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August 7, 2017

By Webform to: <https://www.sec.gov/cgi-bin/ruling-comments>

The Honorable Jay Clayton
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Public Comments on Standards of Conduct for Investment Advisers and Broker-Dealers

Dear Chairman Clayton:

Franklin Resources, Inc. appreciates the opportunity to respond to your request for public comment on standards of conduct for investment advisers and broker-dealers. Franklin Resources, Inc. is a global investment management organization operating as Franklin Templeton Investments ("Franklin"). Headquartered in San Mateo, California, we employ over 9,000 people and have offices in 30 countries. As of June 30, 2017, Franklin had assets under management of approximately \$743 billion.

Franklin, both directly and as a member of the Investment Company Institute and the Asset Management Group of the Securities Industry and Financial Markets Association, welcomes the SEC's renewed focus in this area, in particular its willingness to work with the Department Of Labor to develop an enhanced standard of conduct that could form the basis for an exemption from the DOL Fiduciary Rule. We write today to set forth our views on your efforts and to endorse the comment letters of these groups as they relate to our views.

First, we believe it is important for the same standard of conduct to apply to all retail accounts for a broker-dealer. Having one set of standards for IRAs and defined contribution plans, and a different set of rules for non-retirement assets, would be confusing to investors and present significant compliance challenges for brokerage firms.

At the same time, broker-dealers should not be subject to overly prescriptive requirements or to enforcement through private litigation from the professional plaintiff's bar. This will only lead to additional costs and a decrease in the availability of investment choices and advice to those retail investors who need it most.

Second, the standard should incorporate key investor protection principles from both the current suitability standard for broker-dealers (such as acting only in the best interests of the customer and basing all investment recommendations on the customer's individual circumstances) and the Fiduciary Rule (including greater transparency and specific requirements for identifying and rectifying potential conflicts of interest).

Third, the resulting standard should not unnecessarily restrict investor choice, either with respect to the types of investment products and services available, or how investors pay for them. Regarding the latter, while asset-based fees are appropriate in many circumstances, for some investors – such as long-term, "buy-and-hold" investors – a transaction-based charge can result in substantial savings. According to the Investment

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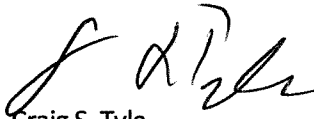
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Company Institute, investors who plan to hold fund shares for longer than five years would end up with a higher account balance under a commission-based approach that charges a 2.5 percent front-end fee (plus an ongoing 12b-1 fee) than investors paying a 1 percent per year asset-based fee.

Finally, we urge the SEC and DOL to act now so that state legislators and their securities regulators do not feel compelled to step in and regulate where the federal regulators do not. This inaction could result in a fractured, inconsistent and confusing web of regulations that would not serve the best interests of retail investors.

By following these principles and taking swift action, the SEC and the DOL can craft an approach that will truly serve the interests of and provide a consistent standard for all retail investors.

Sincerely,

A handwritten signature in black ink, appearing to read 'Craig S. Tyle', with a stylized, cursive script.

Craig S. Tyle
Executive Vice President and General Counsel