



**THRIVENT
FINANCIAL®**

Connecting faith & finances for good.™

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September 15, 2017

Office of Exemption Determinations
EBSA (Attention: D – 11712, 11713, 11850)
U.S. Department of Labor,
200 Constitution Avenue, N.W., Suite 400
Washington, DC 20210

Email: EBSA.FiduciaryRuleExamination@dol.gov

Re: Department of Labor Proposed Regulation to Extend the Transition Period under Sections II and IX of the Best Interest Contract Exemption, the Transition Period under Section VII of the Class Exemption for Principal Transactions, and the Effective Date of Amendments to Prohibited Transaction Exemption 84-24

Dear Secretary Acosta:

On behalf of our 2.4 million members, Thrivent Financial for Lutherans ("Thrivent")¹ offers comments to the Department of Labor (the "Department") in connection with the Department's request for comments in connection with its Proposed Regulation (the "Proposal") to extend the transition period under Sections II and IX of the Best Interest Contract Exemption ("BIC Exemption"), to extend the transition period under Section VII of the Class Exemption for Principal Transactions in Certain Assets Between Investment Advice Fiduciaries and Employee Benefit Plans and IRAs ("Principal Exemption"), and to extend the applicability date of amendments to Prohibited Transaction Exemption 84-24 ("PTE 84-24"). We understand that the Department will use the information to determine whether the current transition period of June 9, 2017 to January 1, 2018 under the BIC Exemption or Principal Exemption and the effective date of the amended provisions of PTE 84-24 should be extended to July 1, 2019. The Department also requested comments in footnote thirty-two of the Proposal regarding whether its temporary enforcement policy in Field Assistance Bulletin 2017-02 (May 22, 2017) (the "FAB") should be extended for the same period covered by any extension.

Thrivent believes that it is in the interest of its members and other investors that the Department extend the transition period for the BIC Exemption and Principal Exemption to a fixed date of July 1, 2019, and extend the applicability date of amendments to PTE 84-24 to a fixed date of July 1, 2019. Additionally, the Department should extend its temporary

¹ Thrivent is a member-owned and governed fraternal benefit society authorized under Chapter 614 of the Wisconsin Statutes and exempt from taxation under section 501(c)(8) of the Internal Revenue Code of 1986, as amended.

enforcement policy in the FAB until such date. Finally, Thrivent likely would need approximately a year to comply with any substantive amendments to existing exemptions (e.g., the BIC Exemption, Principal Exemption, or PTE 84-24) or new exemptions, and ask the Department to extend the transition period if it finalizes amendments to existing exemptions or create new exemptions after June 2018.

As we stated in our letter dated July 21, 2017, responding to the Department's Request for Information Regarding the Fiduciary Rule and Prohibited Transaction Exemptions ("RFI") as it relates to the extension of the January 1, 2018 applicability date,² Thrivent must immediately begin making changes to its processes and procedures, technology, and member communications in order to meet a January 1, 2018 applicability date. To do so, Thrivent must invest significant financial and human resources. However, the Department may substantially change the BIC Exemption, Principal Exemption and revised PTE 84-24, or establish new exemptions after the Department completes its review and analysis required by the President's Memorandum dated February 3, 2017 ("Presidential Memorandum"),³ review and analyze the comments received in response to the Department's March 2, 2017 request for comments on issues raised in the Presidential Memorandum, and responses to the Department's RFI that were due on or before August 7, 2017. The Department is also consulting with the Securities and Exchange Commission which may also lead to substantial changes to existing exemptions and the creation of new exemptions. Requiring Thrivent to implement exemptions that may change in the near future will result in the misallocation of financial resources that might otherwise be used elsewhere in our business, to further Thrivent's Christian mission, or paid to our members in the form of a dividend.⁴ Therefore, Thrivent strongly encourages an extension of the applicability date as proposed.

In our view, an eighteen month extension and a date certain applicability date of July 1, 2019, is appropriate. If there are revisions to the BIC Exemption, Principal Exemption, or PTE 84-24, or any new exemptions, this period of time would allow Thrivent and other institutions to respond to them. On the other hand, we believe that an extended applicability date based upon (i) a date certain upon the occurrence of a specified event, (ii) a tiered approach where the extended date is based upon the earlier of or later of (a) a date certain and (b) the end of a specified period of time after the occurrence of a specific event, or (iii) a financial institution's "showing that it has, or a promise that it will, take steps to harness recent innovations in investment products and services" are not workable. They do not provide adequate certainty in the length of the extension period or the exact date on which financial institutions must be in compliance. Thus, Thrivent and other financial institutions may be reluctant to employ their resources for other purposes. Further, the third approach presumes that products and services that are designed to help financial institutions comply with the Department's exemptions are widely available. However, as we stated in our July 2017 letter to the Department, we believe

² <https://www.dol.gov/sites/default/files/ebsa/laws-and-regulations/rules-and-regulations/public-comments/1210-AB82/00240.pdf>

³ Memorandum of Feb. 3, 2017 to the Secretary of Labor: Fiduciary Duty Rule, 82 Fed. Reg. 9675 (Feb. 7, 2016)

⁴ As explained in our July 21, 2017 Letter, Thrivent is a not-for-profit fraternal benefit society that exists solely for the purpose of benefitting its members and furthering its Christian mission. Any expenditure needlessly made by Thrivent to comply with the BIC Exemption, Principal Exemption and PTE 84-24 will prevent the use of those amounts for these purposes.

that such innovation has not occurred on a large scale because of the uncertainty of the regulatory environment.

Finally, the amount of time needed to comply with material changes to the exemptions or new exemptions may vary depending on the nature of the changes and the exemption. Therefore, the Department should consider whether a compliance date or compliance dates after July 1, 2019 are necessary, and solicit public comment regarding the time needed for implementation.

We are happy to further discuss with you why the Department should extend the January 1, 2018 applicability date.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul R. Johnston". The signature is fluid and cursive, with the first name "Paul" being particularly prominent.

Paul R. Johnston
General Counsel & Secretary
paul.johnston@thrivent.com