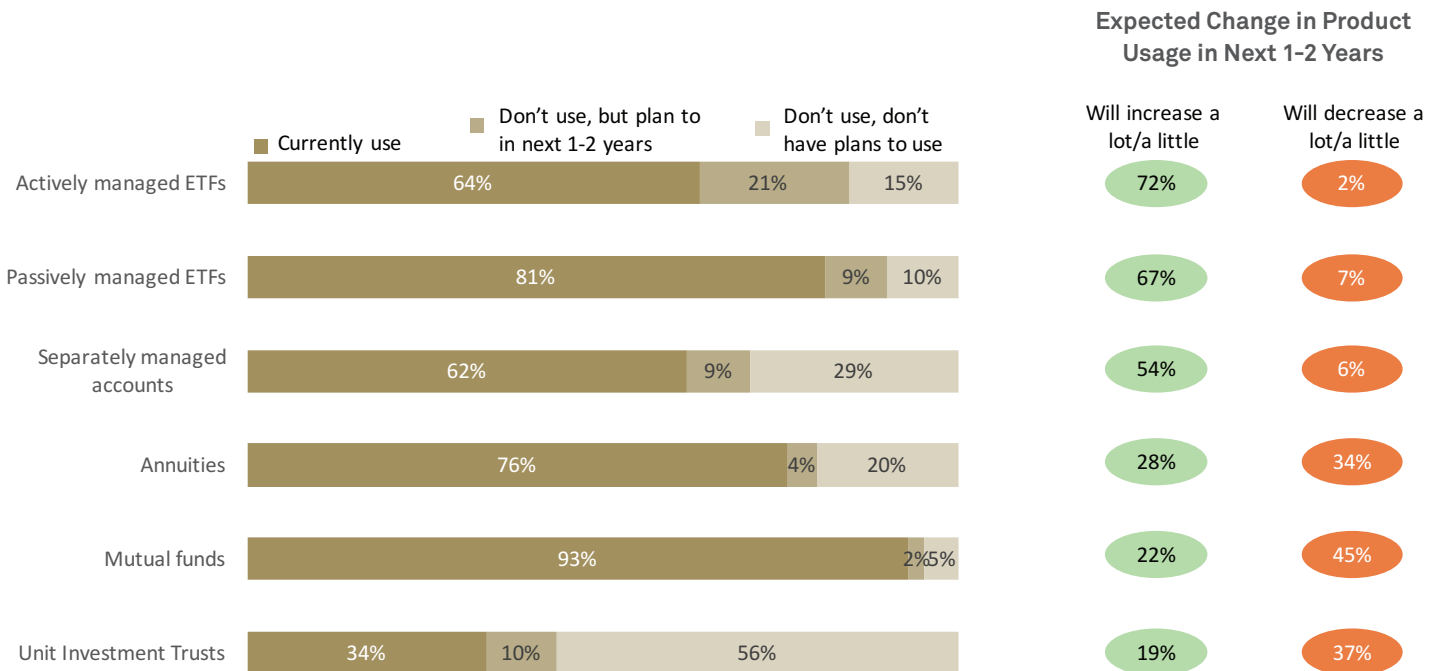
half (55%) reporting that their investments in ETFs will increase because of the DOL Rule. Advisors in this study currently have 23% of their assets under management (AUM) in ETFs, and they expect that an additional 15% of their AUM will be transitioned from other products to ETFs in the next two years, resulting in 38% of their assets in ETFs.

Advisors also expect their product mix to change considerably over the next two years. On the rise will be actively managed ETFs (72% will increase usage a lot or a little), passively managed ETFs (67%) and separately managed accounts (54%). Products on the decline will be mutual funds (45% will decrease usage a lot or a little), unit investment trusts (37%) and annuities (34%). The products on the decline are likely to fund at least part of the additional investments in the products on the rise.

