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Office of Exemption Determinations

Employee Benefits Security Administration

U.S. Department of Labor

200 Constitution Avenue NW Suite 400

Washington, DC 20210

Submitted via Federal eRulemaking Portal: http://www.regulations.gov at Docket ID number: EBSA-2017-0004.

RE: Request for Information (RIN 1210-AB82)

To Whom It May Concern:

This comment letter is submitted on behalf of National Regulatory Services, ("NRS"), part of Accuity. NRS is the nation's leading compliance consulting and registration firm. Founded in Lakeville, CT in 1983, NRS provides compliance and consulting services, compliance solutions, national conferences, seminars and the NRS Certified Compliance Professional certificate program to approximately 6,000 investment advisers and broker-dealers, ranging from sole practitioners to the largest global financial firms.

A substantial majority of these investment advisers and broker-dealers provide services to individual retirement accounts ("IRAs") and are therefore fiduciaries under the Department of Labor's ("DOL" or "Department") Fiduciary Rule finalized in April 2016.

As a provider of compliance services and solutions for investment advisers, broker-dealers and other financial institutions, NRS, and our clients, place a premium on clarity and precision in the regulatory environment which promotes transparency regarding the expectations of the regulator as well as the obligations of the regulated.

NRS appreciates the opportunity to respond to the Department's request for information ("RFI") regarding the Department's Fiduciary Rule finalized in April of 2016.

In this letter we will comment on questions 3, 4, 5, 6, 10, 11 and 13. NRS's comments will follow the table of contents used in the Release.

Question 3.

Do the Rule and Prohibited Transaction Exemptions (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?

In NRS' opinion, the Best Interest Contract Exemption ("BICE") fails to properly balance the needs of consumers against both the needs of the industry and the need for proper regulation within the retail investment space. Indeed, we believe that the BICE creates absolutes in terms of investment advice in an industry which is based on consideration of the unique circumstances of the client.

NRS offers compliance assistance to investment advisers and broker-dealers of every size and has witnessed firsthand their preparation efforts for the implementation of the Fiduciary Rule. In analyzing how adapting the BICE will affect both Financial Institutions and their clients, we have identified four ways in which the BICE is likely to cause more harm than benefit. Namely, we find that the BICE, as currently crafted, will potentially: (i) increase costs for consumers and Financial Institutions; (ii) stifle innovation; (iii) limit consumer choice; and (iv) create confusion for retail investors.

Increased costs for consumers and Financial Institutions

While the goals of the Fiduciary Rule are commendable, implementing the BICE will create situations in which retail investors will face increased cost. The most glaring example comes from the disparity in the requirements between level-fee and non-level fee products and services. While firms providing level-fee services will have to conform to the Impartial Conduct Standards and meet a few other requirements, those that do not offer level fees will have to comply with the full panoply of BICE requirements, including a special website, special contracts, special written procedures, special requirements for how Advisers may be paid, etc. This disparity will incentivize firms to put assets into fee-based accounts, regardless of the best interests of the client. The BICE therefore exacerbates the conflict between putting the interest of the client first and maximizing income to the firm. While NRS believes the great majority of Financial Institutions will not succumb to this incentive to act against the client's interest, it seems inevitable that some firms will urge Retirement Investors to enter into fee-based accounts even when not in the best interests of the Retirement Investor. (Please see additional comments on how the BICE limits consumer choice, below.)

Investors are not the only group which is likely to see increased costs. Our larger clients have been making investments in compliance professionals and/or systems, changing established compliance programs, adopting additional controls and creating additional supervisory obligations.[1] Our smaller, independent investment adviser and broker-dealer clients are having to upgrade their technology platforms and applications, and look outside their firms for help in understanding the many new requirements. All Financial Institutions are devoting a much larger portion of their budgets to education and training.

