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September 12, 2017

VIA EMAIL to EBSA.FiduciaryRuleExamination@dol.gov

Office of Exemption Determinations
Employee Benefits Security Administration- Attention D-11721, 11713, 11850
U.S. Department of Labor
200 Constitution Avenue, N.W.
Suite 400
Washington, D.C. 20210

**RE: Request for Comment on extension of special transition period and delay of applicability dates;
PTE 2016-01; PTE 2016-02; PTE 84-24 -- RIN 1210-AB82**

Ladies and Gentlemen:

State Farm Mutual Automobile Insurance Company and its subsidiaries (collectively "State Farm") write in response to the current proposal ("Proposal") issued by the Department of Labor (the "Department") to extend the special transition period under sections II and IX of the Best Interest Contract Exemption and section VII of the Class Exemption for Principal Transactions in Certain Assets Between Investment Advice Fiduciaries and Employee Benefit Plans and IRAs as well as the proposal to delay the applicability of certain amendments to Prohibited Transaction Exemption 84-24 for the same period. This transition period extension is proposed relative to the Department's regulation defining the term "fiduciary" under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the Best Interest Contract Exemption (the "BIC Exemption") and the amendments to ERISA Prohibited Transaction Exemption 84-24 (collectively, the "Rule") as issued by the Department on April 8, 2016. State Farm appreciates the opportunity to provide further comment to the Department.

State Farm subsidiaries include property and casualty insurance companies, life insurance companies (State Farm Life Insurance Company and State Farm Life and Accident Assurance Company), a broker-dealer (State Farm VP Management Corp.) that manages a family of proprietary mutual funds, and a federally chartered savings bank (State Farm Bank, F.S.B.). The business of State Farm focuses on

serving individuals, families and small business, especially the middle-market. State Farm customers range from low- to moderate-income customers whose financial services needs are often underserved by other organizations, as well as small businesses and the more affluent market.

State Farm appreciates the Department's acknowledgement that the Rule in its current form merits additional study and possible revision. State Farm has repeatedly commented on the Rule's inability to protect and serve consumers and also allow for an open and efficient marketplace.¹ State Farm has offered multiple suggestions for improvement to the Rule but continues to believe, that in its current state, the Rule will harm American investors by depriving them of needed advice incidental to transactions on retirement investments.

State Farm supports the Department's proposal of a time-certain delay (18 months). This delay will provide the Department an opportunity to coordinate with other regulators such as the SEC on appropriate standards of care associated with the offering of qualified products and advice related thereto. While resolving the current state of uncertainty in this area as quickly as possible is in the best interest of all affected parties, State Farm suggests that the Department maintain a position of flexibility to the extent additional time is needed to ensure the implementation of an effective, workable and efficient rule.

State Farm does not believe any other alternative delay scenarios articulated in the Department's current rule delay proposal are workable. While the Department suggests an alternative tiered approach for the effective date of the Rule, State Farm does not believe the proposal provides enough detail to adequately assess the feasibility of this alternative.

Further, any delay which would be based on an institution's steps to harness recent innovations in financial services effectively serves to regulate the types of products in the marketplace via the availability of exemptive relief. Consumers should be afforded the opportunity to make informed choices on the products that best fit their needs without the Department steering the availability of products via conditioned exemptive relief. We agree with the Department's comment that "conditions of this type generally seem more relevant in the context of considering the development of additional and more streamlined exemption approaches that take into account recent marketplace innovations and less appropriate and germane in the context of a decision whether to extend the transition period."

For these reasons, State Farm maintains that a delay of a date certain is the most feasible approach to pausing the Rule while additional analysis occurs. This pause will afford the opportunity for standards of care to be coordinated across agencies to bolster efficiency and efficacy in consumer protection and would be consistent with the Congressional intent as set forth in Section 913 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. In the interim, consumers continue to be protected via

¹ Please refer to the comment letters previously submitted by State Farm dated July 21, 2015 (available at: <https://www.dol.gov/sites/default/files/ebsa/laws-and-regulations/rules-and-regulations/public-comments/1210-AB32-2/00646.pdf>), September 24, 2015 (available at: <https://www.dol.gov/sites/default/files/ebsa/laws-and-regulations/rules-and-regulations/public-comments/1210-ZA25/00359.pdf>), April 14, 2017 (available at: <https://www.dol.gov/sites/default/files/ebsa/laws-and-regulations/rules-and-regulations/public-comments/1210-AB79/01255.pdf>), July 20, 2017, August 4, 2017 (available at: <https://www.dol.gov/sites/default/files/ebsa/laws-and-regulations/rules-and-regulations/public-comments/1210-AB82/00468.pdf>), and August 21, 2017 (available at: <https://www.sec.gov/comments/ia-bd-conduct-standards/cl4-2229496-160820.pdf>).

well established and comprehensive regulation of investment advisors and broker-dealers as well as the existing body of law and regulation of tax-qualified vehicles.

We appreciate the opportunity to provide these comments. Please feel free to contact me if you should have any questions.

Sincerely,

A handwritten signature in black ink that reads "Stephen McManus". The signature is written in a cursive style with a large, stylized 'S' and 'M'.

Stephen McManus
Senior Vice President and General Counsel