

RAYMOND JAMES®

February 5, 2018

Delivered via Email: rule-comments@sec.gov; chairmanoffice@sec.gov; executivesecretariat@dol.gov

The Honorable Jay Clayton
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

The Honorable Alex Acosta
Secretary of Labor
Department of Labor
S-2521
200 Constitution Avenue NW
Washington, D.C. 20210

Re: Uniform Standard of Care for Retirement and Non-Retirement Accounts

Dear Chairman Clayton and Secretary Acosta:

As a longtime advocate of a uniform best interest standard, Raymond James commends the intent and spirit of the Department of Labor's Fiduciary Rule. We also appreciate Chairman Clayton's solicitation of public comments as part of the SEC's examination of standards of conduct for investment advisers and broker/dealers. Further, we thank you for your willingness to work together toward a client-first solution that can be consistently applied across all account types.

Despite vigorous debate surrounding the Department of Labor (DOL) Fiduciary Rule and whether it can be harmonized with different standards of care for diverse account types, we believe the path is straightforward. The Impartial Conduct Standards at the heart of the Rule provide the cornerstone of an SEC best interest standard for brokerage and advisory relationships, and can also be used by the National Association of Insurance Commissioners in model language that could be adopted by state regulators governing products covered by state insurance laws.

Industry-wide adoption of principles based on the Impartial Conduct Standards for all accounts, coupled with a consistent and familiar regulatory oversight program, offers the best framework for achieving our shared goal of protecting and serving the best interests of clients.

Need for client choice and uniform standard of care

Times have changed since the adoption of the Securities Exchange Act of 1934 ('34 Act) and the Investment Advisers Act of 1940 ('40 Act). For many years, the distinction between an advisory relationship covered under the '40 Act and a transaction-oriented relationship under the '34 Act was

primarily advice. As the industry evolved to meet client preferences, most advisors provide investment advice to clients regardless of account type. And criteria for choosing an account type now has more to do with how involved a client chooses to be in individual investment decisions and/or pay for those services. Each service model offers unique benefits and should be uniformly supported and supervised by our regulatory structure.

Since investors generally don't distinguish between the standard of care they should expect in either relationship, we continue to support a uniform best interest standard and believe that a principles-based standard of care based on the Impartial Conduct Standards should be adopted for both advisory and brokerage accounts.

Practical reasons for basing a new standard of care on the Impartial Conduct Standards

Our profession has officially been operating under the Impartial Conduct Standards for all retirement accounts since June of last year. Along with our peers, we have made substantial and material changes to comply. Adopting the same framework for taxable accounts won't only ease client confusion; it will also reduce costs and complexity in further implementation. We also believe that adoption of a uniform best interest standard won't require material changes to the '34 or '40 Acts. It is simply an overarching, principles-based standard that sits on top of those sets of rules.

Changes required to the DOL Rule to achieve consistency across account types

As a principles-based standard is developed across advisory and brokerage accounts, we believe the following changes to the existing DOL fiduciary rule and set of exemptions should be considered:

- The industry has collectively found the "advice for a direct or indirect fee" trigger of fiduciary status too broad and ambiguous. Conversations about what constitutes "education" vs. "advice" still abound with no clear answers. We ask the Department to provide flexibility under the rule for firms to contractually agree with clients that some activities are not fiduciary in nature. Clear, plain English disclosure to clients outlining roles and expectations will be necessary.
- We believe that most BICE requirements outside of required adherence to the Impartial Conduct Standards are unworkable if we are to maintain the level of choice and advice available to retirement investors today. The Impartial Conduct Standards should be standardized with the SEC and firms' primary regulators should enforce that standard.
- The existing Principal Transaction Exemption is too narrow and reduces client access to firms' bond and equity inventories, which in turn can increase the price of these investments for clients. The exemption should simply require firms to adhere to the standard based on the Impartial Conduct Standards, in cases where a principal trade of any type is in the client's interest.

In closing, the Department indicated, and we agree, that the Impartial Conduct Standards should form the foundation of a financial advice provider's relationship with his/her client.

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These principles provide a clear and concise way to communicate expectations and preserve client choice.

We appreciate your willingness to consider these important issues and stand ready to help. We look forward to continued involvement in favor of supporting Americans when they seek investment advice.

Sincerely,

A handwritten signature in black ink that reads "Paul C. Reilly". The signature is written in a cursive, flowing style.

Paul C. Reilly
Chairman and CEO
Raymond James Financial

From: Matthew Watts <Matthew.Watts@RaymondJames.com>
Sent: Monday, February 5, 2018 11:49 AM
To: rule-comments@sec.gov; chairmanoffice@sec.gov; Executive Secretariat
Subject: Raymond James letter to Chairman Clayton and Secretary Acosta regarding uniform best interest standard
Attachments: Raymond James comment on SEC and DOL best interest standards 2-5-2018.pdf

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