

MEMO# 11797

April 10, 2000

DOL CLASS EXEMPTION PROVIDING Y2K RELIEF

1 See Institute Memorandum to Pension Members No. 44-99 and Pension Operations Advisory Committee No. 55-99, dated December 6, 1999. [11797] April 10, 2000 TO: PENSION MEMBERS No. 21-00 PENSION OPERATIONS ADVISORY COMMITTEE No. 26-00 RE: DOL CLASS EXEMPTION PROVIDING Y2K RELIEF

The Department of Labor has finalized and published its exemptive relief to permit parties in interest to make interest-free loans to employee benefit plans to help plans address year 2000 related computer problems. The proposed exemption was published on November 29, 1999.¹ This relief amends Prohibited Transaction Exemption 80-26, which permits the lending of money or other extensions of credit from a party in interest or disqualified person to an employee benefit plan and the repayment of the loan or extension of credit, provided that conditions of the exemption are satisfied. Specifically, the amendment extends PTE 80-26's three-day window on loans to enable the making of certain interest-free loans for Y2K-related purposes (as specified in the amendment), so long as the loans are repaid by December 31, 2000. The Department rejected comments requesting that the relief be expanded to include situations such as computer viruses, hacking, and other malfeasance that would impede plan administration or to cover any cash shortfall incurred in the period covered by the amendment. Russell G. Galer Senior Counsel Attachment Note: Not all recipients receive the attachment. To obtain a copy of the attachment referred to in this Memo, please call the ICI Library at (202) 326-8304, and ask for attachment number 11797. ICI Members may retrieve this Memo and its attachment from ICINet (<http://members.ici.org>).