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## **FSI Responds to DOL's Withdrawal of Independent Contractor Rule**

**WASHINGTON, D.C.** – Today, the U.S. Department of Labor (DOL) withdrew its Independent Contractor Status Under the Fair Labor Standards Act rule, which was finalized in January and set to become effective on May 7, 2021. The rule adopted the long-standing 'economic reality test' to determine whether workers are employees or independent contractors under the Fair Labor Standards Act (FLSA).

The Financial Services Institute (FSI), whose membership includes independent financial advisors who choose to be independent contractors and are small business owners, supported the rule and has opposed its withdrawal.

**FSI President & CEO Dale Brown issued the following statement in response to the DOL's repeal of its independent contractor rule:**

"We are disappointed in DOL's decision to withdraw its independent contractor rule. The rule provided much-needed clarity and certainty for independent financial advisors, independent financial services firms and their clients.

"Financial advisors choose the independent model to have the freedom to operate their own business, and many left an employee-based advisor position to do so. Independent financial advisors are small business owners who, inspired by the entrepreneurial spirit, build their businesses within their communities, develop their own books of business, pay their own taxes, hire their own staff and rely on their business' success. Despite this, too often, their independence has been threatened.

"The uncertainty created by this rule's withdrawal prevents independent financial advisors and firms from operating confidently knowing their independent contractor status is secure. The repeal of the consistency and uniformity established in the rule will result in the return to the confusing and conflicting interpretations previously applied by differing courts. Ultimately, this will lead to our members having to divert time and resources to defending their independent contractor status from inaccurate challenges rather than helping their clients achieve their financial goals."

Last month, FSI submitted a comment letter opposing the DOL's proposed rule withdrawal. Read the comment letter [here](#).

FSI will continue its efforts engaging with regulators and lawmakers to preserve the independent contractor status of its financial advisor members.

**About the Financial Services Institute (FSI):** The **Financial Services Institute (FSI)** is the only organization advocating solely on behalf of independent financial advisors and independent financial services firms. Since 2004, through advocacy, education and public awareness, FSI has successfully promoted a more responsible regulatory environment for over 80 independent financial services firm members and their 130,000+ affiliated financial advisors – which comprise over 45% of all producing registered representatives. We effect change through involvement in FINRA governance as well as constructive engagement in the regulatory and legislative processes, working to create a healthier regulatory environment for our members so they can provide affordable, objective advice to hard-working Main Street Americans. For more information, please visit [financialservices.org](http://financialservices.org).

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