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Delivered via Email: EBSA.FiduciaryRuleExamination@dol.gov

Office of Regulations and Interpretations
Employee Benefits Security Administration
Attn: Conflict of Interest Rule
Room N-5655
U.S. Department of Labor
200 Constitution Avenue NW
Washington, DC 20210

RE: **RIN 1210-AB79**

This commentary relates to the 60-day delay of the Department of Labor's Fiduciary Rule originally scheduled to become effective April 10, 2017. We fully support the delay, suggest that 60 days is insufficient to properly study the costs and burden of the rule, and that this rule should be either drastically reworked or eliminated.

Lion Street is an independent Financial Services distribution company. Our company and its 500 advisors serve families and small businesses across the country providing insurance, investment, income, and retirement solutions. Lion Street has a Broker Dealer and Advisory business providing products and investments to brokers receiving commissions and advisors receiving fees.

The rule as proposed by the Department of Labor (DOL) will have significant deleterious effects on the industry and the very people it purports to help: investors. The reasons are:

- It is the wrong rule – Notwithstanding that the Financial Services industry is already one of the most regulated in the US, the proposed rule introduces principles (reasonable cost, best interest, no conflicts advice) that will be difficult, at best, to operationalize. The result: lack of uniform application within the industry, fewer consumer choices, higher costs, and less direct-to-consumer advice.
- It is the wrong regulator: If any regulation such as this is enacted, the SEC is the proper body to implement changes to suitability and/or fiduciary standards of care. If warranted, a fiduciary standard should apply to both retirement and non-retirement investments. The SEC and FINRA are best resourced to ensure compliance.
- It has the wrong remedy: By extending 'private right of action' to consumers, there will be a tremendous increase in litigation and class action suits. The rule's principles will not be clarified by the DOL's examiners but by the courts, further

driving up costs and leading investment firms to limit the consumer base they choose to serve.

As difficult as it is to predict the future, it is rather easy in this instance.

- Small to medium investors will be abandoned, either unserved or directed to “do it yourself” websites. Can you imagine the medical profession implementing a similar approach? High net worth investors will always have representation and advice. This rule hurts the very masses needing help with their own “self-security”.
- The rule will result in far fewer advisors serving the growing planning needs of Americans because the risks of the profession will be too much.
  Many hundreds, even thousands, of small - midsize insurance and investment firms will shutter their practices, unwilling to accept the legal risks and draconian regulations for little remuneration.
- Investors will have limited investment choices as the industry lacks the necessary T-share and other levelized compensation products to meet client needs under the BICE.
- Increased cost to investors to gain access to retirement advice.

The existing regulations in the Financial Services industry are already duplicative, wildly expensive, and risky for advice-givers. Proponents of the DOL Fiduciary Rule point to a small number of high-commission products (which should be denied approval by state insurance departments) and senior abuse (which is already a major focus of the SEC, FINRA, all 50 state insurance departments and all 50 state securities divisions). It seems that 102 regulatory bodies should be able to get the job done. Adding the 103rd and 1.3 Million lawyers to the mix is unneeded overkill.

We strongly suggest not simply delaying, but withdrawing the DOL Fiduciary Rule, maintaining the present environment, and instructing current regulators to harmonize their many areas of contradiction and competition. Financial advisors and insurance professionals, on whole, perform much needed planning and guidance to many millions of Americans. Their profession should be nurtured, fostered, and expanded, not regulated into near extinction.

Sincerely,

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