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## **Senate Democrats Urge Delay in Labor Fiduciary-Duty Rules.**

Ten Senate Democrats are calling on the Obama administration to delay a Labor Department proposal on investment advice for retirement plans until after the Securities and Exchange Commission decides whether to issue its own proposal relating to retail investment advice.

In an Aug. 2 letter, the lawmakers said that the two rules could conflict, forcing brokers and advisers to meet two different standards.

"We remain very concerned that uncoordinated efforts undertaken by the agencies could work at cross-purposes in a way that could limit investor access to education and increase costs for investors, most notably Main Street investors," the senators wrote in a letter to the Office of Management and Budget, the agency that reviews all regulations.

"We believe that, at a minimum, the Department of Labor should not issue final regulations in this area until the SEC has completed its work and that any regulation the DOL ultimately may propose should be carefully crafted so that it does not upend the SEC's work," the letter continued.

Among those signing the letter was Sen. Jon Tester, D-Mont., chairman of the Senate Banking Subcommittee on Securities, Insurance and Investment, the panel that most directly affects investment adviser issues. Other signatories included Sen. Mark Warner, D-Va., and Sen. Kay Hagan, D-N.C., who are both members of the Senate Banking Committee.

Neither OMB nor the DOL responded to a request for comment about the letter.

The Labor Department is poised to re-propose a rule in October that would expand the definition of "fiduciary" for anyone providing investment advice for retirement plans.

The agency originally proposed a rule in 2010 that immediately met stiff resistance from the financial industry and bipartisan members of Congress. They argued that it would extend fiduciary duty for the first time to brokers selling individual retirement accounts, threatening commissions and access to brokers for millions of IRA holders.

DOL Assistant Secretary of Labor Phyllis Borzi has championed the rule, asserting that investors who are providing for their own retirement through 401(k) plans and IRAs need better protection against conflicted advice.

Separately, the SEC is considering whether to propose a rule that would raise investment advice standards for brokers. The Dodd-Frank financial reform law gave the SEC the authority to make such a move. The agency is currently conducting a cost-benefit analysis of a potential rule.

Lawmakers from both sides of the aisle have been urging the DOL to wait for the SEC. A bill written by Rep. Ann Wagner, R-Mo., and approved by the House Financial Services Committee would legislate such an outcome. Critics warn that the effort is meant to kill a DOL fiduciary-duty rule if the SEC does not move forward.

At a July 30 Senate Banking Committee hearing, Ms. Hagan pressed SEC Chairman Mary Jo White about SEC-DOL coordination on fiduciary duty.

“We are independent agencies, but I totally take all the points in that space about the desirability for consistency,” Ms. White said. “I’ve personally met with senior officials of the Department of Labor and directed [SEC] staff to really engage even more actively than they have in the past to try to coordinate, to try to make certain the Department of Labor understands our perspective.”