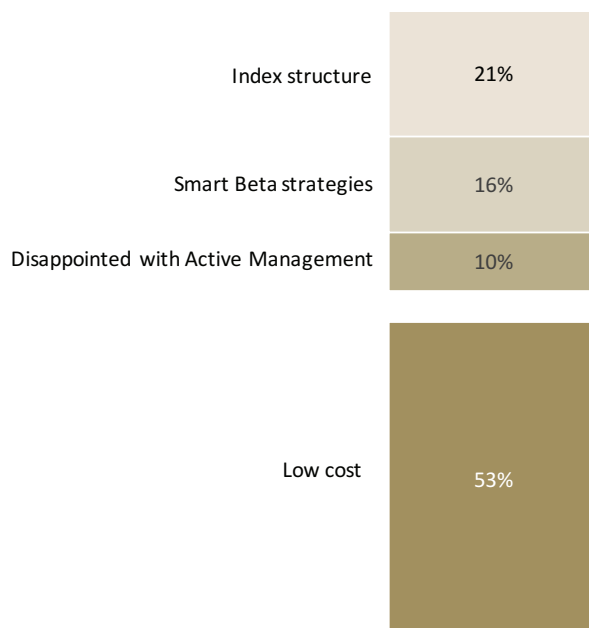
## Impact of DOL Rule on Advisors' Use of ETF Products in Next 1-2 Years



## Products Advisors Currently Use



## Most Important Consideration in Advisors' Decision to Move Clients to ETF Products





Over half of advisors who plan to transfer assets to ETF products say that the low cost of ETFs is the primary reason they will move client assets into ETFs (53%). Other main reasons cited are index structure (21%), smart beta (16%) and disappointment with active management (10%).

However, looking at the bigger picture, cost may not be the most important consideration for why ETFs will be chosen by advisors, but likely equal with other considerations. Along with the DOL ruling and existing fiduciary standard, advisors will also consider investors' objectives, risk profile, and needs. Cost will be weighed against other factors, such as reducing volatility or providing access to a particular asset class or country to determine the best product for an investor's portfolio.

As the advisor study results show, the accelerating growth of ETFs and the DOL Rule will have an impact on a number of products.

**“Products that are designed to better diversify the portfolio or minimize volatility in the portfolio or other specific purposes will fare well. Anything that negatively impacts broader diversification of portfolios will not do well. For example, it would be wrong to recommend triple-leveraged ETFs to retirement investors in IRAs.”**

— **Joseph Keenan**, Managing Director, Global Head of Asset Manager and Sovereign Wealth Funds Segment, BNY Mellon Markets

- **Smart beta strategies.** While the clear trend is from active management to passive management, there will be advisors and investors who will seek higher returns. Some will turn to smart beta strategies—defined by some as somewhere between active and passive—because of the potential for better performance and lower cost than other alternatives. Products that give broad market exposure as well as those that are designed to deliver a particular outcome will fare better than more constrained products. Smart beta strategies are expected to grow as investors seek higher performance from ETF products.
- **Non-transparent actively managed products.** Currently, regulators are slower to approve these products, although it is likely that, in the future, they will become comfortable with non-transparent active and managed funds. There already is an exchange traded managed fund (ETMF) structure that has been approved and others are waiting for approval. These will provide the opportunity for investors to get exposure to either asset classes or investment styles that are appropriate and have a place in their portfolio. And if regulators want low costs and efficiency for end investors, ETFs once again provide these benefits.
- **Separately managed accounts (SMAs).** Although SMAs can, and will, co-exist with ETFs, their nature may change and some assets from SMAs may flow into ETFs due to the higher cost of SMAs and their inconsistent performance relative to cost, historically.

Mutual funds, annuities and unit investment trusts (UITs) will likely be negatively impacted by the DOL ruling.

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**Key Takeaway:** The DOL Rule will accelerate ETF growth.

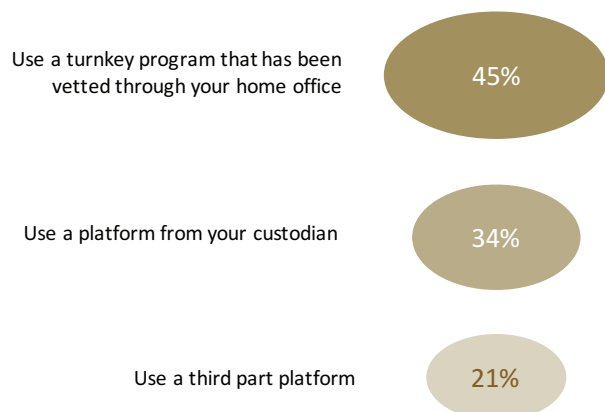
## ETF INFRASTRUCTURE – THE BACKBONE OF GROWTH

Can the ETF infrastructure sustain rapid growth from \$3 trillion in ETF investments to \$10 trillion by 2020? Experience with the exchanges to date suggests that it can.

