

September 13, 2017

Office of Exemption Determinations
Employee Benefits Security Administration
United States Department of Labor
200 Constitution Avenue NW, Suite 400
Washington, D.C. 20210

Attn: D-11712, 11713, 11850

VIA EMAIL: EBSA.FiduciaryRuleExamination@dol.gov

Re: RIN 1210-AB82: Comments in response to the proposed Extension of Transition Period and Delay of Applicability Dates

Dear Sir or Madam:

I write this letter on behalf of Madison Avenue Securities, LLC (“Madison”), an independent broker-dealer and registered investment adviser based in San Diego, California. Madison is hereby providing its comments to the Department of Labor’s (“DOL” or “Department”) most recent proposed amendments to PTE 2016-01, PTE 2016-02, and PTE 84-24 (“Proposed Amendments”) as published in the Federal Register on August 31, 2017 (82 FR 41365).

I appreciate this opportunity to provide additional feedback on the Proposed Amendments to the Department’s Conflicts of Interest Rule (“Rule”) and the extension of time to the transition period that the Proposed Amendments set forth. As argued in our previous comment letters with respect to the Rule, it is imperative for the Department to take the necessary time to review the Rule and respond to the Presidential Memorandum of February 3, 2017. Madison fully supports a delay in the final applicability date as outlined herein.

The Department has specifically requested comments with respect to which type of delay would best serve the needs of both retirement investors and the financial services industry from among (1) a date certain; (2) a specified amount of time after a specific event; or (3) a tiered approach. We believe that the tiered approach is best.¹

As noted in the Proposed Amendments, the Department has not completed its review of the Rule as mandated by the Presidential Memorandum of February 3, 2017. 82 FR at 41371-41372. It will take time for the Department to complete its review, respond to the Presidential Memorandum, propose any

¹ In our previous comment letter, we specifically requested that the Department delay the January 1, 2018, Applicability Date for a reasonable time following the mandated review of the Rule and the modification or rescission to any provisions of the Rule or the PTEs. Upon further reflection, we now believe that a tiered approach (as defined by the Department) is better in that it provides the greatest flexibility while simultaneously providing certainty to the industry.

modifications or changes, and solicit comment and feedback from the public. Once a modified rule has been finalized, the industry will need a reasonable amount of time to comply with this modified rule. Accordingly, a tiered approach is the best option. We recommend that the Department make the final rule applicable as of the **later of July 1, 2019, or 18 months** after the Department has completed its review and released a final and effective rule.

That said, in making this recommendation to the Department, it is important that the DOL also consult with the SEC, FINRA, the NAIC, and state departments of insurance as to whether a uniform fiduciary standard would provide a better and more uniform solution to the issue the Department was seeking to address with its Rule. We believe it does because the cost and confusion of two separate and distinct regulatory schemes make no sense. Accordingly, once it becomes clear to the Department that a uniform fiduciary standard is a possibility, we would support a delay until 18 months following the release of a final uniform fiduciary rule.

Because the Impartial Conduct Standards remain in place during any transition period to protect consumers, it is important that the Department take the time necessary to address the applicable issues and for the financial services industry to build adequate and appropriate systems to comply with any final rule. This approach provides the Department with the opportunity fully to evaluate the Rule per the directives of the Memorandum. It also will allow the Department time to provide clear direction and our industry time to evaluate the necessary steps and implement the required changes in order to comply.

As always, we appreciate this opportunity to provide comments and feedback. Please do not hesitate to contact me with any questions, comments, or concerns.

Sincerely,

Madison Avenue Securities, LLC



Martin McNeese
President