Hon. Eugene Scalia  
Secretary of Labor  
200 Constitution Ave NW  
Washington, DC 20210  

Dear Mr. Secretary:

My name is Vince Birley and am the CEO of Vident Financial. Vident Financial creates investable indexes, sponsors ETF’s that track those indexes and manages Vident’s and other ETFs. Years of research have been put into our indexes based on principles that results in investors receiving higher probabilities of investment success for investors. Success is defined as getting a minimum reasonable return over time vs. trying to beat an index or peers. We stumbled into the ESG world due to our strong belief that good governance and leadership are keys to a company’s success. Because of those strong G factors in our indexes there was an assumption we also employed the S and E factors also. Considering this, we have learned a lot about the S and E factors but have not employed them in our indexes as we did not see a correlation with the popular S and E factors with our principles. My comments are not intended to dismiss investors who choose to employ ESG factors in their decisions but do believe that fiduciaries need to be protected from the political pressures in using any investment factors that are highly politicized. Therefore, I am in favor of this rule change

**Comments on Proposed Department of Labor Rule Change Regarding ESG and ERISA**

**Protecting Fiduciaries Requires ESG Reform**

Making investment decisions based on an investor’s social, cultural or religious beliefs are not new. These beliefs are important to protect so that investors can align their beliefs with their investment dollars. Fiduciaries, those with the responsibility to invest other people’s money, should not impose their personal beliefs or be pressured to apply a politically popular belief into their investment decision making process.

Today’s highly politicized environment has now made it necessary to protect fiduciaries from the pressures of making investment decisions based on political pressure. Being in the asset management business, I have witnessed the pressure to conform to different beliefs in our investment decision making process. This pressure is not based on improving performance but based on “doing the right thing.”

Doing the right thing is highly polarized today and without this protection fiduciaries will be taking their eye off making wise investment decisions and distracted with navigating politically popular issues.

From my experience in talking with investors, ESG is another form of “doing the right thing.” Most agree with the governance reviews to make sure directors and officers are acting on behalf of the shareholders and doing their jobs. We use the governance factors in our funds.

When you discuss the social and environmental factors it quickly turns to political views and becomes divisive. These discussions prove to me that the E and S factors are more beliefs about what is morally right than proven investment factors that should be universally applied.
The proposed rules should be added, and the rules should be extended to protect fiduciaries from these pressures by making their mandate singular about getting the best risk adjusted returns.

Respectfully submitted,

Vince Birley
Vident Financial