Stifle innovation

[1] The impact of the Fiduciary Rule on large firms has been well documented. *See, e.g., MassMutual, MassMutual to Acquire MetLife's Retail Advisor Force (Feb 29, 2016) https://www.massmutual.com/about-us/news-and-press-releases/press-releases/2016/02/29/07/40/massmutual-to-acquire-metlifes-retail-advisor-force*

Innovation in the investment industry is what allows firms to separate themselves from the pack, and develop the sort of tailored and customized services clients seek. As noted above, NRS' services include registering new broker-dealers and investment advisers, and working with existing firms to amend their registrations, disclosure documents and policies and procedures as their offerings change. After more than thirty years of providing these services, NRS can confidently state that no two firms are alike in their approach to offering their clients the advice and products that will help meet their clients' goals. NRS is concerned that, contrary to its name, the Best Interest Contract Exemption incentivizes Financial Institutions to follow the herd in making recommendations to their clients, the result of which may ultimately not be in investors' best interest. While these "plain vanilla" recommendations will likely pass scrutiny under the BICE, they may not be the recommendations which Financial Institutions truly believe are the most innovative and on par with other client recommendations in similar strategies. While every investor's risk tolerance and overall investment strategy is unique, compliance with the BICE quite possibly removes various investment vehicle options, such as certain annuities or risk hedging strategies, from an adviser's toolbox that are available to other clients. With the industry uncertain of what is and is not allowed under current Fiduciary Rule and BICE guidelines, it is difficult to imagine firms taking the risk to develop new and innovative offerings to meet the markets' needs.

Limit consumer choice

If the BICE is allowed to stifle innovation in the industry, then there will be little reason for a small Retirement Investor to choose a smaller local adviser, with a much higher cost to product delivery ratio, over a larger national one. Furthermore, the BICE places a limit on the amount of viable products large investment advisers can offer, which limits choices within the market for investors. If smaller advisers have no realistic means of innovation, due to the one-size-fits-all business model with high compliance costs imposed by the DOL, there will likely be a concentration in the market towards larger entities or the popular robo-adviser services. Regulation with the goal of making investing more affordable/approachable for retail retirement investors that is ultimately anti-competitive and reduces product innovation, may not be in anyone's best interest.

NRS is concerned that the challenges described above may result in a decrease in the number for Financial Institutions and Advisers willing to take on lower-net-worth Retirement Investors at the very time that the Baby Boomer generation is retiring. This would, in NRS' opinion, be the worst unintended consequence of all.

Create confusion for retail investors

Investor confusion should also be a factor considered by the Department of Labor. Already, investors have been bombarded with updates from their brokers and advisers, informing them of the changing landscape due to the fiduciary rule. If the Department proceeds with the rule as currently drafted, the retail investment landscape will be one with different standards of conduct for different accounts, even when managed by the same broker or adviser. The SEC is already acutely aware of this issue, as it has opened public comment period on June 1, 2017, seeking input from retail investors on confusion surrounding the Fiduciary Rule.[2] NRS applauds this effort and looks forward to the results of this cooperation.

Question 4.

During the transition period from June 9, 2017, through January 1, 2018, Financial Institutions and Advisers who wish to utilize the BIC Exemption must adhere to the Impartial Conduct Standards only ... To what extent do the incremental costs of the additional exemption conditions exceed the associated benefits and what are those

[2]SEC Chairman John Clayton, *Public Comments from Retail Investors and Other Interested Parties on Standards of Conduct for Investment Advisers and Broker-Dealers* (June 1, 2017), https://www.sec.gov/news/public-statement/statement-chairman-clayton-2017-05-31.

costs and benefits? Are there better alternative approaches? What are the additional costs and benefits associated with such alternative approaches?

NRS supports the implementation of a best interest standard of care for retirement investors. NRS agrees that Retirement Investors should be secure in their belief that the financial professionals and institutions they are compensating for investment advice are providing such advice in their best interest.

That said, the highly specific requirements of the Fiduciary Rule in general, and of the Best Interest Contract Exemption in particular, are so complex and burdensome as to have an adverse effect on the financial services industry and, in turn, its ability and willingness to provide services to Retirement Investors whose accounts will not generate sufficient revenue to justify the costs of compliance. The impact of these additional costs is described in our response to Question #3, above.

Moreover, the often bewildering overlay of BICE-related ideas and concepts onto systems designed to meet the requirements of securities regulators has resulted in many unforeseen situations and unintended consequences that may, in practice, result in a firm's being reluctant to design an investment program for a Retirement Investor that, while in the Retirement Investor's best interest, creates a compliance nightmare.

