



Insured Retirement Institute



September 25, 2020

Filed Electronically

Office of Regulations and Interpretations  
Employee Benefits Security Administration  
Room N-5655  
U.S. Department of Labor  
200 Constitution Avenue NW  
Washington, DC 20210  
Attention: Proxy Voting and Shareholder Rights NPRM

Re: RIN 1210-AB91—Fiduciary Duties Regarding Proxy Voting and Shareholder Rights Proposed Regulation

Dear Sir or Madam:

The American Bankers Association,<sup>i</sup> the American Council of Life Insurers,<sup>ii</sup> the Defined Contribution Institutional Investment Association,<sup>iii</sup> the Insured Retirement Institute,<sup>iv</sup> the Investment Adviser Association,<sup>v</sup> the Investment Company Institute,<sup>vi</sup> the Securities Industry and Financial Markets Association,<sup>vii</sup> and the SPARK Institute<sup>viii</sup> write in response to the Department of Labor's ("Department's") proposed rule on Fiduciary Duties Regarding Proxy Voting and Shareholder Rights (the "Proposal").<sup>ix</sup> We respectfully request a 30-day extension of the deadline for public comments on the Proposal, currently scheduled to end on October 5, 2020.

The Department acknowledges that the Proposal represents a material departure from the current rules.<sup>x</sup> Thus, the Proposal warrants a comprehensive review in order to properly consider its impact on plan fiduciaries, plan investments and current practices.

The Proposal (along with the related proposal on Financial Factors in Selecting Plan Investments<sup>xi</sup>) represents a major overhaul to DOL regulation section 2550.404a-1, which applies to a fiduciary's duties with respect to all plan investments and has been in place since 1979. To help identify and thus avoid unintended consequences that could include increased costs and burdens on fiduciaries and increased risk of litigation against plans, more time is needed for an appropriate analysis.

Proposed changes to this regulation have not received significant prior input. Unlike other proposals the Department has issued recently with a similarly short comment period (e.g., recent

regulation on electronic delivery, RFI on multiple employer plans (MEPs) (including pooled employer plans or PEPs), and the proposed fiduciary prohibited transaction class exemption (Proposed PTE)), the changes contemplated by the Proposal have not been the subject of prior public comment. These other proposals build on longstanding public policy issues (multiple employer plans and investment advice) for which the Department has sought public input many times, whereas the changes proposed here have not had the benefit of thoughtful and ongoing consideration from which the Department could draw upon. The Department has never sought public input (nor input from the ERISA Advisory Council) on the question of proxy voting and the exercise of shareholder rights.

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For these reasons, we are requesting a 30-day extension of the comment period. The undersigned organizations believe that this extension would lead to more thoughtful and comprehensive input, which will ultimately result in improvements to the regulation that would benefit all parties.

Thank you for your attention on this matter.

American Bankers Association  
American Council of Life Insurers  
Defined Contribution Institutional Investment Association  
Insured Retirement Institute  
Investment Adviser Association  
Investment Company Institute  
Securities Industry and Financial Markets Association  
SPARK Institute

cc: Jeanne Klinefelter Wilson, Acting Assistant Secretary  
Joe Canary, Office Director, Office of Regulations and Interpretations  
Jeffrey Turner, Deputy Director, Office of Regulations and Interpretations  
Employee Benefits Security Administration

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<sup>i</sup> The American Bankers Association is the voice of the nation's \$21.1 trillion banking industry, which is composed of small, regional and large banks that together employ more than 2 million people, safeguard nearly \$17 trillion in deposits and extend nearly \$11 trillion in loans.

<sup>ii</sup> The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 94 percent of industry assets in the United States.

<sup>iii</sup> Founded in 2010, the Defined Contribution Institutional Investment Association (DCIIA) is a non-profit association dedicated to enhancing the retirement security of America's workers. To do this, DCIIA fosters a dialogue among the leaders of the defined contribution community who are passionate about improving defined

contribution outcomes. DCIIA's diverse group of members include investment managers, consultants and advisors, law firms, record keepers, insurance companies, plan sponsors and other thought leaders who are collectively committed to the best interests of plan participants. For more information, visit: [www.dciia.org](http://www.dciia.org).

<sup>iv</sup> The Insured Retirement Institute (IRI) is the leading association for the entire supply chain of insured retirement strategies, including life insurers, asset managers, and distributors such as broker-dealers, banks and marketing organizations. IRI members account for 90 percent of annuity assets in the U.S., include the top 10 distributors of annuities ranked by assets under management, and are represented by financial professionals serving millions of Americans. IRI champions retirement security for all through leadership in advocacy, awareness, research, and the advancement of digital solutions within a collaborative industry community. Learn more at [www.irionline.org](http://www.irionline.org).

<sup>v</sup> The IAA is the largest organization dedicated to advancing the interests of investment advisers registered with the Securities and Exchange Commission. For more than 80 years, the IAA has been advocating for advisers before Congress and U.S. and global regulators, promoting best practices and providing education and resources to empower advisers to effectively serve their clients, the capital markets, and the U.S. economy. The IAA's member firms manage more than \$25 trillion in assets for a wide variety of individual and institutional clients, including pension plans, trusts, mutual funds, private funds, endowments, foundations, and corporations. For more information, please visit [www.investmentadviser.org](http://www.investmentadviser.org).

<sup>vi</sup> The [Investment Company Institute](http://www.investmentcompanyinstitute.org) (ICI) is the leading association representing regulated funds globally, including mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs) in the United States, and similar funds offered to investors in jurisdictions worldwide. ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of funds, their shareholders, directors, and advisers. ICI's members manage total assets of US\$26.0 trillion in the United States, serving more than 100 million US shareholders, and US\$7.9 trillion in assets in other jurisdictions. ICI carries out its international work through [ICI Global](http://www.ici.com), with offices in London, Hong Kong, and Washington, DC.

<sup>vii</sup> SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's nearly 1 million employees, we advocate for legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency.

<sup>viii</sup> The SPARK Institute represents the interests of a broad-based cross section of retirement plan service providers and investment managers, including banks, mutual fund companies, insurance companies, third party administrators, trade clearing firms, and benefits consultants. Collectively, our members serve approximately 95 million employer-sponsored plan participants.

<sup>ix</sup> See 85 Fed. Reg. 55219 (September 4, 2020), available at <https://www.govinfo.gov/content/pkg/FR-2020-09-04/pdf/2020-19472.pdf>.

<sup>x</sup> The Department states that “[Interpretive Bulletin] 2016–01 no longer represents the view of the Department regarding the proper interpretation of ERISA with respect to the exercise of shareholder rights by fiduciaries of ERISA-covered plans.” 85 Fed. Reg. 55221.

<sup>xi</sup> 85 Fed. Reg. 39113 (June 30, 2020).