From a trading standpoint, effective liquidity is the fundamental requirement for continued growth of the ETF industry. In the past several years, there have been incidents when ETF liquidity has been challenged – the “Flash Crash” of 2010 and the market volatility of August 2015. As ETF trading continues to increase its share of total exchange volume, exchanges have responded. Within the past year, exchanges have worked together diligently to provide more uniform trading practices that will help with future liquidity. As a result of these efforts, the performance of ETF trading across all exchanges was excellent during the recent high volume trading surrounding the Brexit vote.

On the advisor side of infrastructure, 71% of advisors plan to use platforms when transferring assets into ETFs — of these, 45% will use a turnkey program that has been vetted through their home office, 34% will use a platform from their custodians and 21% will use a third party platform.

### Advisors’ Most Likely Action if Transitioning 401(k) Assets Into ETF Space



One area where infrastructure issues are hindering ETF growth is in the defined contribution (DC) plan space. The fact is that defined contribution programs for the most part have not been able to handle ETF trading. DC plans were set up with mutual funds as the basis and can handle fractions of shares, which ETFs are not set up to do as easily. And, they were set up for end-of-day vs. the intraday trading of ETFs. The DOL Rule could accelerate the process to fix this as plan sponsors and advisors feel the pressure to promote lower cost investment products. With the investment market moving inexorably toward passive investments and ETFs, plan sponsors will feel the pressure to offer ETFs to their participants. For this to happen, the infrastructure issues surrounding intraday trading will need to be solved.

In addition to solving the infrastructure issues surrounding intraday trading, the rising traction of robo-advisors among retail investors is also expected to bolster ETF growth in the DC plan space. Some portion of advisors also are expected to turn to robo advice, as advisors look to how to address the DOL Rule for their business—using robo platforms to develop model portfolios with low fees and an easy way to model expected returns is one solution.

There are other infrastructure changes that are needed to make ETFs more appealing to institutional investors. One of those is giving the ETF issuer or sponsor more visibility into who owns their products so they can target marketing efforts and build the scale that they need.

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**Key Takeaway:** The infrastructure for ETFs is fundamentally sound, but the intraday trading issue needs to be solved to allow defined contribution plans access to ETFs. In addition, key trading and ownership information needs to be more transparent and accessible.

## ETF INDUSTRY SUPPORT – EDUCATION AND INFORMATION ACCESS ARE KEY

There are two critical issues that the ETF industry will need to address to facilitate expected growth – the first is education and the second is information access.

### ETF EDUCATION

The ETF industry will need to step up educational efforts about ETFs and the DOL Rule among all participants in the industry in order to smooth the way for projected growth.

As advisors continue to be more committed to ETFs, they will require more resources, access to experts and education. All of these should be delivered to advisors in the ways that are responsive to how ETF-oriented advisors do business. They will need support choosing the right ETF at the best cost for their clients' objectives and will need help educating their clients on these decisions. Those individual investors who do not work with advisors will need education as well.

**“The ETF industry can work more closely with distributors, ETF platforms and exchanges or outright buy the data to better analyze investor and consumer needs. The ETF industry should also take this opportunity to better educate investors as a means to fuel further growth.”**

— **Tom Lydon**, President of ETF Trends and Global Trends Investments

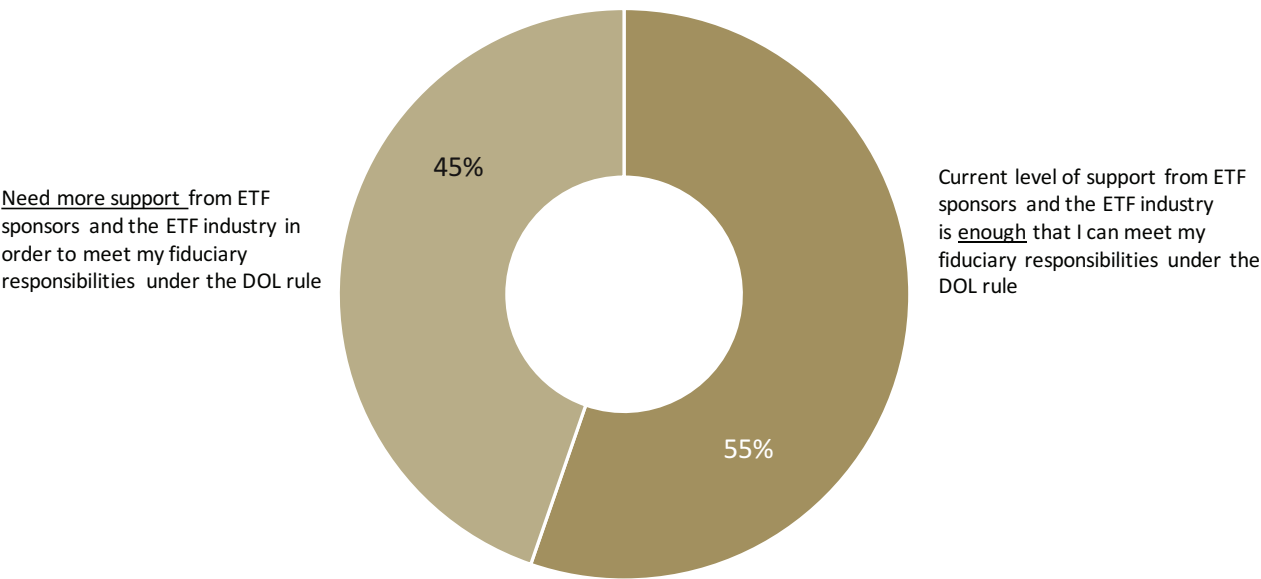
Tom Lydon, President of ETF Trends and Global Trends Investments, says ETF-oriented advisors will have more youth in their management teams and work in entrepreneurial environments. ETF strategists will replace active fund managers. They will enthusiastically embrace technology such as online research, digital communication, office technology, robo-advisor offerings and use social media for communicating as well as trend-spotting.

