FIXED INCOME INVESTOR NETWORK

Office of Regulations and Interpretations

Employee Benefits Security Administration, Room N-5655

U.S. Department of Labor

200 Constitution Avenue NW

Washington, DC 20210

Attention: Financial Factors in Selecting Plan Investments Proposed Regulation

Re: RIN 1210-AB95

Dear Sir or Madam:

The Fixed Income Investor Network Association is a coalition of investors formed in September 2018. The Association currently has over 200 members from 160 investment management firms with combined assets under management of over $20 trillion. The mission of FIIN is to be the voice of investors, providing a forum for education and sharing ideas in the rapidly evolving fixed income and structured finance marketplace. The aim of FIIN is to enable fixed income institutional investors and asset owners to promote a healthy marketplace that facilitates innovation, transparency and liquidity while minimizing market friction.

We read with interest the proposed amendments to the "Investment duties" regulation under Title I of the Employee Retirement Income Security Act of 1974, as amended (ERISA), to confirm that ERISA requires plan fiduciaries to select investments and investment courses of action based solely on financial considerations relevant to the risk-adjusted economic value of a particular investment or investment course of action (the "Proposed Regulation"). We request that the Department of Labor (the "DOL") extend the comment period for responding to the Notice of Proposed Rulemaking for at least an additional 30 days.

Although the DOL indicated that it intends, by the Proposed Regulation, to simply "reiterate" and "codify" existing fiduciary standards, we believe that the Proposed Regulation is a major departure from the DOL's previous sub-regulatory guidance on the subject of considering environmental, social and governance ("ESG") factors in investing and requires all stakeholders to have a meaningful opportunity to provide thoughtful feedback. Under any circumstances, 30 days is a short comment period, but for a regulation of this magnitude, with potential severe repercussions to all vested parties, including pension plan participants, stakeholders need adequate time to fully consider and analyze the Proposed Regulation. The impact of the Proposed Regulation is far wider than envisaged by the DOL and will lead to significant issues for pension funds, asset managers and investors for the following reasons:

- Prudent investment analysis requires taking both quantitative and qualitative factors into account. Focusing purely on quantitative analysis and the exclusion of qualitative factors, which do not lend themselves to a numerical scale, would dilute the validity of the investment process. On the other hand, utilising ESG as a qualitative adjunct to the decision process results in a more thorough analysis and greater investor protection.

  As an example, even investors in highly liquid exchange-traded equities heavily emphasize governance. This is especially important in the current environment where investors have suffered substantial losses due to poor governance in various companies. Taken to its logical conclusion, this Proposed Regulation would put significant obstacles in the way of taking governance and other investor protection factors into account and lead to increased investor exposure to risk. Arbitrarily limiting investment options by subjecting ESG factors to a different standard of analysis diminishes an investment manager's ability to serve as a prudent fiduciary who is required to act in the best interest of plan participants.

- According to the US SIF Foundation's 2018 biennial Report on Sustainable Responsible and Impact Investing Trends, sustainable, responsible and impact investing (SRI) assets constitute a substantial portion of the investment market and such portion continues to grow. SRI assets have expanded to $12.0 trillion in the United States, up 38% from $8.7 trillion in 2016. Much of this growth is driven by asset managers, who now consider ESG criteria across $11.6 trillion in assets, up 44% from $8.1 trillion in 2016. From 2016 through the first half of 2018, 165 institutional investors and 54 investment managers controlling $1.8 trillion in assets under management filed or co-filed shareholder resolutions on ESG issues.

- Adoption of the DOL's proposal would align U.S. regulations in direct opposition to European rules. This would then require asset managers to adhere to two different fiduciary standards, the European standard which in practice requires an assessment of material non-financial factors and the US standard which puts such a high burden of proof on ESG factors that investments with material non-financial factors will in most cases be excluded from consideration. The DOL's proposal contains elements that would conflict with the European Union's Non-Financial Reporting Directive (NFRD), which requires market participants to assess on a continuous basis not only all relevant financial risks but also include all relevant sustainability risks that might have a relevant material negative impact on the financial return of an investment or advice.

Understanding the importance of using ESG factors by an investment manager is critical to the DOL's finalization of the Proposed Regulation. For several reasons, affected constituencies will not likely have an opportunity to provide thoughtful and meaningful comment. Not only does the 30-day comment period come at the onset of earnings season, which is an especially busy time for investors in general and asset managers in particular, the global COVID-19 pandemic and the related economic crisis make a 30-day comment period an unreasonably short period of time to provide comment on such a significant and far-reaching proposal. This timing, coupled with our understanding that the DOL has never solicited public comments on the impact of financial factors in the investment process, makes the 30-day comment period unreasonably short.

For the the reasons cited and the sake of the integrity of this process, we respectfully request that the DOL extend the deadline for responding to the Proposed Regulation by no less than 30 additional days.

Sincerely,

The Fixed Income Investor Network