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U.S. Department of Labor  
200 Constitution Avenue, N.W. Suite 400  
Washington, DC 20210

Re: RIN 1210-AB82

Ladies and Gentlemen:

We write regarding the Department of Labor's ("Department's") proposed extension of the January 1, 2018 applicability date of certain provisions of the Best Interest Contract Exemption and other prohibited transaction exemptions (collectively referred to as "Exemptions") related to final rule ("Rule") defining who is a "fiduciary" under section 3(21) of the Employee Retirement Income Security Act ("ERISA") and section 4975(e) of the Internal Revenue Code of 1986, as amended (the "Code").

We are a full-service wealth management firm based in St. Louis, MO. We employ over 500 people and have 63 offices in 26 states. My family has been involved in the investment industry for over 130 years and I started this company in 2008. Our first branch office opened in 2009, so we are a growing firm and proud of the fact that, since the time we started with no clients eight years ago, we now have more than 100,000 accounts, of which about half are retirement accounts.

We offer our clients the opportunity to work with their advisor in either a commission-based brokerage or fee-based advisory relationship, depending on what the client believes is most appropriate, given their individual circumstances and desires. We want to ensure that our clients are able to continue to work with us in the way that is best for them.

As discussed more fully below, an extension is necessary for the Department to complete its examination as ordered by the Presidential Memorandum On Fiduciary Duty Rule dated February 3, 2017 ("Presidential Memorandum"), to work more closely with the SEC in creating a more harmonized industry standard of conduct, and to allow sufficient time for the industry to respond to any action the Department may take in regards to the Rule and Exemptions, without disrupting the products and services to which retirement investors have access today.

In particular, we believe that:

- **The Applicability Date of the Exemptions Should Be Extended.** The Department should move expeditiously to extend the January 1, 2018 applicability date of the remaining aspects of the Exemptions, including the Best Interest Contract Exemption, Prohibited Transaction Exemption 84-24, and the Class Exemption for Principal Transactions in Certain Assets Between Investment Advice Fiduciaries and Employee Benefit Plans and IRAs. Delays in announcing any extension serves only to unnecessarily extend the turmoil and costs experienced by firms who are making good faith efforts to comply with anticipated new rules.
- **Investor Protections During a Delay Period Are Robust and Sufficient.** Investor interests will be well-protected during any extension of the applicability date. Retirement Investors are currently receiving fiduciary investment advice that is in their best interest, and will continue to receive those protections if the January 1, 2018 applicability date is extended.

Since June 9, 2017, the Impartial Conduct Standards have required a financial advisor to act in the best interest of the retirement investor, and to receive no more than reasonable compensation. Further, misleading statements about conflicts of interest, fees, or other matters that are relevant to an investment recommendation are prohibited.

Given that the Impartial Conduct Standards are already in place, and that there is an additional existing and overlapping robust infrastructure of regulations that are enforced by the SEC, FINRA, Treasury, and the IRS, not to mention the Department, investors are well protected and will continue to be well protected during any extension.

- **Additional Time Will Be Needed to Actually Implement Any Further Revisions to the Rule and Exemptions.** Once the Department completes its review and updated analysis of the impact of the Rule and prohibited transaction Exemptions as directed by the Presidential Memorandum, a minimum period of 12-18 months will be required to implement those changes after the date the Department publishes and finalizes any revisions to the Rule and Exemptions. The additional period will be necessary for the industry to have adequate opportunity to review and seek interpretive and other guidance about any changes to the Rule or Exemptions; for the Department to work with industry to ensure an orderly implementation of any such changes; and for firms such as ours to actually make anticipated adjustments to technology, product shelf, operational systems, and personnel that will be necessary to ensure compliance; for employees to be trained; and for clients to be educated.

**Specific Questions Presented By the Department.** We wish to address below certain specific questions presented in the Department's request for comment, and to elaborate on some of the points we have established above.

