

Department of Labor Seeks Delay of Fiduciary Rule Implementation Until July 2019

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The U.S. Department of Labor has moved to delay implementation of three exemptions of the “fiduciary rule” until July 2019. The regulation, which partially went into effect earlier this year, requires financial advisers to put retirees’ interests ahead of their own when providing investment advice regarding the customers’ retirement accounts. The provisions impacted by the delay include what is known as the “best interest contract” exemption, a requirement mandating advisers and financial institutions sign contracts agreeing to put their clients’ interests ahead of their own before servicing such clients. The best interest contract exemption would also allow investors to bring class-action lawsuits against advisers and financial firms. The Department of Labor has sought to postpone implementation of the principal transactions exemption and amendments to the prohibited transaction exemption 84-24 as well. The exemptions were originally set to take effect January 1, 2018.

The delay in implementation would allow the Department of Labor to further review and consider comments to the proposed exemptions. With the proposed postponement, financial institutions will have more time to comply with the various aspects of the regulation and formulate strategies for future implementation. If the delay is not granted, financial firms will need to move forward with full compliance before the January 1, 2018 effective date.

If you have any questions on the fiduciary rule, compliance and developments regarding the regulation, contact your regular Hinshaw attorney.

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Topics

Fiduciary, Fiduciary Duty, U.S. Department Of Labor, Fiduciary Rule