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

Re: SEC Proposals on Standards of Conduct for Investment Professionals (File Nos. S7-07-18; S7-08-18; S7-09-18)

Dear Mr. Fields:

OppenheimerFunds, Inc., and its subsidiaries[1] (collectively, "OppenheimerFunds") appreciate this opportunity to comment to the U.S. Securities and Exchange Commission ("SEC") on the Proposals, which if finalized, would broadly reform the standards of conduct for investment professionals.[2] We commend the SEC's comprehensive efforts to strengthen and clarify the standards of conduct for investment professionals for the benefit of the investing public, and to promote greater understanding of the differences between broker-dealers and investment advisers in a rapidly-changing marketplace.

As a global asset manager, OppenheimerFunds offers a range of products, services and strategies for a variety of clients, from financial intermediaries serving individual retail investors, to large institutional investors. Oppenheimer mutual funds are almost exclusively "intermediary-sold," meaning that we rely primarily on a network of third-party financial intermediaries – registered representatives of broker-dealers, registered investment advisers, and consultants – to distribute and sell the Oppenheimer funds to end investors, for retirement and other savings and investment goals.

We have long advocated for robust protections for our investor clients as they seek investment advice, and strongly support the SEC's efforts in issuing the Proposals. The marketplace for investment advice and advisory services has evolved, and we welcome regulatory reform that complements this evolution.

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[1] OppenheimerFunds, Inc., and its registered investment adviser subsidiaries, including OFI Global Asset Management, Inc., provide services to approximately 100 registered investment companies. OppenheimerFunds, Inc., has been in the investment advisory business since 1960, and with its subsidiaries, has more than $245 billion in assets under management.

[2] Collectively, the "Proposals" consist of proposed *Regulation Best Interest*, 83 Fed. Reg. 21574 (May 9, 2018) ("Best Interest Proposal"); *Proposed Commission Interpretation Regarding Standard of Conduct for Investment Advisers; Request for Comment on Enhancing Investment Adviser Regulation*, 83 Fed. Reg. 21203 (May 9, 2018) ("Adviser Interpretation Proposal"); and *Form CRS Relationship Summary; Amendments to Form ADV; Required Disclosures in Retail Communications and Restrictions on the use of Certain Names or Titles*, 83 Fed. Reg. 21416 (May 9, 2018) ("Form CRS Proposal").

We support comments to the Proposals submitted by the Investment Company Institute ("ICI"), the Securities Industry and Financial Markets Association ("SIFMA"), and the Asset Management Group of SIFMA ("SIFMA AMG"). Below are our comments to the Proposals, which we hope are helpful to the SEC and its staff as they refine this regulatory effort.

I. A Consistent Concept of "Retail" should be Applied to the Best Interest Proposal and Form CRS Proposal, and the SEC should Clarify that Customary Interactions and Activities between Product Manufacturers and Broker-Dealers and other Investment Professionals are Out-of-Scope.

The definitions of "Retail Customer" under the Best Interest Proposal and "Retail Investor" under the Form CRS Proposal are not consistent. Both definitions generally seek to cover individuals to whom an investment recommendation is made – essentially, retail customers. However, as currently drafted, the definitions somewhat diverge in terms of the scope of "legal representatives" or other entities that might be acting on behalf of an individual and thus, become covered.

We believe that any rationale for these differences is outweighed by the need for consistent definitions that will facilitate regulatory compliance, avoid confusion, and promote administrative and operational efficiencies for financial services providers. Therefore, we support the comments submitted by ICI and SIFMA on this topic, and urge the SEC to revise and harmonize the definitions of "Retail Customer" and "Retail Investor" accordingly.

These revisions will also serve to clarify that these definitions – and by extension, the "Best Interest Obligation" of the Best Interest Proposal – will not apply to a bank, registered broker-dealer, registered investment adviser, or other financial institution or intermediary responsible for exercising its own independent judgment in evaluating any recommendation. Otherwise, the Best Interest Obligation could be interpreted as covering these professional entities on the same basis as the retail investors they support, thus unnecessarily complicating everyday interactions and activities among and between already regulated financial institutions. This should be corrected so as not to hinder or impede the everyday interactions and activities between firms like OppenheimerFunds, and the broker-dealers and other professional intermediaries that work directly with retail investors.

II. SEC should Clarify that the Best Interest Proposal and Form CRS Proposal Cover Recommendations to Retirement Investors.

The Best Interest Proposal and Form CRS Proposal do not expressly provide that IRA owners and participants in employer-sponsored retirement plans are covered for purposes of the respective definitions of "Retail Customer" and "Retail Investor." SEC should seize this regulatory opportunity and clarify that these proposals extend to this segment of the marketplace.

Many investors have investment advice needs for both retirement and non-retirement accounts, and deserve a clear, consistent approach to these accounts from their broker-dealer or other investment professional, who often advise the same client on both account types. SEC should therefore revise (and harmonize) the definitions of "Retail Customer" and "Retail Investor" by specifically covering owners of individual retirement accounts under section 408 of the Internal Revenue Code of 1986, as amended ("Code"); and participants and beneficiaries of (i) a "qualified plan" as defined in section 3(a)(12)(C) of the Securities Exchange Act of 1934, as amended; (ii) an "employee pension benefit plan" as defined in section 3(2)(A) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and (iii) a non-ERISA plan under sections 403(b) or 457 of the Code. Lastly, in accordance with FINRA Rule 2210, these definitions should exclude an individual with total assets of at least $50 million, who is appropriately deemed a sophisticated, institutional investor. (See the ICI comment letter for suggested provisions regarding these changes, which we support.)

