



## FEDERATION OF EXCHANGE ACCOMMODATORS

### FEA Accomplishments – A Recap

The FEA has taken rigorous steps, on multiple fronts, to ensure our members are held to the highest standards of conduct and that consumers are protected.

**During the past decade**, the FEA has:

- Instituted the Certified Exchange Specialist® program to provide for minimum standards for exchange professionals;
- Imposed a code of ethics that all members must pledge adherence to annually, which includes prudent funds management standards for exchange funds;
- Introduced an errors and omissions insurance program;
- Assisted in the creation of a fidelity bond program that protects consumers against losses perpetrated by both employees and owners of participating companies;
- Denied membership to prospective members who do not meet our standards, expelled members that did not adhere to the FEA code of ethics, and implemented background checks on all prospective members.

**On the legislative and regulatory front**, we have made substantial, costly and virtually unprecedented efforts for an industry association to request government regulation of our industry:

- In 2007 the FEA petitioned the Federal Trade Commission (FTC), at a cost of \$100,000, requesting regulatory oversight. Our petition included comprehensive draft regulation. The FTC denied the petition, opining that the burdens of regulation outweighed the need.
- We've been actively involved in passing state legislation to regulate exchange facilitators and impose ethical standards for funds management. The FEA drafted a "model law" which the states of California, Colorado, Maine, Nevada, Oregon, Virginia and Washington have adopted with slight variations.
- And finally, the FEA submitted to Treasury and the IRS a proposed amendment to Treasury Regulation 1.1031(k)-1(g) which would impose reasonable, understandable standards of prudent funds management requiring investment goals of liquidity and preservation of principal and prohibit commingling of Taxpayer funds with the QI's operating funds. Our conversations with Treasury and IRS officials regarding this amendment are ongoing.