TRANSAMERICA®

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September 15, 2017

Office of Exemption Determinations
Employee Benefits Security Administration
Attn: D-11712, 11713, 11850
U.S. Department of Labor
200 Constitution Avenue, N.W.
Suite 400
Washington, DC 20210

Re: 18-Month Extension of the Investment Advice Regulation's Transition Period (RIN 1210-AB82)

Ladies and Gentlemen:

The Transamerica companies ("Transamerica")[1] are pleased to comment on the Department of Labor's (the "Department") proposed extension of the Transition Period in the Best Interest Contract ("BIC") Exemption, the Class Exemption for Principal Transactions in Certain Assets Between Investment Advice Fiduciaries and Employee Benefit Plans and IRAs, and Prohibited Transaction Exemption 84-24. This submission is made pursuant to the Notice of Proposed Amendments ("Notice of Proposed Amendments") Regarding the Fiduciary Rule and Prohibited Transaction Exemptions (collectively, "the Rule") published in the Federal Register on August 31, 2017.

Transamerica fully supports the proposed extension of the January 1, 2018 applicability date until July 1, 2019, as well as corresponding extension of the non-enforcement policy announced in Field Assistance Bulletin 2017-02.

Further detail on the reasons for and conditions for support are provided below, as well in our comment letters to the Department dated April 17, 2012, July 21, 2017, and August 4, 2017 (the "Transamerica letters"). In those letters, as here, Transamerica has reviewed and incorporates by

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[1] Transamerica markets life insurance, annuities, retirement plans, and supplemental health insurance, as well as mutual funds and related investment products. Transamerica products and services are designed to help Americans protect against financial risk, build financial security and create meaningful retirements. Currently, Transamerica is among the ten largest distributors in the U.S. of variable annuities. Transamerica provides services and products through life insurance agents, broker-dealers, banks, wholesalers, and direct marketing channels as well as through the workplace. Transamerica has 269,776 licensed producers in the United States. In 2016, Transamerica paid $6.9 billion in benefits to its policyholders.

reference the supporting statements and additional market data and other evidence of harm to the consumer resulting from the Rule as outlined in the letters provided by the American Council of Life Insurers, the Financial Services Roundtable, the Insured Retirement Institute, the Securities

Industry and Financial Markets Association, the U.S. Chamber of Commerce, Groom Law Group, and Kent Mason of Davis & Harman (the "Association Letters").

The Proposed Extension is Necessary in Light of New Developments

The proposed extension of both the January 1, 2018 applicability date and the period of non-enforcement is warranted for the reasons and evidence noted in the Transamerica and Association letters, including:

1. To allow time for the Department to conduct a full review and analysis of the market and consumer data submitted to the Department in the Transamerica and Association letters, and to consider significant reform of the Rule in light of the information and recommendations provided in the Transamerica and Association letters.

   Please note that extension of the applicability date until July 1, 2019 is required to provide some market certainty pending further review of the Rule by the Department. If the Department proposes changes to the Rule, we would encourage the Department to propose specific effective/ applicability dates for any such changes to allow sufficient time for compliance efforts.

2. To avoid wasteful and duplicative compliance costs and business model changes incurred by Transamerica and other companies to prepare for and implement a regulatory regime that might differ materially from the regime that results from the Rule in effect today, as well as continued disruption, increased price and/or loss of services, and loss of choice for retirement savers. Transamerica will need time to accommodate any and all changes to the Rule resulting from full and thorough review resulting from the RFI process pursuant to its notice dated July 6. 2017 (the "RFI").

3. To permit further time for coordination with the SEC. The new SEC Chair, Jay Clayton, has affirmatively indicated the SEC's intention to work with the Department to ensure a uniform standard of care for financial professionals representing consumers in both their retirement savings and retail investments. The SEC has also requested comments regarding the standard of care and market impact of lack of coordination with the Department. Additional time is needed to enable the SEC to review the information provided to it and to coordinate with the Department on a harmonized standard of care. It should also be noted that the National Association of Insurance Commissioners (the "NAIC") has begun to consider adding a best interest standard to its Suitability Model Regulation for annuity sales. Transamerica encourages the Department to work with the NAIC as well as the SEC in a harmonized standard of care.

4. To minimize continued disruption, increased price and/or loss of services and loss of choice for retirement savers resulting from the Rule pending the Department's review.

Extension of the Department's Enforcement Relief is Needed to Correspond to Extension of the January 1, 2018 Applicability Date

Transamerica recommends that the Department extend its temporary enforcement policy commensurate with its extension of the January 1, 2018 applicability date. An extension in the enforcement policy is needed for many of the same reasons noted above. It does not make sense to enforce parts of a Rule that are under consideration by the Department and any indication by the Department to the contrary would result in additional market disruptions, as well as substantial confusion and uncertainty by the companies affected.

Extension of the Applicability Date and Enforcement Period Should Not be subject to Conditions

The Department has requested comment on whether it should condition its proposed extension on the behavior of the financial professional. Transamerica opposes any such condition which would detract from any benefit of the extension for the reasons stated above. Conditioning the extension of the applicability date on compliance with the provisions of the Rule which are being reviewed by the Department and subject to change would quite simply negate the benefits of and reasons for the extension.

Product Specific Exemptions Should not Be Considered

Transamerica strongly urges the Department to abandon its consideration of a "new and more streamlined class exemption build -in large part- on recent innovations in the financial services industry" as noted in the Notice of Proposed Amendments. In its July 21, 2017 comment letter, Transamerica noted that a rule that is principle based rather than prescriptive will encourage innovation in products and services that best meet consumer needs. While innovations such as clean shares are positive developments, streamlined exemptions for a particular class of investments could have the unintended consequence of compelling institutions to focus on "favored" investments which may not always be in the best interest of the consumer. The Department should not decide which specific products are appropriate for and in the best interest of retirement savers. This type of rule making creates the effect of the Department acting as an Advisor rather than Regulator. By creating this specific exemption precedent it would follow that every product innovation that may comport to the Department's opinion of a valued innovation would require its own exemption. This would lead to an unwieldy list of exemptions requiring constant updating to systems, education, and procedures. This would also give rise to an environment rife with opportunity for errors and harm to consumers. Instead, the Department should establish the guiding principles such as those associated with the impartial conduct standard would afford consumers substantial protections against improper conduct resulting from a conflict of interest while not artificially limiting choice or favoring one product over another.

In addition, care should be taken to ensure that the Department does not assert its jurisdiction over products subject to another regulatory authority. Products, such as clean shares, are regulated by the SEC, and may be used in retirement accounts over which the Department has jurisdiction. This is yet another reason why coordination by the Department with both the SEC and, with respect to annuities, the States, on a harmonized best interest standard, is critical and in the best interest of consumers.

Conclusion

Transamerica recommends the Department extend the delay of the January 1, 2018 applicability date until July 1, 2019, and further recommends a corresponding extension of the non-enforcement period. Further extension of the applicability date may be warranted to allow sufficient time for compliance efforts with respect to any changes to the Rule by the Department. Transamerica further recommends against any conditions of the extended period, and further recommends against the Department's consideration of any product specific exemption.

Transamerica further recommends that the Department act quickly to finalize the extension of the applicability date until July 1, 2019. In addition, Transamerica recommends that the Department work quickly and in coordination with the SEC and the NAIC in proposing changes to the Rule.

We appreciate your consideration of these comments.

Sincerely,

Dave Paulsen
Executive Vice President, Chief Distribution Officer
Transamerica