



US Department of Labor Fiduciary Rule Comment: Innovative Approaches

Current Issue: The spirit of the DoL Fiduciary Rule (among other things) intends to ensure that investors fully understand terms, fees and implications associated with their investment decisions. This includes eliminating opportunities for vagueness, confusion and obfuscation of important information.

Currently, the Rule encourages a new scope of disclosures, however the financial services industry has an ingrained practice of creating disclosures, prospectuses and agreements that are long, complex, confusing, and most often go unread. Recent [information](https://www.propublica.org/the-trade/item/the-trouble-with-disclosure-it-doesnt-work) [https://www.propublica.org/the-trade/item/the-trouble-with-disclosure-it-doesnt-work] suggests that these practices serve the interests of the financial institutions at the expense of investors. This practice does not align with the spirit of the Rule.

Suggestion:

1. The financial industry is due for innovation in how they deliver disclosures. Specifically, we recommend that 'layered disclosures' which highlight the most important terms in a simple, understandable, summary fashion be used. These can reference longer written agreements, but will ensure that the most salient terms of the investment are understood.
2. The industry should make better use of technology to facilitate disclosures. This includes a foundational approach to modernize communications methods (mobile, secure and flexible) which enable investors to communicate in the modes that THEY PREFER. Approaches can include the use of video, graphics or gamification strategies to deliver information in a manner that is clear and memorable.
3. Use of an independent third party to disclose high level terms and costs associated with investments is another way to ensure that investors fully comprehend their choices. This approach can ensure that organizations are compliant with the Rule and can help identify gaps that may require additional compliance training. The third party can generate 'evidence artifacts' that demonstrate clear comprehension of investment decisions and terms that can later be used in the event of a dispute or regulatory inquiry.
4. We suggest that a 401k to IRA rollover is a straightforward scenario that would most benefit from the above listed approaches, among many possible retirement investment transactions and products.

We have seen these approaches effectively serve as compliance enforcement techniques in the communications industry where 'cramming and slamming'

practices led to regulations to prevent abuses. The same type of solutions could be very effective in compliance enforcement of the DoL Rule and curbing the types of transgressions that prompted the development of recent regulations.

In summary, we believe that better overall comprehension of information will foster better investment decisions and investment outcomes. Thank you for considering this input and I look forward to discussing these suggestions with you.

Annette Quintana
CEO, Istonish
Aquintana@Istonish.com
720-529-4505
www.istonish.com/experience/financial-services