

MEMO# 5365

November 30, 1993

DEPARTMENT OF LABOR PROPOSES TO EXPAND SCOPE OF BANK SERVICES CLASS EXEMPTION

November 30, 1993 TO: PENSION COMMITTEE NO. 40-93 RE: DEPARTMENT OF LABOR
PROPOSES TO EXPAND SCOPE OF BANK SERVICES CLASS EXEMPTION

As we previously reported, Prohibited Transaction Class Exemption 93-33 currently permits the receipt of bank services at reduced or no cost by an IRA, SEP or non-ERISA Keogh participant pursuant to an arrangement under which the deposit balance of the IRA, SEP/IRA or Keogh is taken into account for purposes of determining eligibility for such services. (See Institute Memoranda to Pension Members Nos. 6-93 and 23-93, dated January 12, 1993 and June 3, 1993, respectively.) The class exemption in its current form, however, only permits such reduced or no-cost services programs to take into account bank deposits, such as certificates of deposit. Attached is a copy of a proposed amendment to the class exemption, which would permit such programs to take into account investments in securities for which market quotations are readily available, including mutual funds. Any written comments concerning the proposed amendment must be submitted to the Department of Labor by January 3, 1994. Please contact the undersigned by December 13 if you have any comments concerning this proposal. Kathy D. Ireland Associate Counsel - Pension Attachment

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