Would a delay in the January 1, 2018 applicability date in the Exemptions reduce burdens on financial services providers and benefit retirement investors by allowing for more efficient implementation responsive to recent market developments?

Clearly, yes.

A delay in the January 1, 2018 applicability date will reduce burdens and allow a more efficient implementation of the Best Interest Contract Exemption requirements, or whatever final requirements might ultimately result from the Department's ongoing assessment of the Rule and Exemptions. Even if no changes are made to the Rule or Exemptions, substantial additional time will still be needed for financial institutions such as ours to build an infrastructure that allows us to continue to offer our existing brokerage and advisory services under the Best Interest Contract Exemption.

We have been investing the time and money toward implementing the Best Interest Contract Exemption in order to have the flexibility to do what is best for our clients. However, as a small business, the substantial dollar- and opportunity-cost associated with doing so has a greater effect on us than some of our larger competitors. We do not believe the burdensome impact of the Rule and Exemptions is unique to our firm.

As one illustration, in order to comply with the current website disclosure requirements under the Best Interest Contract Exemption, we are having to undertake a major technology effort that will likely require an additional six months of development effort. The data elements that are necessary in order to comply with the Best Interest Contract Exemption's website disclosure requirements simply do not exist in any centralized database available today. So, in order to make possible the website disclosures for mutual fund transactions, each firm will have to build duplicative systems that manually gather and update the underlying data. This information is already required to be provided to investors in the mutual fund prospectus.

The logistical challenges associated with implementing, and then maintaining, a fund-by-fund website disclosure database are enormous. To comply with the current requirement, we will likely have to limit the number of non-proprietary mutual funds for purchases in retirement accounts to a very small selection.

We believe that the constraints on product availability, high costs to create and maintain the website, and additional liability that would result from unintentional errors or omissions related to the establishment and maintenance of the website far outweigh the miniscule incremental benefit that would be gleaned by a retirement investor having the mutual fund prospectus information summarized and then duplicated on our own website.

Along those same lines, many product manufacturers are awaiting the outcome of the Department's review to determine if there is a need to invest their capital and resources in the development of additional share classes, such as T-shares or clean shares. We believe the Department is interested in these share classes coming to market, but the new website requirements to which we must adhere will likely prevent them from being timely incorporated onto our product platform if there is no extension of the implementation date for the Exemptions. Even if product manufacturers should move forward today, it will likely take several months for those new products to actually be distributed through firms such as ours.

We have been making more than a good faith effort to address the Rule and Exemptions. We have diverted a substantial portion of our firm's best talent for months to fundamentally change how our retirement business is done, taking them out of important roles that investors truly value. We have developed and made substantial changes to our policies and procedures to effect the changes required by the new Rule and Exemptions, trained our employees to do business under the changed standards, drafted client correspondence that attempts to explain the new Rule and Exemptions, and created compliance and surveillance programs to oversee implementation of the Impartial Conduct Standards, amongst a host of other efforts.

Because of the current uncertainty regarding the Rule and the Exemptions, we have been unable to communicate to clients all of the ways in which the Best Interest Contract Exemption will ultimately affect the products and services available to them.

We strongly believe that clients will be bewildered, confused and uncertain about their retirement accounts and their relationship with their advisors if we were to announce changes that we anticipate will be needed for the "current version" of the Rule and Exemptions and then have to revisit those in light of subsequent regulatory action.

It will be much better for the client to hear from us in a single, cohesive manner, rather than in a disjointed way. To that end, we respectfully request - and urgently need - a delay of the currently scheduled January 1, 2018 applicability date to ensure our clients understand and are prepared for the changes that will come, and to ensure that we are able to successfully implement any requirements.