Here's one example. Many investment advisers offer non-discretionary portfolio management to their Retirement Investor clients. Some of these investment advisers do not consider cash to be a managed asset, and so do not charge for cash balances in their clients' portfolios. Rightly or wrongly, many of these advisers are concerned that if they recommend that a Retirement Investor invest some cash by purchasing a new investment (which will then be included in calculating the client's fee), they will lose their ability to claim that they are a level-fee fiduciary and will therefore be subject to all requirements of the BICE. The result is that these advisers are now charging on cash balances, resulting in increased fees to the Retirement Investor. This is surely not what the Department intended.

While the Department can certainly address issues like the example above through FAQs or other commentary, the fact is that the concepts underlying much of the BICE are new and fraught with unintended consequences.

NRS suggests that the Department can better meet its goals of protecting Retirement Investors while still allowing Financial Institutions and their Advisers to continue to provide a wide range of services by continuing to require, and enforce, the Impartial Conduct Standards. The Impartial Conduct Standards can be supplemented with sufficient disclosure (using the disclosures currently required by the BICE) to allow a Retirement Investor to understand the Financial Institution's and Adviser's various conflicts of interest and how those conflicts are reconciled with the Impartial Conduct Standards. The Department can also require that Financial Institutions develop and enforce certain required policies and procedures (please refer to our comments under Question 10, below).

The costs of meeting the Impartial Conduct Standards will be readily evaluated by the end of 2017, at which time they will have been in effect for more than six months. Costs of developing and distributing appropriate disclosure are minimal, particularly as the substance of many of the disclosures already exist for some Financial Institutions in one form or another. (Please refer to chart in our response to Question #13 for examples of existing disclosures that may form the basis of disclosures required under the BICE.)

Question 5.

What is the likely impact on Advisers' and firms' compliance incentives if the Department eliminated or substantially altered the contract requirement for IRAs? What should be changed? Does compliance with the

Impartial Conduct Standards need to be otherwise incentivized in the absence of the contract requirement and, if so, how?

Beyond a simple acknowledgement that a Financial Institution is acting as a fiduciary under ERISA and/or the IRC, NRS believes that the Department could eliminate the contract requirement for broker-dealers and investment advisers. Compliance with the Impartial Conduct Standards, supplemented by required disclosures and written policies and procedures address material conflicts of interest, would fall under the purview of the current examination and enforcement programs of FINRA and the SEC. Broker-dealers and investment advisers are already prohibited from making misleading statements; therefore, a Financial Institution or Adviser that acts in a manner contrary to the disclosures made by the Financial Institution would be covered under existing rules, regulatory guidance and enforcement. In our opinion, the contract requirements may incentivize Financial Institutions to reduce or eliminate retirement advice to Retirement Investors due to increased legal risks imposed by contractual obligations.

FINRA and the SEC both have current regulations that impose standards of care, conduct, and varying degrees of fiduciary duty upon broker-dealers and investment advisers. The mitigation of conflicts of interests are also addressed by the current securities laws. This regulatory approach to imposing standards of care, duty and the mitigation, in NRS' opinion, appears to be effective and, through the type of cooperation envisioned by SEC Chair Clayton[3], could potentially be expanded to achieve the Department's regulatory objectives more effectively than relying on a private right of action.

Question 6.

What is the likely impact on Advisers' and firms' compliance incentives if the Department eliminated or substantially altered the warranty requirements? What should be changed? Does compliance with the Impartial Conduct Standards need to be otherwise incentivized in the absence of the warranty requirement and, if so, how?

While NRS recognizes that Financial Institutions need to adopt policies and procedures to address the specific risks and conflicts that the Department has identified in the BICE, we do not see a need for broker-dealers and investment advisers to make BICE-required warranties to their Retirement Investor clients. These firms are currently required to adopt policies and procedures that comply with federal laws under FINRA Rule 3110(b)(1), Advisers Act Rule 206(4)-7(a) of the Advisers Act, and similar state rules.

FINRA Rule 3110(b)(1) requires members to "establish, maintain, and enforce written procedures that "are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules."

