

Publications

Dodd-Frank Meets ERISA – The Impact of Wall Street Reform on Plan Investments

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In his remarks upon signing into law the Dodd-Frank Wall Street Reform and Consumer Protection Act on July 21, 2010, President Obama said, “Now, for all those Americans who are wondering what Wall Street reform means for you, here’s what you can expect.” Paraphrasing the words of the President—for all those employee benefit plan fiduciaries who are wondering what Wall Street reform means for you, here’s what you can expect.

1. New requirements will apply to interest rate swaps and other derivatives transactions entered into by and on behalf of employee benefit plans. Stable value contracts will not be regulated as swaps, at least initially.

2. Most advisers to hedge funds and private equity funds will have to register with the Securities and Exchange Commission (SEC) and even those already registered will have to collect and report more information.

3. New limits on bank investment and related activities could affect the activities of banks and their affiliates on behalf of employee benefit plan customers.

4. We won’t know the full impact of the 1500-page Act until we start seeing implementing regulations from, among others, the SEC, the Commodities Futures Trading Commission (CFTC), and the Federal Reserve and other banking regulators.

Nevertheless, there are a few steps plan fiduciaries should consider taking now, and some things to keep in mind for the future. Please view the attached article for further discussion.