If the status of an extension of the January 1, 2018 applicability date of the remaining conditions of the Exemptions is not resolved soon, the compressed timeline will force us to send our clients multiple letters, incurring an additional estimated \$150,000, as we attempt to update and educate them on the changing regulatory landscape. We recognize that this amount may seem small when considering the total costs to our firm and to the industry overall of implementing all of the new requirements, but we offer it to demonstrate the effect that even this one, single element associated with implementing the Rule and Exemptions can have. For a firm our size, this sort of appropriation and effective confiscation of capital can have significant and potentially long-term ramifications to clients, employees, and shareholders alike.

We urge you not to continue the disruption to the retirement market and our clients. The applicability date should be delayed until the questions raised by the President are addressed and the Department determines whether rescission or revisions are required or appropriate. Should there be changes, the revised applicability date should not be earlier than 12-18 months after the date the Department finalizes and publishes the changes.

To reiterate, we strongly support an extension of the current applicability date of January 1, 2018, so that products and services that are currently available to clients can continue to be available without disruption until the Department completes its review and analysis of the Rule and Exemptions and further determines whether rescission or revisions are required or appropriate.

Would such a delay carry any risk?

Retirement Investors are currently receiving fiduciary investment advice that is given under the protections of the “best interest” standard. They will continue to receive those protections if there is an extension of the January 1, 2018 applicability date of the remaining provisions of the fiduciary rule Exemptions.

Since June 9, 2017, the Impartial Conduct Standards have required financial advisors to act in the best interest of the retirement investor, and to receive no more than reasonable compensation. Financial advisors are also prohibited from making misleading statements about conflicts of interest, fees, or other matters that are relevant to an investment recommendation.

The Impartial Conduct Standards, together with the investor protections afforded under FINRA and SEC rules, not to mention those of the Department and the IRS, including each of their enforcement programs, ensure that investors will be well protected during any extension of the applicability date.

Avenues existing within current regulatory frameworks have demonstrated that a client’s best interest can be protected. During the current transition period which began June 9, 2017, both the Department and the IRS, have announced non-enforcement policies related to the prohibited transaction Exemptions. In doing so, they are acknowledging that the ability to enforce the Rule and the Impartial Conduct Standard exists during the transition period even if they are not going to pursue violations. In addition, we note that clients may also, on their own, file a complaint or otherwise take action against a financial advisor they feel has not acted in accordance with the best interest standard of care during the transitional period.

Because of these protections, an extension of the January 1, 2018 applicability date will not increase risk to retirement investors.

Would a delay otherwise be advantageous to advisers or investors?

For all of the reasons discussed above, we can see no negative impact to investor protections that would result by extending the January 1, 2018 applicability date.

Conversely, we believe the advantages are many.

Product manufacturers continue to explore exciting marketplace innovations, including new share classes that could reduce investor costs, while improving transparency of fees and overall investor understanding of internal investment expenses. An extension of the applicability date would be advantageous to product manufacturers who wish to further their efforts in developing and testing new product innovations.

In addition, an extension of the 2018 applicability date would be helpful with the ongoing efforts of financial advisors to educate and prepare investors for the anticipated changes caused by the Rule and Exemptions, and would lessen any confusion that will arise in the event changes are ultimately made to the Rule and Exemptions. Our clients are still adjusting to the relationship and operational changes that were necessitated by the June 9, 2017 implementation date of the Rule. The additional changes anticipated with the January 1, 2018 applicability date could result in further investor confusion, particularly given the relatively short timeframe between the two applicability dates, and how soon preparation will need to begin to be ready for the January 1, 2018 deadline.

Extending the January 1, 2018 applicability date can also provide a meaningful opportunity for the Department to engage in a more coordinated manner with the SEC and other key regulators to ensure clarity and consistency of industry standards. Both Secretary Acosta and SEC Chairman Clayton have publicly acknowledged the desire, and necessity, to engage together on a uniform standard of care for the industry. Additionally, the National Association of Insurance Commissioners (NAIC) has formed a working group to consider possible revisions to the NAIC Suitability in Annuity Transactions Model, including possible incorporation of a best interest standard in the NAIC Model. This will take time if it is to be thoughtfully accomplished, and can only reasonably occur if an extension is granted.

