



Michael F. Anderson
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August 7, 2018

Via Electronic Delivery

Mr. Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: File No. S7-07-18: Regulation Best Interest
File No. S7-08-18: Form CRS Relationship Summary; Amendments to Form ADV;
Required Disclosures in Retail Communications and Restrictions on the use of Certain
Names or Titles

Dear Mr. Fields:

On behalf of the companies of CUNA Mutual Group ("CUNA Mutual"), we are pleased to provide comments to the Securities and Exchange Commission (SEC) about proposed Regulation Best Interest (Reg BI) and the Form CRS Relationship Summary (Form CRS). CUNA Mutual is the nation's leading provider of financial products and services to credit unions and credit union members. Through our companies, we serve as an insurer, a retirement plan services provider, a broker dealer, and a registered investment advisor. We make available various insurance and investment products to credit unions and millions of credit union members across the United States. As part of the cooperative movement, we embrace the credit union philosophy of "people helping people" and our company's mission is to "Help people achieve financial security."

The proposed SEC Reg BI aligns with our strategic purpose and we support a workable, appropriately tailored best interest standard. CUNA Mutual shares the SEC's goal of protecting consumers and our company has expressed support for a best interest standard for broker-dealers from our earliest comments on the Department of Labor's (DOL) regulatory process. We take pride in helping those who make a modest income. It is in this spirit of supporting our customers that we offer these comments.

In general, CUNA Mutual supports the SEC's principles-based proposed Reg BI. The proposal establishes a heightened duty of care, requiring that a broker-dealer may not put the interests of the firm ahead of the interests of the retail consumer. The proposal stops short of calling the required standard a fiduciary standard, an approach CUNA Mutual supports.

Conflict Management Framework Supported over Requirements for Conflict Mitigation and Elimination

As proposed, Reg BI will create a problematic heightened standard for conflict management by broker-dealers. CUNA Mutual does not believe different rules are required depending on whether a material conflict is associated with financial incentives. Further, the proposed conflict language, which may require disclosure, mitigation and/or the elimination of a conflict, may be unnecessarily complicated in practice. For example, transaction-based third-party compensation, the basis for broker-dealer compensation, is an inherent conflict that does not lend itself to mitigation or disclosure for all but the largest broker dealers who can dictate their compensation. Faced with

even a potential conflict, a risk-averse broker-dealer may choose to eliminate the conflict rather than face potential future consequences if a regulator could later step in to suggest a different mitigation strategy was more appropriate.

To enable more workable compliance, CUNA Mutual respectfully recommends the SEC remove the obligations to mitigate material conflicts of interest and eliminate or mitigate conflicts of interest arising from financial incentives and instead rely on broker-dealers to develop a framework to disclose and manage conflicts. To manage conflicts could require the mitigation or elimination of a conflict, but also permits needed flexibility where disclosure and ongoing governance may appropriately manage a conflict. To implement a system where broker-dealers can manage conflicts, CUNA Mutual suggests the SEC draft guidance on specific expectations which balance operational flexibility against regulatory certainty.

Clarification Needed to Avoid Potentially Duplicative Disclosure Obligations

Proposed Reg BI requires the principles-based disclosure of all material conflicts of interest prior to or at the time of a recommendation. CUNA Mutual respectfully requests that the final rule include greater clarification on this requirement, including the extent to which information provided in other required disclosures will be deemed to meet this disclosure requirement. CUNA Mutual strongly supports the full disclosure of material conflicts of interest as required by the rule and requests this clarification only to avoid duplicative disclosures.

Flexibility in Form CRS Needed

To further rationalize layered disclosure, CUNA Mutual respectfully requests that the SEC permit more flexibility in the contents of Form CRS. The prescriptive structure of Form CRS may limit companies like ours from most effectively presenting valuable information and disclosures to customers at account opening. Broker-dealers should be given the flexibility to present information and disclosures in a form which can be customized to different business models and avoids duplication.

In addition, many Registered Investment Advisers do not serve retail customers or provide advice covered under the SEC's proposed regulations. As such, these advisors would not be required to deliver Form CRS to customers. For advisors not required to deliver the form to customers, the requirement to file and amend the Form CRS is an unnecessary administrative burden. CUNA Mutual respectfully requests that the SEC reconsider the proposed requirement that all Registered Investment Advisers include Form CRS in an application for investment adviser registration and require the filing only for firms serving retail investors.

CUNA Mutual Comments Align in Support of ACLI and IRI Comments

CUNA Mutual generally endorses comments submitted by the American Council of Life Insurers (ACLI) and the Insured Retirement Institute (IRI). Specifically, CUNA Mutual endorses ACLI comments in support of Reg BI and the benefits of disclosures to shield consumers and facilitate informed purchase decisions regarding services and conflicts of interest. CUNA Mutual also fully agrees with calls for collaborative efforts by regulators to generate a uniform best interest standard.

Uniform Best Interest Standards Best for Industry and Retail Investors

To harmonize what could otherwise become a patchwork of standard of care regulations, CUNA Mutual strongly supports the SEC's coordination with FINRA and state regulators, including the National Association of Insurance Commissioners (NAIC) and the North American Securities Administrators Association (NASAA). By working together as regulators, industry and consumers can benefit from clear guidance which supports both insurance and securities products. As an insurer, a retirement plan provider, a retail broker-dealer, and investment advisor, CUNA Mutual believes regulatory consistency is critical to maintain efficiency in the marketplace and create an environment that provides consumers with both protection and choice.

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In closing, CUNA Mutual appreciates the SEC's consideration of these comments. Like others in the industry, we work hard each day to bring financial products and services to the consumers who need them most. Please reach out with any questions or if we can offer additional information to support these comments. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Anderson', written over the word 'Sincerely,'.

Michael F. Anderson
Senior Vice President and Chief Legal Officer