As their use of technology differs, so will their preferences for how they want to consume information. For example, they will want research delivered in small bites rather than long documents. They will be less likely to want to participate in sales meetings or take phone calls from vendors. Virtual webcast education will trump travelling to in-person conferences. Issuers will need to make all the different data elements available to advisors so it can be packed efficiently and downloaded in real-time to end investors — whether they are institutions, asset allocators, or retail investors.

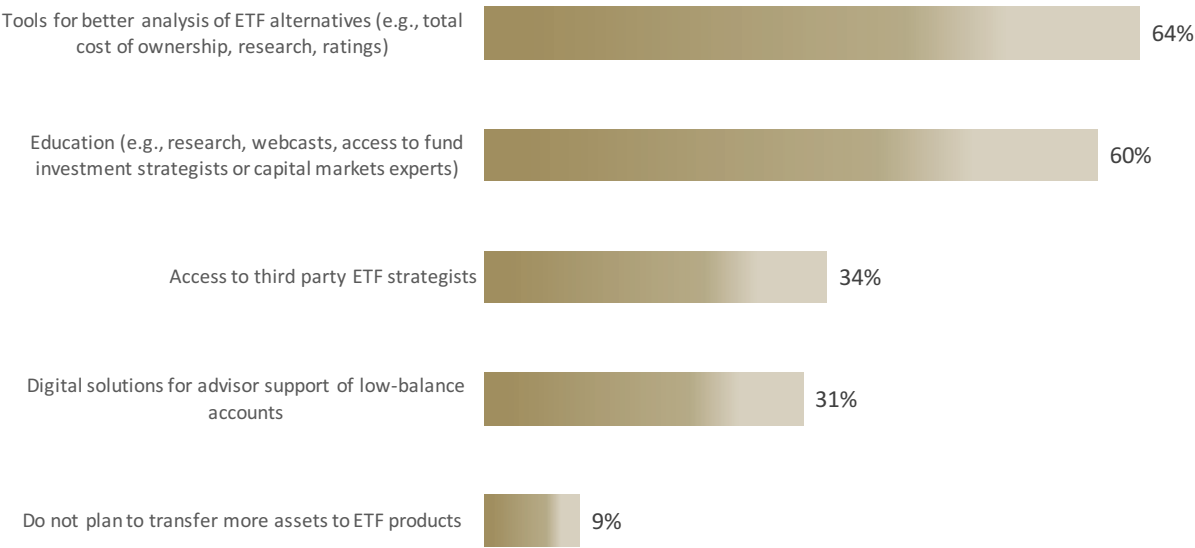
Better education will also bolster transparency and enable advisors to make decisions within the greater context.

Currently, advisors are of two minds about how good ETF industry support has been regarding the DOL Rule — 55% say the current level of support from ETF sponsors and the ETF industry is enough to meet their fiduciary responsibilities under the DOL Rule and 45% say they need more support from ETF sponsors and the ETF industry to meet their fiduciary responsibilities under the DOL Rule.

# Level of Support Advisors Need to Meet Fiduciary Responsibilities Under the DOL Rule



## Resources Advisors Say Would Make Transfer of Assets to ETF Products Easier



Advisors are also quite clear about the types of resources that would make it easier for them to transfer more assets to ETF products.

