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KD Law Alert: U.S. Department of Labor Fiduciary Rule

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Since being proposed in April of 2015, the U.S. Department of Labor's Fiduciary Rule for financial advisors handling ERISA qualified accounts and IRAs has attained almost mythical status. Many in the investment industry believe this Rule will significantly impact the entire landscape of investment services. For example, many broker-dealers will be faced with the question of whether to shoulder the increased costs and risks of liability provided by the Rule, or transfer clients into fee-based accounts due to the Rule's prohibition on receiving certain types of compensation for rendering investment advice absent assuming contractual liability for the advice rendered (e.g., commissions). For many investors with smaller accounts, the fees associated with an advisory account would be too high to continue receiving investment advice. Such a situation may essentially force some broker-dealers to forego giving investment advice to investors with smaller accounts altogether. Based on a report in Friday's Wall Street Journal, the Rule is set to be released in its final form on Wednesday, April 6, 2016, at 11:30 a.m. at the Center for American Progress, a nonpartisan think tank in Washington, D.C. The attorneys of Kaufman Dolowich & Voluck's Financial Services Practice have followed the progression of this Rule from proposal to the present. For an in-depth analysis of the proposed Rule and its potential effects on the investment industry, please see our initial White Paper (*here) and our subsequent update (here).*