Rule 206(4)-7(a) under Advisers Act requires written policies and procedures which are reasonably designed to prevent violations of the Act. The SEC issued comments in the adoption of revised rules and stated that, *"Each adviser, in designing its policies and procedures, should first identify conflicts and other compliance factors creating risk exposure for the firm and its clients in light of the firm's particular operations, and then*

[3] *Id.*

design policies and procedures that address those risks.[4]" In subsequent guidance[5] the Commission identified expectations in the development of policies and procedures which specifically requires registered firms to assess the practices and risks present at each adviser which include advisory activities, arrangements, affiliations, client base, service providers, conflicts of interest, and other business factors that may cause violations of the Advisers Act or the appearance of impropriety. NRS believes the SEC's comments and guidance regarding the development of a compliance program already establishes an adviser's requirement to essentially adopt anti-conflict procedures and thus would be redundant for the Department to impose their requirements.

Please also refer to our comments under Question 11, below.

Question 10.

Could the Department base a streamlined exemption on a model set of policies and procedures, including policies and procedures suggested by firms to the Department? Are there ways to structure such a streamlined exemption that would encourage firms to provide input regarding the design of such a model set of policies and procedures? How likely would individual firms be to submit model policies and procedures suggestions to the Department? How could the Department ensure compliance with approved model policies and procedures?

NRS believes DOL could base a streamlined exemption on a model set of policies and procedures ("Procedures"). Our view is the outgrowth of prior DOL-adopted rules and exemptions that are less invasive and provide the same level of protection to employee benefit plans as the Rule.

As noted above, NRS recommends that the DOL should continue the use of the Impartial Conduct Standards, along with a set of required disclosures and written policies and procedures, rather than implement the many specific requirements of the BICE. This calls for a risk-based (or principles-based) approach to compliance rather than the rules-based approach used in the BICE. Model procedures under a risk-based approach will need to provide methods for addressing the more common or egregious types of conflicts that Financial Institutions will encounter, but must also require that each Financial Institution address the conflicts found in its own business model, regardless of whether or not those conflicts are addressed in model procedures. Grounding compliance with the Fiduciary Rule in a set of baseline procedures will assure Financial Institutions that they are addressing key risks and conflicts while at the same time providing sufficient flexibility to develop procedures appropriate for each firm's specific business.

NRS believes that these model procedures can be started by reverse-engineering the BICE to identify the risks and conflicts inherent in each provision of the BICE and to develop a suggested procedure (or menu of possible procedures) for addressing each risk or conflict.

We are more than capable of assisting the Department in designing model policies and procedures that reflect the requirements of the Rule. We have over thirty years' experience in drafting policies and procedures for broker-dealers and investment advisers. Our contacts and relationships with large and small broker-dealers and investment advisers is unparalleled. Our national compliance conferences, regional compliance symposia, and on-line education offerings include presentations by compliance officers, attorneys and regulators. We have partnered with the Investment Advisers Association to create and administer the Investment Adviser Certified Compliance Professional designation.

We welcome the opportunity to work with the Department and are prepared to provide you with our insights and creative ideas on how to proceed, should you decide to pursue this path of crafting model policies

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[4] Final Rule: Compliance Programs of Investment Companies and Investment Advisers, Release No. IA-2204, Dec. 17, 2003, (https://www.sec.gov/rules/final/ia-2204.htm)

[5] , Questions Advisers Should Ask While Establishing or Reviewing Their Compliance Programs. The Securities and Exchange Commission, 5 Feb. 2009, www.sec.gov/info/cco/adviser_compliance_questions.htm

and procedures as a streamlined version of the Rule. We also believe this approach is more in line with the current administration's vision of regulation that will allow the DOL to move forward with a plan of implementation by gaining great acceptance.

Question 11.

If the Securities and Exchange Commission or other regulators were to adopt updated standards of conduct applicable to the provision of investment advice to retail investors, could a streamlined exemption or other change be developed for advisers that comply with or are subject to those standards? To what extent does the existing regulatory regime for IRAs by the Securities and Exchange Commission, self-regulatory bodies (SROs) or other regulators provide consumer protections that could be incorporated into the Department's exemptions or that could serve as a basis for additional relief from the prohibited transaction rules?

It is our belief that the existing regulatory regime for IRAs by the Securities and Exchange Commission, self-regulatory bodies (SROs) or other regulators provide consumer protections that could be incorporated into the Department's exemptions or that could serve as a basis for additional relief from the prohibited transaction rules.

