



DOL Withdraws Investment Advice Regulations

After just delaying the effective date of the final regulations implementing the PPA investment advice provisions until May 2010, the DOL has now withdrawn them altogether. The DOL intends to replace them shortly with new proposed regulations.

Background

On January 21, 2009, the DOL issued [final regulations](#) on providing investment advice to participants and beneficiaries of participant-directed individual account plans to implement the ERISA prohibited transaction exemption provided under the Pension Protection Act of 2006 (PPA). They also contained an administrative class exemption.

The effective date of these regulations was delayed by the Obama Administration on several occasions, most recently until May 17, 2010. (See our November 18, 2009 [For Your Information](#).)

Withdrawal of the Final Regulations

Today, the DOL [announced](#) that it will withdraw the January 2009 final regulations. The decision was based in large part on public comments questioning whether the class exemption's conditions adequately mitigate investment advisers' potential conflicts of interest in providing investment advice. The DOL indicated that it plans to issue new proposed regulations shortly to provide guidance on the PPA prohibited transaction exemption.

Conclusion

It is somewhat curious that the final regulations were withdrawn so soon after their effective date was extended, but not surprising that they are being repropoed. Buck's consultants are available to discuss this latest development with you.

This FYI is intended to provide general information. It does not offer legal advice or purport to treat all the issues surrounding any one topic.