

Fiduciary Rule Creates Breach of Contract Claim, No Private Right of Action

The first part of the Department of Labor's Conflict of Interest Rule went into effect in June, and a large group of newly-defined "fiduciaries" are now subject to certain requirements of the Best Interest Contract (BIC) exemption, a portion of the Fiduciary Rule that according to some commentators creates a private right of action for investors, reports **Kilpatrick Townsend**.

"The creation of a private right of action is one of the investment industry's chief concerns with the Fiduciary Rule," write **Paul Foley** and **John I. Sanders**. "Industry leaders claim that the BIC exemption creates a private right of action because it enables investors to bring breach of contract claims and class actions against the fiduciaries with whom they contract. However, a federal judge from the Northern District of Texas flatly rejected this claim in *Chamber of Commerce of the United States of America v. Hugler*."

Read the article.

Join Our LinkedIn Group