



VIA Email: [EBSA.FiduciaryRuleExamination@dol.gov](mailto:EBSA.FiduciaryRuleExamination@dol.gov)

July 21, 2017

Office of Exemption Determinations, EBSA  
(Attention D-11933)  
U.S. Department of Labor  
200 Constitution Avenue NW, Suite 400  
Washington DC 20210

RE: RIN 1210-AB82  
Extending DOL Implementation Deadline

Dear Sir or Madam:

The Department of Labor has recently sent a request for information on the January 1, 2018 implementation deadline as part of its review of its Conflicts of Interest Rule, also known as the Fiduciary Rule ("Rule"). We at the Strategic Financial Alliance, Inc. (SFA) believe it would be in investors' best interest if the DOL extended this deadline and further reviewed the Rule's overall impact on investors saving for retirement.

As a broker/dealer and registered investment adviser, SFA strives to put its clients first, and there should be adequate protections by law to ensure that clients' interests are well served. However, it is equally important for retirement planning services to remain affordable and accessible. While aimed at protecting investors by holding advisors to a fiduciary standard, the new Rule would increase the cost of conducting business, thereby making retirement planning services more expensive.

Investors would be better served by cutting the costs associated with the Rule by coordinating with current rules and regulations that govern the industry. Existing regulatory structures have already been successful in holding advisors accountable to their clients. Such procedures fulfill the requirements of the Fiduciary Rule and adequately protect investors without increasing the costs of service.

To offer securities and advisory products and services to Retirement Investors, Financial Advisors must be registered with broker-dealers and/or investment advisers. SFA is registered as both a broker-dealer and as an investment adviser.

As a result of this dual registration, SFA and its associated persons are subject to federal and state rules and regulations, including the Securities Act of 1933, the Securities and Exchange Act of 1934, the Investment Adviser's Act of 1940, and the Blue Sky rules and regulations of the states in which they conduct business.

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Member FINRA & SIPC

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Furthermore, as a broker-dealer, SFA is a member firm of the Financial Industry Regulatory Authority ("FINRA"). FINRA requires compliance with a host of rules based on the federal laws that address financial reporting, pricing, suitability, sales practices, communications, disclosure, and conflicts of interest. FINRA requires its firms to develop and implement written supervisory procedures that are reasonably designed to help ensure compliance with the applicable rules and regulations. The firm is required to have a system of supervisory controls to test its written supervisory procedures. FINRA, as well as the SEC, have examination and reporting programs to help monitor that the firms and associated persons are complying with their rules, as well as the firms' own rules. These existing regulatory structures have already been successful in holding advisors accountable to their clients.

In addition to the replication of regulation posed by the Rule, the Rule outlines a regimen of redundant and burdensome disclosure, including the Best Interest Contract ("BIC"), transaction disclosures, and web disclosures.

Under the rules and regulations listed above, disclosures are already required, including risks, fees, and expenses associated with financial products, conflicts of interest of associated persons and firms, education and credentials, and disciplinary histories. Personal information about Financial Advisors related to bankruptcies and customer complaints (even those that were unfounded or dismissed) are available on public websites through FINRA and the SEC. Firms with websites are required to maintain links to the FINRA site so a Retirement Investor may easily check up on an advisor.

These regulations also require the firm to obtain information about the Retirement Investor's financial condition, objectives, net worth, income, tax brackets, and risk tolerance so a Financial Advisor can make suitable recommendations that are in the best interest of the client.

These rules and procedures are already in place. If one considers the percentage of complaints and litigation relative to the number of investors, it is safe to say that the vast majority of clients are happy with their Financial Advisors and the advice they are receiving.

The Rule, which we have stated is redundant, creates costly burdens for a firm. Each firm must develop systems for implementing the BIC, monitoring compliance, creating and delivering disclosures, redesigning websites to include and refresh required web disclosures, assessing newly designed products in response to the Rule, training on the new products, and educating clients. While new product innovations are necessary to fulfill this goal, we understand such developments take time.

The costs associated with technology, legal counsel, and human resources needed to address the new requirements cannot solely be absorbed by the firm. The DOL's Regulatory Impact Analysis estimated costs for a medium size firm (e.g., SFA) to be approximately \$665,000 in

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year one and more than \$250,000 per year thereafter. The costs are estimated to be more than seven times higher for large firms. These additional costs will need to be passed on to the Financial Advisors and their clients.

In addition to the hard dollar costs associated with the Rule, there is the time cost. Financial Advisors will be required to spend more time in delivering and explaining redundant disclosures, the BIC, and transaction disclosures, separately from working with clients to discern their objectives and educating them on products and strategies. Financial Advisors will be unable and unwilling to invest the amount of time required for the additional paperwork for smaller accounts. The cost of servicing these accounts will exceed the revenue. Smaller investors will lose access to human Financial Advisors. Financial Advisors at SFA have already begun the process of evaluating their clients to determine which ones they can afford to service when the Rule is fully implemented.

It is very important that the DOL extend the January 1, 2018 deadline so that it can receive thorough input from the important stakeholders. We encourage the DOL to take the necessary additional time to evaluate the existing regulatory framework and work with the SEC (the designated regulator for the securities and advisory industry) to coordinate and enhance investor protections where needed, rather than creating a separate and costly regimen. With careful analysis and coordination, meaningful changes to the Rule could have a positive impact on all investors.

Sincerely,

A handwritten signature in black ink, appearing to read "Clive Slovin". The signature is fluid and cursive, with a large initial "C" and "S".

Clive Slovin  
President