

**MEMO# 8935**

May 28, 1997

## **DEPARTMENT OF LABOR LETTERS REGARDING BUNDLED SERVICES**

\* A bundled services arrangement is a comprehensive package of administrative, custodial and investment services offered by affiliated mutual funds entities or unaffiliated entities, such as a mutual fund company and an unaffiliated bank, to the defined contribution plan market. May 28, 1997 TO: BOARD OF GOVERNORS No. 35-97 RE: DEPARTMENT OF LABOR LETTERS REGARDING BUNDLED SERVICES

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As you may know, the Institute has been seeking from the Department of Labor confirmation that the bundled services arrangements\* used extensively by mutual funds and their affiliates in the defined contribution plan market do not violate ERISA's prohibited transaction provisions. In this regard, the Institute, the American Bankers Association and the ABA Securities Association jointly requested an advisory opinion from the Department last October. A second submission in support of the joint request was made in February. We are pleased to report that the Department has released the attached two advisory opinions that favorably address the ERISA issues under review by the Department in connection with bundled services arrangements. Although the fact patterns set forth in these letters are not identical to the typical mutual fund bundled services arrangement, the Department has informally stated that the favorable conclusions in these letters can be applied to the typical mutual fund arrangement. We intend to seek formal confirmation of this position and will keep you informed of further developments. Catherine L. Heron Vice President and Senior Counsel

Attachments

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