

MEMO# 15090

August 30, 2002

CONFERENCE CALL ON PENSION ISSUES RAISED BY THE SARBANES-OXLEY ACT -- THURSDAY, SEPTEMBER 5, 2002, 1:30 PM EDT

[15090] August 30, 2002 TO: PENSION COMMITTEE No. 36-02 PENSION OPERATIONS ADVISORY COMMITTEE No. 60-02 RE: CONFERENCE CALL ON PENSION ISSUES RAISED BY THE SARBANES-OXLEY ACT -- THURSDAY, SEPTEMBER 5, 2002, 1:30 PM EDT A conference call has been scheduled for Thursday, September 5, 2002 at 1:30 p.m. EDT to discuss several pension-related issues concerning the Sarbanes-Oxley Act of 2002, which was signed into law on July 30th.¹ While the legislation primarily addressed accounting and corporate reform matters, certain provisions in the Act directly impact retirement plans and others raise issues that could affect plan administration.² Among the provisions that raise such issues are: • The “blackout period” provisions that (i) require a plan administrator to notify participants 30 days in advance of a blackout period, and (ii) prohibit trades of company stock by company officers and directors during such periods (section 306)³; • The accelerated reporting requirement for officers, directors and 10-percent shareholders of publicly traded companies who trade company securities — a requirement that could affect the reporting of such individuals’ change in ownership of company securities in employee benefit plans (section 403)⁴; and • The prohibition on issuers from directly or indirectly providing personal loans to company officers and directors (section 402). ¹ See Institute Memorandum to Pension Members No. 35-02 and Pension Operations Advisory Committee No. 51-02, dated July 30, 2002. ² The full text of the Act is currently available at <http://thomas.loc.gov> (search for “H.R. 3763” and click on “Sarbanes-Oxley Act of 2002 (Enrolled as Agreed to or Passed by Both House and Senate”). ³ See Institute Memorandum to Pension Members No. 35-02 and Pension Operations Advisory Committee No. 51-02, dated July 30, 2002. ⁴ See Institute Memorandum to Pension Members No. 40-02, dated August 29, 2002. For the SEC’s release on this provision, see SEC Release No. 34-46421 (August 27, 2002), available at <http://www.sec.gov/rules/final/34-46421.htm>. ² The dial-in number for this call is 800-779-9732 (passcode: “Pension Issues”; moderator: Thomas Kim). If you would like to participate in this call, please complete the attached response form and fax it to Brenda Turner by Wednesday, September 4, 2002. In addition, if there are any particular issues you would like to discuss during the call, please provide the items on the response form or contact me at (202) 326-5837 or tkim@ici.org. Thomas T. Kim Associate Counsel Attachment (in .pdf format)

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