U.S. Department of Labor Issues Proposed Fiduciary Rules

Wednesday, April 15, 2015

Yesterday, the U.S. Department of Labor issued its highly anticipated re-proposed regulation addressing when a person providing investment advice with respect to an employee benefit plan is considered a fiduciary under ERISA. The DOL stated that it believes its proposal is necessary because the current regulatory scheme no longer adequately protects plans, participants, beneficiaries, and IRA owners from conflicts of interest, imprudence and disloyalty.

The proposed rule offers a general definition of fiduciary investment advice, subject to specific carve-outs for particular types of communications that are not considered fiduciary in nature. In addition, the DOL has simultaneously proposed a new set of prohibited transaction exemptions and certain amendments to existing exemptions in order to permit certain common fee and compensation practices to continue.

A comprehensive client alert is forthcoming. The text of the proposed rule is available here.

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