



August 15, 2023

Via Electronic Mail: rule-comments@sec.gov

Vanessa A. Countryman
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

Re: Conflicts of Interest Associated with the Use of Predictive Data Analytics by Broker-Dealers and Investment Advisers; File No. S7-12-23

Dear Ms. Countryman:

On behalf of our members, we request that the Securities and Exchange Commission (the “Commission”) extend the comment period to the above-referenced proposed rules (the “Proposal”) for an additional 60 days. Collectively, our associations represent a wide range of market participants, including registered investment advisers and broker-dealers, registered and private funds, and institutional as well as individual investors, that would be affected in numerous and significant ways by the Proposal.

Although the Proposal in name focuses on predictive data analytics, in substance it threatens to upend longstanding precedent—including the Commission’s own formal interpretation—regarding mitigation of conflicts in accordance with investment advisers’ fiduciary duties, as well as the Commission’s recently-adopted standards for broker-dealers under Regulation Best Interest. It is critical that market participants have sufficient time to thoroughly analyze and provide comments on the implications of the Proposal for these existing legal duties and standards of conduct and behavior.

In addition, the Commission itself acknowledges the intentional breadth of the Proposal and its desire for the rules comprising the Proposal “to continue to be applicable as technology develops.” The Commission also notes that the Proposal “is intended to be technology neutral,” and yet the dramatic, incredibly expansive nature of its restrictions would without question have

a severely chilling effect on firms' use of technology. We are concerned that the Proposal demonstrates a fundamental misunderstanding of how firms rely upon technology in a myriad of ways to benefit investors, both directly (e.g., by amplifying reporting speed and capabilities) and indirectly (e.g., by allowing investment advisers and broker-dealers to enjoy efficiencies and thereby reduce costs). An extension of the comment period is essential to allow the public a reasonable period of time to assess the widespread coverage and implications of the Proposal for the markets and investors, as well as the many unintended negative consequences the Proposal may have. Such an extension would provide commenters the time needed to identify potential consequences and offer alternatives for the Commission's consideration, thus enhancing the Commission's ability to engage in more informed and effective rulemaking.

Finally, we wish to emphasize that the Proposal has not been released in a vacuum, and the Proposal has important implications for other rules and proposals the Commission has issued. For example, it is unclear how this Proposal will impact the Commission's recently implemented Investment Advisers Act Marketing Rule, which was designed to comprehensively regulate investment advisers' marketing communications. More broadly, the sheer number and vast scope of proposed rulemakings issued by the Commission over the past two years is truly unprecedented. In order to provide comments that take into account the shifting nature of the regulatory and commercial landscape resulting from this collective set of proposals and new rules, as well as the cumulative burden on registrants, service providers, and investors, the public needs sufficient time that is simply not afforded by a 60-day window. Allowing sufficient time for detailed comments is critical, and we therefore ask that the Commission grant an extension to the comment period of an additional 60 days.

Thank you for your consideration of this matter.

Sincerely,

Alternative Investment Management Association
American Council of Life Insurers
American Investment Council
Financial Services Institute, Inc.
Institute for Portfolio Alternatives
Insured Retirement Institute
Investment Adviser Association
Investment Company Institute
LSTA
Managed Funds Association
National Association of Insurance and Financial Advisors
National Association of Investment Companies
The Real Estate Roundtable
Securities Industry and Financial Markets Association
SIFMA Asset Management Group
U.S. Chamber of Commerce