FINRA and the SEC both have current regulations that impose standards of care, conduct, and varying degrees of fiduciary duty upon broker-dealers and investment advisers. The mitigation of conflicts of interests are also addressed by the current securities laws. FINRA and the SEC have historically taken the approach of regulating the industry through prohibition, mitigation, and/or disclosure. This regulatory approach appears to be effective.

FINRA's Suitability Rule 2111 requires firms and associated persons to have a reasonable basis to believe a recommended transaction or investment strategy is suitable for the customer; if diligently supervised and enforced and supplemented with conflicts of interest disclosure requirements such as those customary for investment advisers, clients would be well served. In addition, both FINRA and the SEC have anti-fraud provisions which add an additional layer of client protection. FINRA's Rule 2020 prohibits members from effecting any transaction in or inducing the purchase or sale of any security by means of deceptive or other fraudulent device or contrivance and the SEC's anti-fraud rules in Section 206 of the Advisers Act prohibit misleading and fraudulent conduct as well. Finally, senior protection measures enacted by various regulatory bodies and scrutiny under the SEC's ReTIRE Initiative, provide some protections and oversight as well.

Our clients are overwhelmingly in favor of consumer protection, but find that the overlapping and occasionally contradictory rules cause confusion and time and expense that could otherwise be spent assisting clients in planning for their retirement needs. As noted in our previous comments, the unintended consequences of these rules may result in less time available to spend with clients and clients with fewer investable assets—those who are already underserved—unable to receive advice.

Question 13:

Are there ways to simplify the BIC Exemption disclosures or to focus the investor's attention on a few key issues, subject to more complete disclosure upon request? For example, would it be helpful for the Department to develop a simple up-front model disclosure that alerts the retirement investor to the fiduciary nature of the relationship, compensation structure, and potential sources of conflicts of interest, and invites the investor to obtain additional information from a designated source at the firm? The Department would welcome the submission of any model disclosures that could serve this purpose.

Our 30-plus years of experience in drafting SEC-, FINRA- and state-required disclosures for securities firms of all sizes and dealing in all types of business have convinced us that a primary disclosure document should be straightforward, clearly written, and focused on the essence of the risk or conflict being disclosed. For this reason we agree that the disclosure requirements of the Best Interest Contract Exemption (BICE) should focus on a few key issues, with additional disclosure being available upon request.

The disclosures required by the BICE fall into four general categories:

- Contract disclosures
- Transaction disclosures
- Website disclosures
- Additional requirements for proprietary products and third-party payments

As NRS is not a law firm, we will not opine on whether the contract disclosures would be appropriate outside of a written agreement. However, NRS notes that any or all of the conflicts inherent in these disclosures could readily be addressed in a disclosure document.

We do believe that transaction, website and proprietary/third party disclosures could be simplified and combined into a single document to be presented to the client at the start of the client engagement or, with an existing client, not later than the time of the first transaction. Moreover, as noted in our reply to Question 10 (above), it is our opinion that certain existing disclosures may already be appropriate for BICE disclosures.

We also know, based on our experience, that requiring firms to maintain different versions of essentially similar disclosures inevitably leads to situations in which one set of disclosures is updated while another is not, resulting in disparate and incorrect disclosures. We think the DOL's goal should be to have firms provide disclosures to Retirement Investors that could be readily incorporated into Form ADV Part 2A or other disclosure documents without significant modification.

NRS suggests that the Department consider modifying the format used for ERISA rule 408(b)(2) disclosure when designing the disclosures to be made to Retirement Investors. 408(b)(2) disclosures permit a person providing services to a plan to provide references to disclosures already in the plan's possession rather than recreating these disclosures. NRS believes that, when used in conjunction with certain basic disclosures, these references to existing disclosures would meet a firm's duty to disclose without going into a level of detail that many (or most) Retirement Investors would neither want nor find useful.

NRS has included as an appendix to this letter a disclosure grid and examples of possible disclosures to demonstrate how the type of disclosure document that we envision would work. We have only provided a few examples due to the wide variety of potential responses and the limited time allowed for our comments. We will be happy to work with the Department or other interested parties to develop more disclosures upon request.

