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THE FINANCIAL SERVICES ROUNDTABLE

Financing America's Economy

VIA ELECTRONIC MAIL

March 12, 2012

Secretary Hilda Solis
U.S. Department of Labor
200 Constitution Ave., NW
Washington, DC 20210

Re: Update on Department's Fiduciary Rule Re-Proposal

Dear Secretary Solis:

We are writing to request a progress report on the Department of Labor's (Department) efforts to draft the proposed regulation that would redefine the circumstances in which a person is considered an investment advice fiduciary under the Employee Retirement Income Security Act of 1974.

We believe that as the Department is considering its re-proposal there are important principles that should be kept in mind, particularly those outlined in the bipartisan letters sent to the Department late last year from Members of Congress.

In those letters, more than 50 House Republicans and 30 House Democrats directed the Department to follow a set of criteria while writing the new rule. To that end, we would like to highlight the criteria Congress has established for the next draft of the rule proposal.

Specifically, Congress has asked that any rule change be designed to:

- Carefully and effectively target to address well-defined and documented problems in the retirement planning advice business;
- Clearly recognize that IRA accounts are significantly different from employer-sponsored plans because the IRA investor has nearly a limitless choice among service providers and investment products;
- Ensure that plan participants and plan sponsors continue to be able to receive the critical information needed to expand retirement savings and coverage;
- Preserve investor access to and choice among financial products and services delivered by qualified financial professionals;
- Avoid costly new regulatory requirements that exceed their proven benefits for investors;
- Not compound the investor confusion that the Securities and Exchange Commission's (SEC) recent study under the Dodd-Frank Act identified as the primary problem for retail investors.

- Be narrowly drafted to address well-defined and documented concerns;
- Preserve the access of IRA owners and plan participants to investment services delivered by qualified financial professionals using whatever business model best fits the investor's objectives; and
- Ensure that companies can receive the investment information they need to establish plans and offer sound investment offers to their employees.

From the earliest days of ERISA, the Department has devoted considerable time and resources to the development of a workable regulatory structure that balances investor protection concerns with the desire to provide widespread access to advice and service. We would be very concerned if this redefinition of "fiduciary" would undo decades of this important work, to the detriment of plans and their participants. Therefore, we hope you will provide a progress report on the Department's efforts to draft the rule while meeting the Congressional criteria.

Respectfully,

Dale E. Brown, CAE
President & CEO
Financial Services Institute, Inc.

Steve Bartlett
President and CEO
The Financial Services Roundtable

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