

**From:** Matthew Watts [mailto:Matthew.Watts@RaymondJames.com]  
**Sent:** Thursday, July 23, 2015 6:58 AM  
**To:** EBSA, E-ORI - EBSA  
**Subject:** Conflict of Interest Rule Hearing

Ladies and Gentlemen:

Thank you for meeting with us on July 16, 2015 to discuss Raymond James' comment letter on the proposed rule. Please note that we are open to more informal discussions at any time. Given the importance of this issue, we would like to continue constructive engagement with the Department. Therefore, we respectfully request an opportunity to testify at the hearings the Department is planning during the week of August 10<sup>th</sup>. Below, please find the information requested in the Federal Register announcement of the hearing:

1) Scott Stolz, Senior Vice President, Raymond James Private Client Group Products & Solutions will testify on behalf of Raymond James.

2) The name of our firm is Raymond James Financial, Inc.

3) Scott's contact info:

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880 Carillon Parkway

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4) We submitted a comment letter via email and express mail on July 14, 2015. In addition, we met informally with the Department on July 16, 2015 to discuss our comment letter.

An outline of the issues we would like to address at the hearing:

- Brief description of the issues with the current iteration of the rule and the Best Interest Contract (BIC) exemption:
  - Increase in litigation based upon immaterial breach of reps and warranties
  - Extensive disclosure that will be difficult to implement, and may be counterproductive if the intent is for clients to actually read the disclosure
  - Movement away from well understood and time tested SEC and FINRA arbitration / enforcement mechanisms to a more uncertain regime
  - Wholesale product exclusions in IRAs
  - Client confusion about how advisors engage with them under different regulatory structures
  - Ultimate outcome of one size fits all pricing which will eliminate advice for clients with small balances and raise the cost of advice for many
- Alternate requirements to implement a best interest standard:
  - Close cooperation between the Department, FINRA, and the SEC to use existing security regulation and processes to enforce a universal best interest standard

- Full disclosure of the terms of the product and why it is being recommended at the time the recommendation is made
- Full disclosure of material forms of compensation received by the financial institution and the advisor, along with information regarding how this compensation will impact returns at the time of the recommendation
- Required regular updates (at least annually) on the performance of the individual product
- Require all products to be recommended under a best interest standard, rather than excluding entire product classes from IRAs

Matthew Watts

Vice President of Administration

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