



March 3, 2017

Office of Regulations and Interpretations  
Employee Benefits Security Administration  
Attn: Conflict of Interest Rule  
Room N-5655  
U.S. Department of Labor  
200 Constitution Avenue NW  
Washington, DC 20210

To Whom It May Concern:

On April 8, 2016, the Department of Labor (“Department”) published its final “Conflict of Interest” rule. The new rule vastly expands the definition of “fiduciary” under the Employee Retirement Income Security Act requiring both investment advisers and broker-dealers providing advice to accounts subject to ERISA to act in a fiduciary capacity. NEXT Financial Group, Inc. (“NEXT”) supports a uniform fiduciary standard as we believe this is both the direction the industry is heading and is consistent with the best interest of our clients.

Conversely, NEXT strongly believes that the rule, as published, will adversely affect the ability of many of our clients to retire. NEXT, being a mid-sized independent broker dealer, has a client base that spans the wealth spectrum from beginner investors to high net worth clients who have been investing for decades. One of our strongest attributes, both for our advisors and their clients, is our ability to provide access to a wide variety of retirement products and services to any client regardless of their investing experience or their available assets to invest. We believe the new rule infringes upon our ability to service our entire client base, and our ability to provide the products and services that our clients both want and need to achieve their retirement goals.

NEXT firmly believes that the short implementation period provided by the rule will adversely affect our clients due to several factors:

- The rule will increase costs to investors looking for investment advice. In order to be in compliance with the rule by January 1, 2018, NEXT will have to extensively expand and modify our technologies. The continued research on, and future implementation of, the technologies needed to track and monitor the covered retirement investment accounts will be a costly endeavor. Much of the required technology is not available today and is being sold to the industry as ‘coming in the future.’ While we invest time and money in researching these new technologies; concurrently we are forced to invest heavily in the modifications of our current technologies and any manual processes required as a patchwork solution until the new systems are readily available for public consumption. The duality and scope of these costs must be, at least partially, passed on to our advisors and subsequently to their clients.
- The necessary reliance on manual processes mentioned above, even if employed only over a short period of time, will open up the firm to potential errors and a subsequent increase in litigation costs and/or an increase in insurance coverage for liability associated with litigation.

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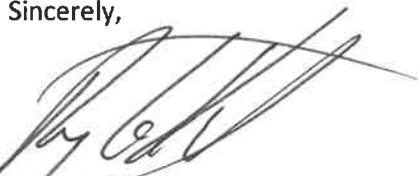
- The impact of the increase in firm wide costs must be, at least partially, passed along to clients. This pass through effect of an increase in costs will occur both directly and indirectly:
  - Directly, clients will be affected by a potential increase in the cost of advice provided by the advisor. While the small increase in advisor costs will be leveled in nature, it will mostly impact those clients with smaller investable assets.
  - Indirectly, as we continue to review account minimums, we believe it will be necessary to raise our required account minimums in order to justify the increased costs due to potential future litigation and insurance issues.

Again, the outcome of these adjustments will predominantly impact, and potentially exclude entirely, our clients with a smaller amount of investable assets.

On a broader scale, we believe that many of the requirements of the rule are impractical in application and will cause confusion with the retirement investors today. An unintentional consequence of the rule, and the resulting increase in expenses, will be to force many smaller firms serving retirement investors today to simply close their doors or be acquired. The consolidation of the industry, specifically in the independent channel, will create an environment where clients have a limited choice of advisors, investments, and investment education and advice. Again, this consequence more heavily impacts the smaller investor but also has an overarching impact on all retirement investors.

It is NEXT's strong belief that the "Conflict of Interest" rule, as published, needs to be repealed and replaced with a rule that provides a uniform fiduciary standard of care applicable to all professionals providing personalized investment advice to retail clients. We believe the current proposed 60-day delay is an important first step in moving toward the ultimate goal of repealing and replacing the rule.

Sincerely,



Barry Knight  
President, NEXT Financial Group, Inc.