Further, this clarification by SEC would facilitate development by the U.S. Department of Labor ("DOL") of corresponding, streamlined prohibited transaction exemptive relief under ERISA (where necessary) in

connection with the provision of investment advice to retirement investors. Indeed, one of the most promising outcomes of SEC's efforts in advancing the Proposals is the harmonization of regulatory efforts by the SEC and DOL across both retirement and non-retirement investment account types. Until the recent vacatur of DOL's fiduciary advice rule and related "Best Interest Contract" exemption, retail investors faced the prospect of a complex, confusing bifurcated landscape for professional investment advice. Investment advice rules from SEC along with corresponding streamlined new rules from DOL (where necessary) will be an extremely positive development for everyday investors, the financial services marketplace, and the SEC and DOL.

III. SEC should Clarify the Disclosure and Disclosure Delivery Obligations for Funds under the Form CRS Proposal and Best Interest Proposal.

Where a retail investor provides a completed application and payment directly to a registered fund firm for the purchase of an investment and designates a third-party intermediary of record, the fund firm should not be responsible for delivering any disclosures under the Form CRS Proposal or Best Interest Proposal. To address any SEC concerns with this approach, fund firm applications could include a disclosure to retail investors to recommend that they submit all applications and payments through their designated intermediary, or else contact their designated intermediary, to ensure they received the necessary disclosures from the intermediary.

On a related note, a fund's limited-purpose (or "execution-only") broker-dealer should not be subject to Form CRS delivery requirements. These limited-purpose broker-dealers (*e.g.*, OppenheimerFunds Distributor, Inc.) do not provide investment recommendations, and their activities should not be likened to a typical full-service broker-dealer. Moreover, receiving Form CRS disclosures from a fund's limited-purpose broker-dealer would only serve to inundate or confuse investors, who already receive information prepared by the fund complex (including with respect to fund-level fees and expenses) via the summary prospectus. Like the ICI, we therefore urge the SEC to clarify that limited-purpose, execution-only broker-dealers affiliated with a fund complex be excluded.

IV. SEC should Affirm that Disclosure of Fund-Level Fees and Expenses under the Best Interest Proposal can be Satisfied through use of Fund Prospectuses, thus Avoiding Confusing Duplicative Disclosure Requirements and Formats.

The Best Interest Proposal would require a broker-dealer to disclose in writing, among other things, a broad range of fees and expenses that would apply to transactions in the investor's accounts, including fees and expenses incurred at the mutual fund level – *i.e.*, sales commissions and loads, and mutual fund "investment fees and expenses." (*See* 83 Fed. Reg. at 21602.)

We urge the SEC to permit broker-dealers to refer the investor to the robust disclosure in the existing mutual fund summary prospectus (or full prospectus) for information on mutual fund-level fees and expenses. Like the ICI, we believe that the fund, not the broker-dealer, is in a better position to provide these disclosures, in a manner that is accurate, consistent and complete. Any separate, overlapping disclosure requirement for broker-dealers could lead to inconsistency, as well as investor confusion. The mutual fund summary prospectus is a firmly-rooted disclosure document specifically designed for everyday investors, and should be leveraged, not diluted, by the Best Interest Proposal.

V. SEC should Re-Evaluate and Re-Propose the Adviser Interpretation Proposal, as it does not Align with Many Aspects of Fund Advisory and other Institutional Advisory Products and Services.

From our perspective as a registered fund adviser with multiple investment advisory affiliates, we believe that SEC has over-simplified the duties attendant to very different types of advisory clients. This, in turn, presents significant concerns regarding much of the substance of the Adviser Interpretation Proposal as applied to the institutional marketplace.

We believe that the Adviser Interpretation Proposal erroneously "layers on" a variety of requirements for institutional investment advisers in blanket fashion, as though all products and services in the institutional segment of the marketplace necessarily align with typical broker-dealer products and services. Emphatically, they do not. Moreover, we believe that the SEC has not adequately persuaded how any additional requirements for these investment advisers would lead to improved investor protection.

Public comments from ICI, SIFMA and SIFMA AMG deftly outline many of these concerns, and we respectfully request that SEC evaluate the respective comments from these organizations carefully. These concerns include, among others, an overly broad assessment of an investment adviser's fiduciary duties of care and loyalty, which appear to extend well beyond current requirements; and the creation of substantial additional operational requirements for institutional investment advisers that do not reasonably relate to services that are actually provided, or that are duplicative of wholly separate regulatory requirements.

Therefore, we respectfully urge the SEC to re-evaluate the Adviser Interpretation Proposal following close consideration of the detailed comments from ICI, SIFMA and SIFMA AMG, and to fundamentally account for the highly differentiated nature of investment advisory practices before further advancing any aspect of this proposal.

We thank the SEC and its staff for considering these comments, and request that they implement changes to the Proposals that address our concerns. If you have questions regarding these comments, please contact me at the email address above, or Matthew R. Farkas at mfarkas@ofiglobal.com.

Sincerely,

Cynthia Lo Bessette
Executive Vice President
and General Counsel
OFI Global Asset Management, Inc.

cc: Matthew R. Farkas
VP and Senior Assoc. General Counsel
OFI Global Asset Management, Inc.