



## DOL Delays Service Provider Rules Disclosure

On July 16, 2010, the Department of Labor ("DOL") issued an "interim final regulation" on required disclosures for service providers to employee pension benefit plans. Under the regulation, service providers were given until July 16, 2011, to comply with the new requirements. In response to numerous requests for clarification and objections from providers, the DOL announced today, that the deadline would be extended to January 1, 2012.

The interim regulation generally requires service providers to disclose information to assist plan fiduciaries in understanding the reasonableness of the fees being charged for plan services and also to assess potential conflicts of interest that might affect the "quality of those services". The regulation was issued pursuant to Section 408(b)(2) of the Employee Retirement Income Security Act of 1974 ("ERISA"). It expands on the exception to the prohibited transaction rules under ERISA which generally provides that it is a prohibited transaction for a plan to enter into an arrangement with a service provider unless the arrangement is reasonable and the compensation being received by the service provider is reasonable. The regulation added specific disclosure requirements for determining whether a service provider arrangement is reasonable.

One of the items that the DOL will be reviewing further is a suggestion that the regulation include a summary document to further assist plan fiduciaries in their review. It is also likely that the DOL will make further changes to address the concerns of service providers as well as plan sponsors.

If you have any questions about the announcement or the regulation, please contact David Joffe or one of the other attorneys in the Employee Benefits & Executive Compensation Group at Bradley Arant Boult Cummings LLP.

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