

MEMO# 11376

November 3, 1999

CONFERENCE CALL ON INVESTMENT ADVICE TO PARTICIPANTS -- NOVEMBER 17, 1999, 2:30 PM EST

[11376] November 3, 1999 BY FACSIMILE TO: PENSION COMMITTEE No. 62-99 RE: CONFERENCE CALL ON INVESTMENT ADVICE TO PARTICIPANTS -- NOVEMBER 17, 1999, 2:30 PM EST _____ At the June 1999 Pension Committee meeting, we discussed whether the Institute should seek regulatory relief (in the form of a class exemption from the prohibited transaction rules) or legislative reform to remove technical barriers that discourage the provision of investment advice to retirement plan participants. Since that time, Representative John Boehner (R-OH), Chairman of the Subcommittee on Employer-Employee Relations of the House Committee on Education and the Workforce, has announced his intention to hold hearings to review the "structure of ERISA," in light of its 25th anniversary this year. It is likely that the ERISA provisions governing the delivery of investment advice to participants, including the prohibited transaction rules, will be discussed during these hearings. We anticipate that such hearings may take place early next year. Given the potential for legislative reform in the area of investment advice, a conference call has been scheduled for Wednesday, November 17, 1999 at 2:30 p.m. EST to discuss approaches to legislation that would facilitate the delivery of investment advice to participants. For example, such efforts could seek a statutory exemption from ERISA's prohibited transaction rules for the delivery of investment advice to participants, provided that the advice provider discloses additional fees that it may receive in connection with the advice provided. Another approach could seek legislative expansion and codification of the "safe harbor" investment education categories under the Department of Labor's Interpretive Bulletin 96-1. Under this approach, service providers could provide more particularized investment education without incurring fiduciary status. In addition, legislation in this area could clarify employers' duties and potential liability arising from the designation of advice providers. We seek your assistance in developing these and other approaches to the investment advice issue. If you would like to participate on this conference call scheduled for Wednesday, November 17, 1999 at 2:30 p.m. EST, please fill out the attached response form and send it to Daniel Ayers by Monday, November 15, 1999. If you have any questions, comments or particular issues you would like to raise on the call, please call me at (202) 326-5837 or Russ Galer at (202) 326-5835. Thomas T. Kim Assistant Counsel ATTENDANCE FORM FOR INSTITUTE CONFERENCE CALL ON INVESTMENT ADVICE WEDNESDAY, NOVEMBER 17, 1999 AT 2:30 P.M. EST Please fax this form by Monday, November 15, 1999 to Daniel Ayers at (202) 326-5839. Yes, I will participate on the Conference Call on Wednesday, November 17, 1999 at 2:30 p.m. EST. To participate in the call, dial (800) 523-5415 and ask for the Investment Company Institute call, confirmation number 2403087. _____ Committee

Member _____ Company _____
Phone Number _____

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