- 64% want tools for better analysis of ETF alternatives (e.g., total cost of ownership, research, ratings)
- 60% want education (e.g., research, webcasts, access to fund investment strategists or capital markets experts)
- 34% want access to third party ETF strategists
- 31% want digital solutions for advisor support of low-balance accounts

The DOL Rule also will mean that advisors, especially those not doing a lot of ERISA business or IRA rollover business, are going to have greater complexity in choosing investments. They will be interacting with a regulator – the Department of Labor – that they may not have been working with to any great extent before.

#### **INFORMATION ACCESS**

The real end game in creating information access is not providing data but delivering transparent information that is customized into analytical tools to help sponsors be more effective in their marketing efforts and to help institutions and advisors do their due diligence. This involves harnessing data flows, turning data into information and creating value for the end user, who may be getting into certain types of ETFs as a result of the DOL Rule.

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**Key Takeaways: The ETF industry has a duty to educate all levels of the distribution chain about the basics of ETFs. In addition, the industry needs to harness the data it has and turn it into information that can be used for decision making by all sectors of the industry.**

## **“The industry needs to support the end investors with the information and the data they want to consume on their funds and their ETFs every day.”**

— **Steve Cook**, Managing Director and Business Executive, Structured Product Services

The basic issue is that there needs to be better reporting on ETF trading and ownership. All firms in the ETF ecosystem—issuers, exchanges, banks, brokerages, institutions, custodians, advisors and individual investors—will need to know what is happening with ETFs on a global basis. Choosing the right ETF will depend on a lot of information, including asset class, style or product type, country where the ETF is domiciled, currency and more. Large investors will need access to information on volume, pricing, and spreads. Transparency into this data, and the ability to analyze it readily, will be essential.

Unlike for mutual funds, it is difficult for ETF sponsors to see who transacts their ETFs. Technological improvements will be necessary to give sponsor firms more visibility. Brian Brennan, Vice President and Product Manager in Structured Product Services at BNY Mellon highlights, *“Issuers will definitely find information we can provide very helpful for identifying advisors using certain types of ETFs or getting into certain types of ETFs as a result of the fiduciary ruling.”*

At all levels of the distribution chain, there is a need for more information to make better informed marketing, product development and infrastructure decisions. According to Steve Cook, Managing Director and Business Executive, Structured Product Services, BNY Mellon, the education infrastructure must evolve. As with everything else in the ETF industry, the DOL Rule makes transparency and data/information even more important than before.



## SUMMARY

The bottom line is that the ETF industry is poised for continued success.

- Strong market dynamics that led to the growth of ETFs continue to favor ETFs
- The ETF infrastructure has withstood tests and seems strong enough to support industry growth
- The DOL Rule provides more impetus for investing in ETFs

While the DOL Rule is likely to lead to greater interest in ETFs overall, this growth will require improvements to be made in platforms, education, and data analysis tools.

- The biggest opportunity may be in the defined contribution area, with market and regulatory pressures pushing participants to be able to move into ETFs. DC platform limitations will need to be addressed.
- Increased reliance on ETFs means a need for greater education about ETFs and of the DOL Rule for all members of the ETF ecosystem.
- Growth also will lead to the need to harness trading and ownership data and transform it into customizable information that can be used for decision making. Creating tools to leverage this information is necessary for effective and efficient planning for marketing, product development and infrastructure scaling, and for supporting advisor investment decisions.

The future of ETFs is bright and, with the DOL Rule, will lead to significant and meaningful changes in the industry overall.

## CONTACTS



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## APPENDIX

### METHODOLOGY

The advisor survey was conducted by BNY Mellon in collaboration with ETF Trends. The results are based on a random sample of 170 advisors drawn from the Discovery Data database. Responding advisors' mean assets under management were \$187 million and they work for several types of firms: wirehouse brokerage firms (23%), independent broker dealers (22%), regional broker dealers (19%), banks (14%), RIA firms (12%), and insurance companies (9%).

### ABOUT ETF TRENDS

ETFtrends.com and its team of editors, writers, and financial experts work hard to bring the latest news, trends and insights from the world of exchange traded funds (ETFs).

The exponential proliferation of ETFs provides a wealth of opportunities for investors who understand their potential. They cover an enormous range of specific investing possibilities that carry diversified risk.

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ETF Trends' news stories focus intently on educating investors regarding specific offerings, current market trends, sectors, economies and sentiment about every ETF market.



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