Conclusion

If we may assist further or provide additional information or background on our comments, please let us know. We at NRS would certainly look forward to assisting the Department in this very important area affecting the entire financial services industry.

Sincerely,

John Gebauer

President

APPENDIX

BICE DISCLOSURE GRID

BICE requirement	Simplified Requirement	Summary	Where additional information may be found
Transactional Disclosures			
States the Best Interest standard of care owed by the Adviser and Financial Institution to the Retirement Investor and describes any Material Conflicts of Interest.	States the Best Interest standard of care owed by the Adviser and Financial Institution to the Retirement Investor and generally describes any Material Conflicts of Interest and how the conflicts are addressed.	See Examples (below)	Client agreement(s) Section(s)_____; Form ADV Part 2A Items 5, 8, 11, 12; prospectuses provided to client;
Informs the Retirement Investor that the Retirement Investor has the right to obtain copies of the Financial Institution's written description of its conflict mitigation policies, as well as specific disclosure of costs, fees, and other compensation including third party payments regarding recommended transactions. Financial arrangements can be described in the form of dollar amounts, percentages, formulas, or other means reasonably calculated to present a materially accurate description of the arrangements.	Offer a copy of applicable written policies and procedures. Provide examples of where compensation can be found on contracts, invoices, confirms, statements, prospectuses, etc.	You can receive a copy of our policies and procedures by calling (xxx) xxx-xxxx. Please find below examples of the documents you will receive that show how we are compensated for our services. If you have questions about the compensation we receive, please call (xxx) xxx-xxxx	Contracts, invoices, confirms, statements, prospectuses, etc.
Website Disclosures			
Includes a link to the Financial Institution's website, informs the Retirement Investor of the information available through the Web Disclosures (discussed below), and notifies the Retirement Investor that the information is available free.	No longer needed	No longer needed	No longer needed

A discussion of the Financial Institution's business model and the Material Conflicts of Interest associated with that business model.	States the Best Interest standard of care owed by the Adviser and Financial Institution to the Retirement Investor and generally describes any Material Conflicts of Interest.	See Examples	Client agreement(s) Section(s)_____; Form ADV Part 2A Items 4, 5, 8, 11, 12; prospectuses provided to client
A schedule of typical account or contract fees and service charges.	Provide sample fee schedule, commission schedule, range of mutual fund fees, etc.	Examples available upon request	Client agreement(s) Section(s)_____; Form ADV Part 2A Items 5, 10, 11, 12; prospectuses provided to client
A model contract or other model notice of the contractual terms and certain required disclosures under the BIC Exemption.	Provide sample agreements as applicable	Sample agreement(s) are attached	Client agreement(s)
A written description of the Financial Institution's policies and procedures that accurately describes or summarizes key components of the policies and procedures relating to conflict-mitigation and incentive practices in a manner that permits Retirement Investors to make an informed judgment about the stringency of the Financial Institution's protections against conflicts of interest.	States the Best Interest standard of care owed by the Adviser and Financial Institution to the Retirement Investor and generally describes any Material Conflicts of Interest and how the conflicts are addressed. Offer a copy of applicable written policies and procedures.	See Examples	N/A
To the extent applicable, a list of all product manufacturers and other parties with whom the Financial Institution maintains arrangements that provide third party payments to either the Adviser or the Financial Institution with respect to specific investment	A statement on any benefits the Financial Institution provides to the product manufacturers or other parties in exchange for the	Examples available upon request	Form ADV Part 2A Item 10, 11, 12, 14

products or classes of investments recommended to Retirement Investors; a description of the arrangements, including a statement on whether and how these arrangements impact Adviser compensation, and a statement on any benefits the Financial Institution provides to the product manufacturers or other parties in exchange for the third party payments.	third party payments to the Adviser or the Financial Institution.		
Disclosure of the Financial Institution's compensation and incentive arrangements with Advisers including, if applicable, any incentives (including both cash non-cash compensation or awards) to Advisers for recommending particular product manufacturers, investments, or categories of investments to Retirement Investors, or for Advisers to move to the Financial Institution from another firm or to stay at the Financial Institution, and a full and fair description of any payout or compensation grids, but not including information that is specific to any individual Adviser's compensation or compensation arrangement. Products may be grouped by categories.	Describe the process by which Advisers are paid.	Examples available upon request	N/A
Disclosures for firms with proprietary products and third party payments to financial institutions			
Prior to, or at the same time as, the execution of the recommended transaction, the Retirement Investor is clearly and prominently informed in writing that the Financial Institution offers proprietary products or	Disclose that Financial Institution recommends proprietary products and how this inherent	Examples available upon request. Provide list of proprietary products when disclosure is provided to client.	Form ADV Part 2A Items 5, 10, 11, 12

