

STATE RETIREMENT AGENCY
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MARYLAND
STATE RETIREMENT
and PENSION SYSTEM

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July 14, 2020

Joe Canary, Director
Office of Regulations and Interpretations
Employee Benefits Security Administration
Room N-5655
U.S. Department of Labor
200 Constitution Avenue NW
Washington, DC 20210

Re: Financial Factors in Selecting Plan Investments
Proposed Regulation (RIN 1210-AB95)

Dear Director Canary:

On behalf of the Maryland State Retirement and Pension System (the "System"), I am writing to request an extension of the comment period from 30 days to 90 days for public comments on the notice of proposed rulemaking entitled "Financial Factors in Selecting Plan Investments" ("Proposal"). The U.S. Department of Labor's Employee Benefits Security Administration ("EBSA") announced its proposed regulation on June 23, 2020.

The System is committed to integrating all financially material factors, including Environmental, Social, and Governance ("ESG") factors, into our investment processes. This is a risk management strategy aimed at integrating factors such as climate change and human capital management that evidence shows have a material economic impact on asset prices, especially when taking into account the risks that long-term, universal investors like pension plans face.

We believe that the Proposal mischaracterizes ESG integration and is likely to lead to confusion for ERISA fiduciaries and cost to plan savers. If the Proposal is finalized in its current form, we are concerned that fiduciaries will struggle to fulfil their obligations to integrate all material risk factors while also trying to respond to the language in the Proposal that appears aimed at preventing fiduciaries from taking account of these same risks.

We encourage the EBSA to provide additional opportunities and time to collect information to ensure that the Department of Labor and practitioners have a shared understanding of the impact of the rule and how fiduciaries will be required to act in response to it.

We are concerned that 30 days is insufficient due to pandemic-related productivity challenges, economic challenges, and asset price volatility that asset owners and investors are trying to manage. We believe that 90 days will provide a reasonable opportunity for interested parties to submit comments.

Sincerely,

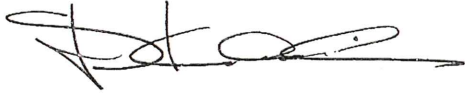
Director

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Thank you for taking our views into consideration. If the System can be of further assistance, please contact Toni Voglino, Compliance Officer, at tvoglino@sra.state.md.us.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Dean Kenderdine". The signature is stylized with a large initial "R" and a long horizontal stroke at the end.

R. Dean Kenderdine
Executive Director
Secretary to the Board