

MEMO# 5351

November 24, 1993

FINAL REPORT OF ERISA ADVISORY COUNCIL WORK GROUP ON PROHIBITED TRANSACTIONS

November 24, 1993 TO: PENSION COMMITTEE NO. 38-93 RE: FINAL REPORT OF ERISA
ADVISORY COUNCIL WORK GROUP ON PROHIBITED TRANSACTIONS

As we reported earlier this year, the U.S. Department of Labor's ERISA Advisory Council established a Work Group on Prohibited Transactions to examine the current system for processing requests for exemptions from ERISA's prohibited transaction provisions. In September, the Institute testified before the Work Group and recommended that the Department consider adopting a process similar to the "no-action" process used by the Securities and Exchange Commission under the Investment Company Act of 1940, in order to provide more guidance to the public. (See Institute Memorandum to Board of Governors No. 84-93 and Pension Members No. 34-93, dated September 27, 1993.) The Institute is pleased to advise you that the final report of the Work Group, a copy of which is attached, recommends that the Department of Labor consider the "no action" letter approach. In addition, the report recommends the development of more class exemptions, a streamlined process for commonplace transactions, and measures to identify and avoid unnecessary delays by applicants and the Department. We will keep you informed of developments. Kathy D. Ireland Associate Counsel - Pension Attachment

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