

April 17, 2017

The Office of Regulations and Interpretations
Employee Benefits Security Administration
Attn: Proposed Definition of Fiduciary Regulation, Room N-5655
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

Re: RIN 1210-AB79; Proposed Delay and Reconsideration of DOL Regulation Redefining the Term “Fiduciary”

Ladies and Gentlemen:

As Chairman and Chief Executive Officer of Stifel Financial Corp. (“Stifel”), I appreciate the opportunity the Department of Labor (“DOL”) has given Stifel and other interested parties throughout the industry to *further* comment upon the rule entitled, Definition of the term “Fiduciary”; Conflict of Interest Rule-Retirement Investment Advice, 81 Fed. Reg. 20946. I firmly believe that additional delay, beyond the 60 days currently granted, will be necessary to properly respond to the President’s memorandum to the Secretary of Labor, dated February 3, 2017, directing the Department of Labor to examine whether the final Fiduciary Duty Rule may adversely affect the ability of Americans to gain access to retirement information and financial advice, and to prepare an updated economic and legal analysis concerning the likely impact of the final rule as part of that examination.

Simply put, the Fiduciary Duty Rule is inconsistent with the priority identified by the President’s memorandum. The Rule is not consistent with the Administration’s stated priorities and therefore, must be rescinded or revised. We urge the Department to immediately issue an additional 180-day delay in the applicability dates so that the Rule and its accompanying exemptions do not go into effect until the study mandated by the President is completed.

We support the comments and additional information that have been submitted to the Department by both the U.S. Chamber of Commerce and SIFMA. In the spirit of efficiency, we will not repeat the points that both organizations made. Rather we will focus on the President’s request and the need for additional delay for the following reasons:

- 1) The President, directed the Department to perform an “updated” economic and legal analysis:

“You are directed to examine the Fiduciary Duty Rule to determine whether it may adversely affect the ability of Americans to gain access to retirement information and financial advice. As part of this examination, you shall prepare an updated economic and legal analysis concerning the likely impact of the Fiduciary Duty Rule, which shall consider, among other things, the following.”

By using the word “updated”, the President meant that the analysis needed to be re-done. In providing the June 9th applicability date extension, the Department restated many of its original conclusions that presented an incomplete and flawed economic picture of the effect of the Fiduciary Rule. These analyses ignored, discounted, or otherwise failed to consider relevant information to justify predetermined policy outcomes. That is why we support the President’s Memorandum ordering a new review of the effects of the Fiduciary Rule rather than relying on select and inappropriately extrapolated academic studies to make predictions about the future. The updated review can take into account the actual results of nearly one year of experience in the real world.

- 2) As part of the analysis the President asked whether the Fiduciary Rule would limit access to certain retirement savings offerings.

“(i) Whether the anticipated applicability of the Fiduciary Duty Rule has harmed or is likely to harm investors due to a reduction of Americans’ access to certain retirement savings offerings, retirement product structures, retirement savings information, or related financial advice;”

In our own experience, we will be forced to turn away tens of thousands of accounts belonging to small investors. Likewise, we will be forced to reduce our product and service offerings under the Rule.

- 3) In issuing his executive order, the President was obviously concerned about the potential disruption:

“(ii) Whether the anticipated applicability of the Fiduciary Duty Rule has resulted in dislocations or disruptions within the retirement services industry that may adversely affect investors or retirees;”

Unfortunately, over the last several months, firms like Stifel have been forced to deliver confusing information to their Advisors and Clients alike, undermining investor trust and confidence. Given the importance of retirement assets to the U.S. economy and American job formation, we hope the correct amount of time can be put into the President’s requested examination. The current June 9th implementation of the Impartial Conduct Standard with further potential changes is confusing.

- 4) Finally, the President asked whether the Rule would potentially increase costs to Retirement investors.

“(iii) Whether the Fiduciary Duty Rule is likely to cause an increase in litigation, and an increase in the prices that investors and retirees must pay to gain access to retirement services.”

In our own experience, in order to comply with the regulation and mandatory Fiduciary role, we will be forced to increase costs to many of our clients.

Simply, time is required to properly address the core principles of the President's Memorandum.

We strongly support the proper delay so that the new study can begin.

Respectfully submitted,

A handwritten signature in black ink, consisting of a stylized 'T' followed by a circular flourish and a horizontal line extending to the right.