

**MEMO# 22385**

April 2, 2008

## **Testimony of ICI at Department of Labor 408(b)(2) Hearing**

[22385]

April 2, 2008

TO: PENSION MEMBERS No. 19-08  
BANK, TRUST AND RECORDKEEPER ADVISORY COMMITTEE No. 10-08  
TRANSFER AGENT ADVISORY COMMITTEE No. 18-08 RE: TESTIMONY OF ICI AT  
DEPARTMENT OF LABOR 408(b)(2) HEARING

ICI President and CEO Paul Stevens testified yesterday at the Department of Labor's hearing on its proposal on plan service provider disclosure. This proposal would require that service providers to ERISA-governed plans provide plan fiduciaries with significant compensation and conflict of interest disclosures as a condition of the contract between the service provider and the plan. [\[1\]](#) The testimony, which is attached, emphasized the key points from our comment letter on the proposal. [\[2\]](#)

ICI emphasized that DOL should retain its basic compensation disclosure rule. This rule would require plan service providers to disclose the direct and indirect compensation they or an affiliate receive in connection with services to a plan. DOL also should retain its rule on "bundled" services which does not require artificial allocation to service components or affiliate services.

The testimony highlighted two areas where the proposal should be clarified or modified. First, DOL should make clear that service providers to mutual funds are not service providers to plans for purposes of the regulation. Second, DOL should narrow the proposal's overly broad conflict of interest disclosures. In response to questions from DOL officials, ICI emphasized the already extensive disclosure that mutual funds provide to all

investors about their fees and expenses.

Michael L. Hadley  
Associate Counsel

## [Attachment](#)

### **endnotes**

[\[1\]](#) See Memorandum to Pension Members No. 75-07 [22053], dated December 17, 2007.

[\[2\]](#) See Memorandum to Pension Members No. 8-08, Bank, Trust and Recordkeeper Advisory Committee No. 6-08, Statistical Advisory Group, and Transfer Agent Advisory Committee No. 8-08 [22232], dated February 13, 2008.

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