receives Third Party Payments with respect to the purchase, sale, exchange, or holding of recommended investments, and the Retirement Investor is informed in writing of the limitations placed on the universe of investments that the Adviser may recommend to the Retirement Investor	conflict of interest is addressed. To the extent not already addressed in previous disclosures, describe third party payments regarding recommended investments and whether the firm or the Adviser must limit its investment recommendations. Describe how the conflict of interest inherent in this situation is addressed.		
Prior to, or at the same time as, the execution of the recommended transaction, the Retirement Investor is fully and fairly informed in writing of any material conflicts of interest that the Financial Institution or Adviser have with respect to the recommended transaction, and the Adviser and Financial Institution comply with the disclosure requirements, described above	See immediately above	See immediately above	See immediately above

THE FOLLOWING ARE EXAMPLES OF DISCLOSURES THAT COULD BE PROVIDED TO RETIREMENT INVESTORS BASED ON EACH FIRM'S SPECIFIC PRACTICES. THESE ARE PROVIDED SIMPLY AS AN EXAMPLE. NRS RECOGNIZES THAT VARIOUS FIRMS COULD HAVE MANY ADDITIONAL CONFLICTS AND DIFFERENT PROCEDURES FOR ADDRESSING THESE CONFLICTS.

EXAMPLES

FIRMNAME is registered as an investment adviser and a broker-dealer. As such, we act as a fiduciary when providing investment advice to retirement investors. This means that we may only provide you with financial recommendations that are consistent with your best interest. We may not place our interests ahead of yours.

In providing services to you, we have the following actual and potential conflicts of interest. This means that we as a firm, and the individuals who provide services on our behalf, encounter situations in which we potentially could place our interests ahead of yours. These conflicts of interest are summarized below.

Excessive fees, commissions, and sales charges: We have a conflict in that we could receive direct compensation (through fees and commissions) and/or indirect compensation (through fees and charges embedded in the investment products that we recommend) that are unreasonable based on the services we provide you. We address this conflict by regularly reviewing our practices to see that you only pay us reasonable compensation. Please contact your Financial Associate or call (xxx) xxx-xxxx if you want to review the fees you are paying us.

Layered or multiple fees, commissions and sales charges: We have a conflict in that we can receive more than one type of payment based on the investments we recommend to you. For example, we can receive a sales charge from a mutual fund that we recommend to you, and also charge an advisory fee for including that mutual fund in an account that we manage for you. We address this conflict by (a) disclosing all forms of compensation that we receive, (b) only receiving multiple forms of compensation when permitted under ERISA and/or the Internal Revenue Code (as applicable), and (c) regularly reviewing our practices to see that we are not receiving any inappropriate forms of compensation. Please contact your Financial Associate or call (xxx) xxx-xxxx if you want to review the forms of compensation we are receiving from your account.

Recommending products or services that are not in your best interest but from which we receive additional or greater compensation. We have a conflict in that we can receive additional compensation by offering products or services that are not in your best interest. For example, certain annuities may offer greater compensation to our firm than do certain mutual funds, so we have an incentive to recommend an annuity when a mutual fund may be equally or more appropriate to your needs. Similarly, as we charge an advisory fee based on the amount of your managed assets, we have an incentive to try to increase those assets by recommending that you roll over your 401(k) account into an IRA that we would manage, even though your 401(k) fees are cheaper and the services would not be appreciably better. We address this conflict by requiring that all recommendations be in your best interest and by regularly reviewing our clients' accounts to verify that we are meeting out fiduciary duty. Please contact your Financial Associate or call (xxx) xxx-xxxx if you want to review the recommendations we have made for your account and/or to understand our process for reviewing accounts.