

Aquila Investment Management LLC
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July 21, 2017

Office of Exemption Determinations
Employee Benefits Security Administration
Attention: D-11933
U.S. Department of Labor
200 Constitution Avenue N.W., Suite 400
Washington, DC 20210

RE: RIN 1210-AB82

Ladies and Gentlemen:

This letter, on behalf of Aquila Investment Management LLC and Aquila Distributors LLC (the manager and the distributor of the Aquila Group of Funds), is in response to the Department of Labor (the "DOL") July 6, 2017 request for information ("RFI").

We jointly recommend that the DOL delay the January 1, 2018 applicability date associated with its April 8, 2016 fiduciary rulemaking in order to

- a) allow the DOL to complete its review of the responses it received in connection with the DOL's March 2, 2017 request for comments on issues raised in the Presidential Memorandum,¹ and
- b) permit coordination with the U.S. Securities and Exchange Commission ("SEC").

We are confident that the DOL's analysis of the responses it received will lead the DOL to conclude that a more targeted and harmonized best interest standard will better protect investors while ensuring the continuation of affordable access to financial guidance to help individuals prepare for their financial needs. Moving forward with additional conditions prematurely, without the benefit of a new impact analysis, will not only exacerbate the harm that the rulemaking is having on retirement investors but other investors as well.

We applaud Secretary Acosta's and Chairman Clayton's efforts to coordinate fiduciary rulemaking. A coordinated SEC and DOL approach would be more consistent with other Administrative directives.² Additionally, and just as importantly, we firmly believe that a coordinated approach would

¹ The Presidential Memorandum directed the Department to complete an updated economic and legal analysis and to determine whether it should revise or rescind the rulemaking (82 Fed. Reg. 31278 at p. 31279).

² Presidential Executive Order on Enforcing the Regulatory Reform Agenda (issued on February 24, 2017) stated that "[i]t is the policy of the United States to alleviate unnecessary regulatory burdens placed on the American people" and encourages Agencies to eliminate regulations that "create a serious inconsistency or otherwise interfere with regulatory reform initiatives and policies" and Presidential Executive Order on Reducing Regulation and Controlling Regulatory Costs (issued on January 30, 2017) directed agencies to identify at least two existing regulations to be repealed for every new regulation proposed..

reflect the reality that individuals who seek financial guidance often have both retirement accounts and retail accounts.³ A coordinated effort would permit these individuals to receive guidance that reflects consistent and compatible regulatory requirements.

Finally, we firmly believe that the benefits far outweigh any costs of a delay, particularly in view of the fact that the DOL is likely to make changes to the rule and related prohibited transaction exemptions. A delay would pose very little, if any, risk of harm to investors since the rule and the impartial conduct standards are already applicable. In fact, the DOL has already effectively concluded that delaying the January 1, 2018 applicability date will not negatively affect investors. If the DOL does not delay the January 1, 2018 applicability date and later makes changes, mutual funds and intermediaries will incur significant unnecessary implementation costs, some of which could directly or indirectly negatively impact the very investors that the DOL seeks to protect.

We strongly support a delay in the January 1, 2018 compliance deadline. The interests of retirement savers will not be served if the remaining conditions of the Best Interest Contract Exemption (“BICE”) and Principal Transactions Exemption go into effect before the DOL has determined which remaining conditions of those exemptions will ultimately be required and whether any other changes are appropriate.

We urge you to immediately grant a delay of at least one year which would apply to all parts of the BICE and Principal Transactions Exemption that are not yet applicable.

Thank you for your consideration of our collective recommendation,

Diana P. Herrmann
Aquila Investment Management LLC

Paul O’Brien
Aquila Distributors LLC

³ The Aquila Group of Funds are not generally targeted at retirement accounts.