

U.S. Department of Labor Issues Final "Fiduciary" Rule

April 12, 2016

The DOL has issued a final regulation defining who is a "fiduciary" of an employee benefit plan under ERISA (including an individual retirement account ("IRA")) as a result of giving investment advice to a plan or its participants or beneficiaries. The DOL also issued a number of related prohibited transaction exemptions (including the "Best Interest Contract Exemption" and the "Principal Transactions Exemption") and amendments to certain current prohibited transaction exemptions. The final rule broadly treats persons who provide investment advice or recommendations for a fee or other compensation with respect to assets of an employee benefit plan or IRA as fiduciaries in a wide array of advice relationships. Although the final rule maintains the same essential framework as the proposed rule, it includes a number of changes and clarifications which the White House has indicated are efforts by the DOL to "[streamline] the rule and exemptions to reduce the compliance burden and ensure continued access to advice, while maintaining an enforceable best interest standard that protects consumers." The final rule becomes applicable on April 10, 2017. However, the implementation of the Best Interest Contract Exemption and Principal Transactions Exemption is phased in to January 1, 2018, after which, full compliance will be required. The Final Rule can be found [here](#). The Best Interest Contract Exemption can be found [here](#). The Principal Transactions Exemption can be found [here](#).