

**MEMO# 11561**

January 20, 2000

## **CONFERENCE CALL ON INVESTMENT ADVICE - JANUARY 27, 2000, 3:00 PM EST**

1 See Institute Memorandum to Pension Committee No. 67-99, dated November 23, 1999 and Institute Memorandum to Pension Committee No. 62-99, dated November 3, 1999. [11561] January 20, 2000 TO: PENSION COMMITTEE No. 5-00 AD HOC COMMITTEE ON INVESTMENT ADVICE RE: CONFERENCE CALL ON INVESTMENT ADVICE - JANUARY 27, 2000, 3:00 PM EST

As you have been previously informed,<sup>1</sup> the Institute is developing a legislative proposal that would facilitate the delivery of investment advice to retirement plan participants. Various approaches to legislative reform have been explored during prior discussions with Institute members. At a December 14th meeting, it was determined that seeking a statutory exemption for the delivery of investment advice from ERISA's prohibited transaction rules would be the preferable approach. Under this approach, the investment advice provider would assume fiduciary status under ERISA and would be required to satisfy a number of participant-protective requirements, including the disclosure of any fee-sharing arrangements relating to the delivery of such advice. The enclosed outline develops this approach and reflects comments raised during the December meeting. Specifically, the outline describes the requirements upon which the statutory exemption would be available, including institutional eligibility requirements for advice providers (e.g., registered investment advisers, banks, broker-dealers), disclosure obligations of advice providers (relating to fees and the advisory program), and participants' retention of discretionary authority over their individual accounts. The outline also provides possible statutory language that would implement the proposed legislative approach. To further develop the details of the proposal, a conference call has been scheduled for Thursday, January 27, 2000 at 3:00 PM EST. Please note that there are a number of open issues for which member guidance would be particularly helpful. These issues are indicated in italics or in footnotes in the enclosed outline. In addition, we will be sending to you, prior to the conference call, a memorandum that discusses certain relevant provisions of the Investment Advisers Act. If you would like to participate on this conference call scheduled for Thursday, January 27, 2000 at 3:00 PM EST, please fill out the attached response form and send it to Daniel Ayers by Wednesday, January 26, 2000. If you have any questions, comments or particular issues you would like to raise on the call, please call Russ Galer at (202) 326-5835, Kathryn Ricard at (202) 218-3563 or myself at (202) 326-5837. Thomas T. Kim 2Assistant Counsel

Attachments

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