What costs and benefits would be associated with such a delay?

We do not see adverse cost associated with an extension. On the other hand, an extension will create significant benefits.

Since June 9, 2017, our employees have spent more than 400 hours trying to ensure our firm is able to conduct its business in compliance with the complex and detailed requirements of the Rule and Exemptions. The hours reflected by those weeks alone represent a cost of approximately \$40,000. We expect to devote at least 500 hours each month to getting ready for the January 1, 2018 implementation date, and we anticipate the amount of time and resources our firm spends on this rule to increase significantly as we move closer to January 1st. We conservatively estimate these implementation costs to be \$600,000 through the end of this year; however, as with any large-scale project, these costs are likely to be even more substantial than anticipated as we work our way out of design and into development and implementation on a very tight (less than 6 month) timeline.

Expenditures and resource-diversions such as these are both considerable and impactful for a firm our size. While we strongly support the additional review and assessment of the Rule and Exemptions that has been directed by the President, we do not want to waste additional time and money on interpreting, designing, testing, redesigning and implementing requirements, that will need to be delivered 30-90 days in advance of January 1, 2018, only for the Department to announce further changes such that our efforts must begin anew. By extending the January 1, 2018 implementation date, this unnecessary waste can be averted.

The hard- and soft-costs associated with preparing for, and implementing the Rule and Exemptions have already imposed substantial burdens on smaller firms such as ours. Since the proposed Rule was announced in April 2015, many of our employees - across all areas of the firm - have effectively been taken out of their primary roles, where they might otherwise have been working to provide valuable services to clients, or devoting their time to ensuring compliance with the other numerous and broad-ranging federal, state and local regulatory demands on our

business. It is too late for those costs to ever be recovered. But it is not too late to avoid wasteful and unnecessary costs yet to come.

Going forward, we will incur significant implementation expenses for project management, legal services, technology, training, product integration, supervision, oversight and other effort necessary to develop detailed new contracts and disclosures; create a website with all of the required elements, develop a process to continually update that website; establish a process to create and properly retain required records; and implement the myriad related new policies and procedures that will be necessary on an ongoing basis to ensure adherence to the comprehensive additional requirements of the Rule and Exemptions.

Our analysis also indicates ongoing and recurring annual costs to ensure compliance with the Rule and Exemptions such as developing and acquiring information technology infrastructure and maintenance capabilities, hiring additional employees for compliance and branch supervision, incurring additional costs to facilitate level compensation of our advisors, and engaging outside legal counsel to assist with both interpretive guidance and to provide support in light of the increased likelihood of litigation. We estimate that these costs will be greater than \$1 million annually - a substantial new diversion of capital for a firm of our size - as we continue to act in good faith to comply with the fiduciary Rule and Exemptions.

Given the scope and magnitude of effort that is required, and particularly in light of the compressed timeframe for implementation, we believe it would be irresponsible of the Department to effectively require that we continue to direct the significant required resources at this juncture toward the current requirements of the Rule and Exemptions, given that those requirements are under review for possible modification, as has been directed by the President.

#### Conclusion

In sum, the changes mandated by the Rule and Exemptions have been extraordinarily expensive. To meet the current January 1, 2018 deadline to implement the remaining provisions of the Best Interest Contract Exemption requires that we be working now to develop and implement the necessary processes and procedures. Given the ongoing regulatory effort to review and reassess the Rule and Exemptions, any efforts that we undertake now, and costs that we will incur, will be premature and are unnecessary.

We urge you not to continue to disrupt the retirement market and our clients in this manner. The January 1, 2018 applicability date should be extended as soon as possible until the questions raised by the President are addressed and Secretary of Labor Acosta determines whether rescission or revisions are required or appropriate.

Sincerely,



Benjamin F. Edwards, IV