July 21, 2015

By U.S. Mail and Email: e-ORI@dol.gov
Subject: RIN 1210-AB32

Office of Regulations and Interpretations
Employee Benefits Security Administration
Attn: Conflicts of Interest Rule
Room N-5655
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210

Dear Ladies and Gentlemen:

Robert W. Baird & Co. Incorporated ("Baird") submits this comment letter regarding the regulation proposed by the Department of Labor (the "Department") that would redefine the term "fiduciary" under section 3(21) of Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and section 4975(e) of the Internal Revenue Code of 1986, as amended (the "Code"), and the related Prohibited Transaction Exemptions proposed by the Department. We appreciate the opportunity to comment on these significant proposals.

Baird is an employee-owned, wealth management, capital markets, private equity and asset management firm established in 1919. As a registered investment adviser and broker-dealer, we provide a wide range of advisory and brokerage services to our individual and institutional clients, including their retirement plans and individual retirement accounts. We have substantial experience assisting clients with their retirement savings and understand the challenges they face in saving for retirement.

We support the comments submitted by the Securities Industry and Financial Markets Association ("SIFMA") regarding the Department's proposals. We share SIFMA's concern that, if the proposals are enacted, investors will be adversely affected and it will be harder for them to save for retirement. We note that the proposals would prohibit some investors from making certain types of investments in their retirement accounts even though those investments may in fact be in their best interest. In addition, the proposals could have a chilling effect on the education and advice being provided to investors about their retirement accounts, such that only the lowest cost alternative will ever be recommended—even though another investment option may have superior cost-adjusted performance. This would ultimately depress the growth of investors' retirement savings.

Finally, the cost of complying with the proposed regulations will be considerable for financial services firms, particularly smaller and regional broker-dealers. Firms may be forced to pass this cost on to investors through higher fees, further making it harder for investors to save for retirement. Alternatively, firms may decide to avoid the cost of compliance completely by reducing or eliminating the brokerage services they currently offer. The result may be that firms cease providing education or advice in connection with the execution of transactions for retirement accounts, or they may only offer investment advisory services to retirement accounts, forcing investors to buy services they may not

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want or need, likely at a higher cost. Of particular concern is that many investors will not meet firm-established eligibility requirements for obtaining investment advisory services, such as account minimums, which may be $25,000 or more, leaving those investors with fewer options for obtaining advice. Middle class and lower income investors, groups that vitally need to save for a secure retirement, would suffer the most.

We understand and appreciate the Department's desire to help investors save for their retirement. However, if enacted, we believe the proposals will in fact have the opposite effect. We hope the Department considers our comments and those of SIFMA as the Department proceeds with its rule-making efforts.

Very truly yours,

ROBERT W. BAIRD & CO. INCORPORATED

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