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General Comment

As a fixed income trader with a small investment bank in the Philadelphia area, I am seeing first hand every single day how this DOL fiduciary rule is causing havoc among retail investors. Ironic in that this rule was meant to protect mom and pop retail investors, yet is having the opposite affect. First off small IRA accounts across Wall Street are being herded to call centers with zero access to a registered advisor. So someone with a $50,000 IRA at my firm who has had an advisor for years is now going to have their account handled by a 'call center'. And how does this benefit this client? A regional firm also in Philadelphia believes that they will have 10,000 of these accounts moved to their call center, losing whatever investment advice they received. Confusion is running rampant on the 'street'. Interpretations vary from firm to firm, so what what firm views as allowed under the DOL rule another firm may view it differently. Basically it has been a compete and total mess from June 9th.

The principal transactions exemption needs to be removed in its entirety ~ meaning principal trades should be allowed in all ERISA type accounts as they were before June 9th. Why the government views principal trades as 'bad' is so off based for us in the fixed income markets. Bond markets are principal markets not agency markets. Bonds of all types need to trade principal from firm inventories to ERISA accounts. Firms employ fixed income traders for a variety of reasons, one of which is to ensure their clients get superior information and pricing. I still remember the markets after the fall of Lehman Brothers in 2008 where the credit markets had no bid, yet I was begged each day to bid a bond for a client of the firm. Agency trading may work when markets are great, what about when they are not?? Allow principal trades to return to all ERISA accounts immediately.

The restrictions on allowing purchases of new issue preferred shares needs to be removed in its entirety ~ meaning retail investors should be allowed to buy syndicated preferred shares in their ERISA accounts as they were allowed to do before June 9th. Client Mr. Jones wants to buy the new Bank of America preferred being marketed currently in his joint account with his wife and his and her IRA accounts. Before June 9th ~ all 3 accounts could purchases the shares. Now only the joint account is able to. The two IRA accounts must wait until the issue is out of syndicate and trading on the NYSE/NASDAQ and pay a price most likely higher than the original issue price plus a commission. Explain all of this to Mr. Jones who has been doing this for years with his advisor and now he can't. Why? Because the government says he can't. How is the DOL Fiduciary rule helping Mr. Jones out? Not so good...

My take and hope for the rule ~ eliminate the DOL from this entire picture and allow the SEC and FINRA to come up with a single rule that cover all retail accounts, not just ERISA ones, where the fiduciary rule is the standard. Compensation to firms and advisors can vary from product to product, yet recommendations will be held to the fiduciary standard, not the old suitability language. Postpone anything that was set to go into motion on January 1, 2018. While the SEC and FINRA take up this task, eliminate this confusion among firms currently and allow them to go back to the way business was being done pre-June 9th. At the end of the day, shouldn't any investment decision for a client be between him or her and their advisor. The fact that the government is telling clients what they can and can't buy in their retirement accounts is in my opinion bad for the future of IRA's and retirement accounts. Imagine the thousands of IRA accounts going to call centers. Imagine an 80-year old widow who has been dealing with her advisor for 30+ years is now relegated to calling a customer service rep to talk about her retirement account. Don't think that was the intention of the rule, but the unintended consequences are such that this is happening all over wall street.

Eliminate the DOL Fiduciary rule and put retirement planning back in the hands of clients with help from their investment advisor. Get the government out of this business.