

MEMO# 30790

July 20, 2017

Draft ICI Comment Letter in Response to SEC Chairman's Statement on Standards of Conduct - Your Comments Requested by Thursday, July 27

[30790]

July 20, 2017 TO: Pension Committee
Pension Operations Advisory Committee
SEC Rules Committee

Small Funds Committee RE: Draft ICI Comment Letter in Response to SEC Chairman's Statement on Standards of Conduct - Your Comments Requested by Thursday, July 27

SEC Chairman Jay Clayton issued a public statement in early June requesting comment on standards of conduct for investment advisers and broker-dealers.^[1] The statement discusses the implications of the Department of Labor's recent actions with respect to its "fiduciary rule" and seeks public input to inform the SEC's assessment of possible future action in this area. DOL also recently issued a request for information (RFI) regarding the fiduciary rule. We hope to submit coordinated responses to the DOL RFI and Chairman Clayton's statement on August 7.

ICI's draft response to Chairman Clayton recommends that the SEC and DOL work together to implement a best interest standard of conduct for broker-dealers when they provide recommendations to retail customers across retirement and non-retirement accounts. The standard of conduct would be intended to enhance, and not replace, the current suitability standard applicable to broker-dealers. We recommend the SEC take the lead in developing the best interest standard of conduct, with the DOL issuing a streamlined prohibited transaction exemption for broker-dealer recommendations that are subject to the best interest standard of conduct under SEC oversight. Under our recommendation, investment advisers would remain subject to their existing fiduciary duty.

Our draft comment letter is attached for your review. If you have comments on the draft letter, please send them in writing to Sarah Bessin at sarah.bessin@ici.org and Linda French at linda.french@ici.org by close of business on Thursday, July 27.

Sarah A. Bessin
Associate General Counsel

Linda M. French
Assistant General Counsel

[Attachment](#)

endnotes

[1] See ICI Memorandum No. 30725 (June 2, 2017), available at https://www.ici.org/my_ici/memorandum/memo30725.

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