

Congress of the United States
Washington, DC 20515

September 14, 2016

The Honorable Mary Jo White
Chair
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chair White:

We write to urge the Securities and Exchange Commission (SEC) to provide for a long-term extension of Investment Advisers Act Rule 206(3)-3T. We were disappointed to read the August 15th staff letter of the Division of Investment Management that stated that it does not intend to support an extension of this important rule. As the Commission has noted numerous times, this rule is aligned with the fundamental purpose of section 206(3) of the Advisers Act. The rule provides an alternative avenue for broker-dealers to comply with the Act and maintains strong investor protections through required disclosures and consent related to principal transactions.

Rule 206(3)-3T has been extended in two-year increments since 2007. Currently, the rule is set to expire on December 31, 2016. We write to recommend a long-term extension because the same fundamental regulatory and market-based reasons that have justified extending the rule in the past remain in place today. In fact, the need to extend the rule has increased given the Labor Department's new retirement investment advice rule and the Commission's stated intent to publish a proposed rule to harmonize the standards of care applicable to broker-dealers and investment advisers.

If the Commission does not extend the rule, investors would lose access to certain investment options and broker-dealers would be forced to make significant changes to client agreements and disclosure documents in a very short period of time. Additionally, the decision to not provide an extension would increase regulatory complexity and compliance burdens on broker-dealers during a time when regulatory burdens are increasing dramatically. We believe that this is not an optimal outcome for investors or the marketplace.

We urge the Commission to extend the Investment Advisers Act Rule 206(3)-3T for a period of no less than two years.

Sincerely,



Ann Wagner
Member of Congress



Scott Garrett
Chairman, Subcommittee on Capital
Markets and Government Sponsored
Enterprises