

MEMO# 30995

December 22, 2017

ICI Draft Revised Best Interest Standard of Conduct - Your Comments Requested by January 5; Member Call January 8

[30995]

December 22, 2017 TO: Pension Committee

SEC Rules Committee RE: ICI Draft Revised Best Interest Standard of Conduct - Your Comments Requested by January 5; Member Call January 8

On August 7th, ICI submitted a comment letter to the Securities and Exchange Commission responding to a public statement from SEC Chairman Clayton requesting comment on standards of conduct for investment advisers and broker-dealers.^[1] Our letter recommended that the Commission adopt—and that the Department of Labor recognize in a streamlined exemption—a best interest standard of conduct for broker-dealers that would apply when they make recommendations to retail investors in non-discretionary accounts, whether those investors are saving for retirement or other important goals. We recommended that the SEC maintain the existing fiduciary duty standard for investment advisers that has served investors well for over seven decades.

Over the past several months, we have been working with outside counsel to further develop our recommended best interest standard for broker-dealers. We anticipate that the SEC may soon issue a proposal regarding standards of conduct,^[2] and plan to send them our revised recommendation in January for their consideration as they develop their proposal.

We have attached, for your review and comment, a confidential draft of our revised recommended best interest standard. It is redlined against our original recommendation to the SEC, and includes explanatory notes for your information.^[3]

Please provide your written comments to Sarah Bessin at sarah.bessin@gmail.com by the end of the day on Friday, January 5th.

We will hold a member call on Monday, January 8th from 2-3 pm ET to provide an opportunity to discuss comments and seek consensus on a recommendation. Accordingly, it is important that we receive your written comments in advance of the call. If you would like to participate in the call, the dial-in information is:

Dial-in number: 1-888-701-8647 Passcode: 68346

Let me know if you have any questions. We look forward to your participation on this important issue.

Sarah A. Bessin
Associate General Counsel

[Attachment](#)

endnotes

[1] See ICI Memorandum No. 30819 (Aug. 8, 2017), *available at* https://www.ici.org/my_ici/memorandum/memo30819.

[2] While the SEC lists this item on the Regulatory Flexibility Agenda as having an October 2018 deadline, we expect a proposal could be issued sooner, and that the SEC staff currently is developing their recommendation. See <https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201710&RIN=3235-AL27>.

[3] We do not plan to include all the explanatory notes with the revised recommendation we submit to the SEC.

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