



# ASL Financial

987 University Avenue, Suite 8 • Los Gatos, CA 95032 • 408.283.7256 • FAX 408.624.4584

March 9, 2017

Employee Benefits Security Administration  
Office of Regulations and Interpretations  
Office of Exemption Determinations  
US Department of Labor  
200 Constitution Avenue, NW  
Washington, DC 20210

RE: Fiduciary Rule

To Whom It May Concern,

I have worked in the financial services industry for 24 years and am the Chair of the Certified Financial Planning™ Program at the University of California, Santa Cruz-extension. I maintain Series 7, 24, 63, and 65 licenses and have both commission and fee-based clients. In all client relationships I willingly accept a fiduciary responsibility.

I understand and agree with the intent of the Department of Labor's (Department) proposal to extend the fiduciary rule to ERISA plans as well as Individual Retirement Accounts. The intent is to protect investors from predacious sales practices and opaque fees that disproportionately harm small and unsophisticated investors. My industry argues that extending the fiduciary rule would result in inconsistencies, excessive administrative costs, violations of the 1<sup>st</sup> Amendment, and deny financial guidance to small investors.

I propose a "free-market" solution that would achieve the Department's goals of ending sales abuses while eliminating the financial services arguments against the imposition of a fiduciary standard.

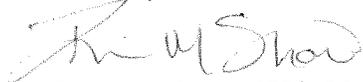
1. **Clear Titles:** Anyone acting under the SEC Act of 1934 would hold themselves out as a "Securities Salesperson". Clients, especially those unfamiliar with investing are confused by the plethora of titles and unable to distinguish among false and bona fide credentials. Common salesperson titles currently include "financial advisor", "financial planner", "registered representative", "Vice President".
2. **Transparency- Commissions:** Require disclosure of commissions to both the Broker/Dealer (B/D) and salesperson upon the transaction. Many investments including variable annuities and mutual funds have special arrangements with B/D that provide enhanced payouts to the B/D and broker. Currently, there is no requirement to disclose the upfront commission paid to the B/D and broker, only a requirement to disclose Contingent Deferred Sales charges and expense ratios. Often these disclosures are buried deep in the Prospectus and listed in percentage terms rather than absolute dollar terms that apply directly to the amount invested.

3. **Transparency- Gross and Net Investment Returns:** Require a disclosure of the expense ratio and 12b-1 fees (broker compensation) in absolute dollar amounts to be listed on each investment statement as a subtraction from gross returns. Currently, statements only list net investment performance leaving most investors ignorant of costs.
  
4. **Standards:** Maintain a suitability standard for securities salespersons. My experience as Chair and instructor in a CFP® Program has illuminated the complexity of training financial services professionals to deliver comprehensive financial planning. A holistic understanding of a client's situation involves tax, estate planning, risk management, employee and retirement benefits, and all-inclusive portfolio management using Modern Portfolio Theory. This level of training might be beyond the capabilities of many industry professionals and beyond the needs of many clients.

With enhanced transparency of titles, commissions, and costs, the free market will naturally select against overpriced and inefficient products and will achieve the Department's goal of ending sales abuses. Furthermore, this solution will be inexpensive to implement as financial firms already maintain unpublicized records of compensation. Investment Advisory firms currently provide statements with explicit fees similar to those in this proposal.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "Renée M. Snow".

Renée M. Snow, CFP®, EA, Ph.D.