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Via e-mail to EBSA.FiduciaryRuleExamination@dol.gov

Employee Benefits Security Administration
U.S. Department of Labor
200 Constitution Avenue, NW
Suite 400
Washington, DC 20210

Reference: Extension of Transition Period and Delay of Applicability Dates (RIN 1210-AB82)

Ladies and Gentlemen:

BBVA Compass[1] appreciates the opportunity to provide comments to the Department of Labor (the "Department") concerning the Department's August 31, 2017, notice of proposed amendments[2] to extend the special transition period for certain provisions of the Best Interest Contract (BIC) Exemption and Principal Transactions Exemption, and to delay the applicability of certain amendments to Prohibited Transaction Exemption (PTE) 84-24 (collectively, the "Exemptions"). BBVA Compass is a regional bank with branches in Texas, Alabama, Arizona, California, Florida, Colorado and New Mexico. In conjunction with its affiliates, BBVA Compass provides a wide range of banking and other financial products and services to its customers.[3] Our company is committed to empowering consumers and to fostering financial education and inclusion. Our vision is to create opportunities for everyone.

The proposed amendments would extend, for a period of 18 months, the "transition period" applicable to compliance with the conditions, other than the "Impartial Conduct Standards," imposed under the Exemptions. For the reasons described below, BBVA Compass strongly supports the proposed extension of the transition period and encourages the Department to finalize the proposed extension as soon as possible.

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[1] BBVA Compass is the trade name of Compass Bank, an Alabama banking corporation that is a member of the Federal Reserve System.

[2] Department of Labor, Extension of Transition Period and Delay of Applicability Dates; Best Interest Contract Exemption (PTE 2016-01); Class Exemption for Principal Transactions in Certain Assets Between Investment Advice Fiduciaries and Employee Benefit Plans and IRAs (PTE 2016-02); Prohibited Transaction Exemption 84-24 for Certain Transactions Involving Insurance Agents and Brokers, Pension Consultants, Insurance Companies, and Investment Company Principal Underwriters (PTE 84-24), 82 *Fed. Reg.* 41,365 (August 31, 2017).

[3] BBVA Compass is affiliated with a Securities and Exchange Commission ("SEC") registered investment adviser (BBVA Wealth Solutions, Inc.), an SEC and state registered broker-dealer (BBVA Securities Inc.) and a state-licensed insurance agency (BBVA Compass Insurance Agency, Inc.), and also provides trust and fiduciary services through its Global Wealth division.

As noted in the rulemaking release, the President, by Memorandum dated February 3, 2017, directed the Department to prepare an updated analysis of the Fiduciary Rule on access to retirement information and financial advice. The Department's rulemaking issued on April 7, 2017, extended the "applicability date" of the Fiduciary Rule for a short (sixty-day) period and provided for the applicability of the Exemptions during the transition period for phased-in compliance (subject only to adherence with the Impartial Conduct Standards), but retained January 1, 2018 as the end of the transition period, on which date full compliance with the Rule's requirements would be mandated in the absence of a further delay. Both in the rulemaking release pertaining to the 60-day extension of the applicability date and in a subsequent Request for Information issued July 6, 2017, the Department has requested comment on issues raised in the Presidential Memorandum.

The Department noted the following in its rulemaking release:

> "More time is needed to carefully and thoughtfully review the substantial commentary received in response to the March 2, 2017, solicitation for comments and to honor the President's directive to take a hard look at any potential undue burden."[4]

We concur that the current transition period ending January 1, 2018, does not provide the Department adequate time to consider possible additional exemption approaches or changes to the Rule in light of the directive in the Presidential Memorandum or to provide financial market participants adequate time to address any changes in the Rule and/or Exemptions arising as a result of the Department's review. It is imperative that the Department take prompt action to institute the proposed 18-month extension in order to provide certainty to retirement investors and financial institutions. As noted by the Department in the rulemaking release, the extension will avoid the expenditure of resources required under the current requirements of the Rule but which may not be necessary in light of changes to the Rule ultimately adopted by the Department in light of its further analysis.[5] In our view, however, the proposed 18-month extension provides the minimum period needed to allow the Department and other interested parties to review the Rule and the accompanying Exemptions, make appropriate determinations regarding what changes to the Rule are warranted and afford financial institutions reasonable time to develop and implement processes and systems changes necessary to conduct activity in a compliant manner. This is particularly the case when considered in light of the need to develop a balanced, properly tailored, and effective regulatory approach and, in pursuance of that goal, to provide adequate time to allow for regulatory coordination between the Department and other regulatory authorities (including the Securities and Exchange Commission, FINRA, state securities regulators, state and federal banking regulators, and state insurance regulators) having jurisdiction over the products, services and institutions that are affected by the Rule. Accordingly, we encourage the Department to recognize that one or more additional extensions of time may be needed for an orderly and efficient phase-in once the rulemaking process is complete and the need to adopt and publish such extensions sufficiently in advance of impending compliance deadlines in order to provide needed certainty and avoid market disruptions and unnecessary costs.

The Department also requested comment in the rulemaking release regarding whether it should extend, for the same period covered by the proposed extension of the transition period, the temporary enforcement policy announced in Field Assistance Bulletin 2017-2. We strongly encourage the

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[4] See 82 *Fed. Reg.* at 41371 (August 31, 2017).

[5] The Department stated as follows in the rulemaking release: "The primary purpose of the proposed amendments is to give the Department the time necessary to consider possible changes and alternatives to [the Exemptions]. The Department is particularly concerned that, without a delay in the applicability dates, regulated parties may incur undue expense to comply with conditions or requirement that it ultimately determines to revise or repeal." See 82 *Fed. Reg.* 41365 (August 31, 2017).

Department to extend the good faith enforcement policy embodied in FAB 2017-2 for a period at least as long as the proposed, and any subsequent, extensions of the transition period. Until the requirements of the Rule are evaluated and finalized, sufficient guidance is available to market participants regarding those requirements and an adequate phase-in period thereafter has been provided, a good faith enforcement policy is appropriate and will serve to help facilitate the ability of market participants to serve the needs of retirement investors under the principles of the Impartial Conduct Standards.[6]

Thank you for the opportunity to comment on the proposed amendments. If you would like to discuss any of our comments, please feel free to contact me at via e-mail at richard.pearson@bbva.com or by phone at 205-297-7809.

Respectfully,

Richard L. Pearson

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[6] We also urge the Department to coordinate with the Treasury Department and the IRS to confirm that, for purposes of applying IRA Announcement 2017-4, the extension of the Department's temporary enforcement policy will constitute "other subsequent related enforcement guidance."