

**MEMO# 18370**

December 28, 2004

# **DOL PROPOSES ELIMINATION OF THREE-DAY LIMIT IN PROHIBITED TRANSACTION EXEMPTION FOR CERTAIN INTEREST FREE LOANS**

[18370] December 28, 2004 TO: INVESTMENT ADVISER ASSOCIATE MEMBERS No. 13-04 INVESTMENT ADVISER MEMBERS No. 27-04 PENSION MEMBERS No. 65-04 PENSION OPERATIONS ADVISORY COMMITTEE No. 86-04 RE: DOL PROPOSES ELIMINATION OF THREE-DAY LIMIT IN PROHIBITED TRANSACTION EXEMPTION FOR CERTAIN INTEREST FREE LOANS The Department of Labor has proposed amending Prohibited Transaction Exemption (PTE) 80-26, which permits certain interest free loans from parties in interest to employee benefit plans under ERISA.<sup>1</sup> The proposed amendment would eliminate one of the conditions to the exemption, which requires that the proceeds of the loan or extension of credit be used for no more than three business days. The preamble to the proposal states that the plan would be adequately protected from the risk of abuse or loss by the remaining conditions to exemptive relief. If adopted, the proposed amendment would be effective as of the date the granted amendment is published in the Federal Register. The deadline for comments on the proposed amendment is January 31, 2005. Kathy D. Ireland Senior Associate Counsel 1 The text of the proposal is available at: <http://www.dol.gov/ebsa/regs/fedreg/notices/2004027451.pdf>.