



July 21, 2017

Office of Exemption Determinations
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

Re: Fiduciary Rule – Request for Extension of Transition Period (RIN 1210-AB82)

Dear Sir or Madam:

Putnam Investments appreciates the opportunity to comment on the Request for Information Regarding the Fiduciary Rule and Prohibited Transaction Exemptions (RFI) published on July 6, 2017, in which the Department of Labor (DOL) requested public input on the advisability of extending the January 1, 2018 applicability date of certain provisions in the Best Interest Contract Exemption (BIC).

Putnam Investments is one of the pioneers of America's mutual fund industry, with over \$160 billion under management today on behalf of over 100 institutional clients and 4 million individual customer accounts. We provided comments in 2015 on the DOL's re-proposed regulation, and again in April 2017 in response to questions raised by the February 3, 2017 Presidential Memorandum. In our comments, we expressed our general agreement with the goal of the Fiduciary Rule – that investment providers to retirement investors act in the best interests of their clients – but also outlined significant concerns with many aspects of the Fiduciary Rule.

In light of our continuing concerns, and for the additional reasons discussed below, we request that DOL promptly issue guidance extending the transition period while DOL performs the review of the Fiduciary Rule required by the Presidential Memorandum. An immediate extension is necessary to permit completion of a proper review of the rule – in consultation and coordination with the Securities and Exchange Commission, as discussed below – as well as to avoid confusion and harm to retirement investors and unnecessary expense and disruption to the retirement industry.

As described in our earlier comments, Putnam believes that DOL's review of the Fiduciary Rule and related exemptions should be a fundamental re-examination resulting in material changes. We are pleased to note that DOL has signaled an intention to coordinate with the Securities and Exchange Commission (SEC), which has also requested information related to the development of a fiduciary standard. We believe that it is critical that the agencies work closely together to craft a

practical approach that will apply in a targeted, effective way, without introducing unnecessary, inconsistent requirements that, by reducing investor access to advice and investment products, may well harm the very savers that the Fiduciary Rule seeks to protect. A coordinated review may require additional time to complete – but in our view, this is time well spent. On the critical topic of retirement savings, we cannot afford to act without careful consideration.

It is also imperative that DOL act quickly in issuing an extension in order to avoid wasted compliance efforts as well as continued confusion. Across the industry, many broker-dealers, record-keepers, and other service providers are currently expending significant resources to implement the provisions of the BIC that are currently scheduled to take effect on January 1, 2018. For their part, asset management firms like Putnam are working hard to respond to financial intermediaries' requests for new share classes and pricing structures. At the same time, confusion over the ultimate fate of the rule, particularly in light of the Presidential Memorandum and subsequent DOL pronouncements, has led other service providers to pause certain of their efforts, and the industry remains in a state of uncertainty. If the transition period is not extended promptly, implementation costs will increase, as firms that have postponed product decisions are forced into further action as the January deadline approaches – only to risk undoing those decisions, if the DOL's review leads to changes.

In light of the foregoing, we would make the following recommendations:

- DOL should issue an Interim Final Rule that extends the current Transition Period relief and conditions, as articulated in 82 F.R. 16902- 16918, until January 1, 2019. It is critically important that DOL issue such a rule as soon as possible, preferably by August 1, 2017 and no later than August 31, 2017, in order to prevent unnecessary implementation costs that may ultimately prove to be wasted. As the year progresses, the resources committed to implementation, both at financial intermediaries and at fund firms, will increase dramatically.
- DOL should publicly commit to providing no less than a 12 month notice as to what the final conditions of the existing and any newly proposed exemptions will be before such conditions take effect. Should DOL and SEC coordinate their efforts to arrive at uniform standards of conduct, as we strongly support, both DOL and SEC should publicly commit to providing no less than a 12 month notice of the new standards prior to their effective date. This will permit service providers to conserve resources while the DOL performs its review and to efficiently implement compliance structures once the final conditions are known.
- DOL should extend the non-enforcement relief under FAB 2017-02 for the same period of time that the transition period is extended.

Finally we would respectfully request that DOL extend the information collection period for the remaining requests in the RFI beyond August 7, 2017. The RFI raises a considerable number of issues, and it will take time for stakeholders to provide thoughtful and helpful responses.

Please note that additional information can be found in the comment letters being submitted by our affiliated firms, Empower Retirement and Great-West Financial, whose comments we endorse fully. We appreciate DOL's consideration of this important matter.

Sincerely,

A handwritten signature in black ink, reading "Robert L. Reynolds". The signature is written in a cursive style with a long, sweeping tail.

Robert L. Reynolds
President and CEO, Putnam Investments