

**From:** [Robert Mannion](#)  
**To:** [FiduciaryRuleExamination - EBSA](#)  
**Subject:** Request for Information Regarding the Fiduciary Rule and Prohibited Transaction Exemptions  
**Date:** Monday, July 17, 2017 12:34:31 PM

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*In response to your request for information regarding the Fiduciary Rule and Prohibited Transaction Exemptions*

*I would like to comment on the following two specific questions you have inquired about.*

Gen 3.

<https://www.federalregister.gov/d/2017-14101/p-33>

3. Do the Rule and PTEs appropriately balance the interests of consumers in receiving broad-based investment advice while protecting them from conflicts of interest? Do they effectively allow Advisers to provide a wide range of products that can meet each investor's particular needs?

PTE 12.

<https://www.federalregister.gov/d/2017-14101/p-44>

12. Are there ways in which the Principal Transactions Exemption could be revised or expanded to better serve investor interests and provide market flexibility? If so, how?

*My comment:*

*The rule prohibits brokers from selling taxable municipal securities to retirement accounts of their customers in a principal capacity. This prohibits brokers from giving their customers broad-based investment advice as it prohibits an entire asset class specifically municipal securities. It is widely regarded that municipal securities hold a much lower default rate than corporate securities yet corporate securities are allowed under the rule. In addition taxable municipal securities may have a higher yield than comparable rated corporate securities. It may also force fixed income investors into bond mutual funds (new clean shares) which have higher fees and no set maturity dates. Investors may only sell and not purchase this type of security which, in times of market turbulence, may cause liquidity issues. This seems ironic to me as the rule is designed to align the financial services industry with that of the clients they serve. Municipal securities are an asset class which is known for safety, income, and return of principal. I would ask for taxable municipals under the primary transaction exemption to be allowed under the rule to better serve the market and investor needs.*

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