

Detailed Contents

	<i>Main Edition</i>	<i>Supple- ment</i>
Summary Contents	v	v
Preface	xliii	lvii
Introduction	xliv	—
How to Use This Book	liii	—

Part 1 Prohibited Transaction Class Exemptions

PTE

75-1	Securities Transactions Involving Broker-Dealers, Reporting Dealers and Banks	1	3
	Analysis		
	Introduction	1	—
	Interpretations and Related Exemptions	2	3
	Interpretations	2	—
	Brokerage Services	2	—
	Principal Transactions	3	—
	Extensions of Credit	3	—
	Non-Title I Plans Covered	4	—
	Availability	4	—
	Cited by Supreme Court	4	—

	<i>Main Edition</i>	<i>Supple- ment</i>
Analysis		
Introduction	69	—
Interpretations and Related Exemptions	70	7
Interpretations	70	—
Delinquent Employer Contributions	70	—
In General	70	—
Settlement of Claim for Contributions		
Not Covered	71	—
Failure to Diligently Investigate and		
Pursue Delinquent Contributions	72	—
Delinquent Contribution Procedures	73	—
Comparison to Futures Margin		
Accounts	73	—
Provision of Services Between Plans	74	—
Transfer of Funds from Pension Plan		
to Welfare Plan	74	—
Coordination and Transfer of Benefits	74	—
Provision of Services by Plan to Union	74	—
Provision of Services by Plan to Wholl		
Owned Corporation	75	—
Payment by Vacation Plan to Party		
Other Than Participant or Beneficiary	75	—
Lease by Plan to Employer	75	—
Lease by Plan to Union	75	—
Lease by Plan to Related Plan	76	—
Construction by Plan of Building Using		
Participating Employers and Lease to		
Union—Court Finds Conditions of		
Exemption Satisfied	76	—
Economically Targeted Investments	77	—
Related Exemptions	77	7
Delinquent Contributions	—	7
Lease by Multiemployer Plan to Service		
Provider	77	—

	<i>Main Edition</i>	<i>Supple- ment</i>
Lease by Multiemployer Plan to Related Plan, Sponsoring Employer and/or Union	78	7
Lease of Other Than Office Space	79	—
Sale by Multiemployer Plan to Related Plan	79	—
Mortgage Loan to Affiliate of Participating Employer	80	—
Participation by Multiemployer Plans in the Building and Construction Industry in Mortgage and Construction Loan Programs	80	—
Text		
Proposed Exemptions	82	—
Correction	89	—
Final Exemptions	89	—
Correction	104	—
 77-3		
In-House Plans of Open-End Investment Companies	105	9
Analysis		
Introduction	105	—
Interpretations and Related Exemptions	106	9
Interpretations	106	9
Coverage	106	—
PTE 77-3 Availability—Collective Investment Fund Conversions	106	—
Restrictions on Redemption of Mutual Fund Shares	107	—
Effect of Waiver or Rebate of 12b-1 Fees	107	—
PTE 77-3 Available Where Conditions Satisfied	107	—
“No Less Favorable Basis” Condition Construed Narrowly	108	—

	<i>Main Edition</i>	<i>Supple- ment</i>
Payment of 12b-1 Fees to Unrelated Broker	—	9
PTE 77-3 Availability is a Factual Question That Precludes Dismissal	—	10
Related Exemptions	108	10
PTE 77-3 Available	108	—
PTE 77-3 Availability—Collective Investment Fund Conversions	109	—
In-Kind Mutual Fund Redemptions by In-House Plan	110	10
Cash Mutual Fund Redemption by In-House Plan	—	11
Change in Mutual Fund Investments Resulting From Fund Merger	—	12
Other ERISA Fiduciary Issues Raised by In-House Plan Mutual Fund Investments	111	—
Crediting of Mutual Fund Fees to In-House Plans	111	—
Asset Allocation Advisory Programs; IRA Investments	112	—
Asset Allocation Advisory Program Plan Not Sponsored by Affiliate of Mutual Fund or Investment Adviser	113	—
Limited Partnership Investments	113	—
Affiliation Not Covered by PTE 77-3	—	12
Text		
Proposed Exemption	114	—
Final Exemption	119	—
77-4		
Purchase or Sale of Shares of Open-End Investment Companies (Mutual Funds)	123	13
Analysis		
Introduction	123	—
Interpretations and Related Exemptions	124	13

	<i>Main Edition</i>	<i>Supple- ment</i>
Interpretations	124	—
Non-Title I Plans Covered	124	—
Non-Cash Purchase of Mutual Fund Shares	124	—
Waiver of Investment Advisory Fees	125	—
Secondary Services Fees	126	—
Disclosure and Approval of Fees to Third Parties	126	—
Prohibition on Sales Commissions	126	—
12b-1 Fees	126	—
Exchange Traded Funds	126	—
Alternative to Prospectus Disclosure for Core-Feeder Arrangement	127	—
Line Item Disclosure of Advisory Fees	128	—
Approval of a Program of Share Purchases or Sales	128	—
Asset Allocation Advisory Program	128	—
Related Exemptions	129	13
Exemptions Patterned After PTE 77-4	129	13
Investments in Other Than Registered Investment Companies	129	—
Plan Fiduciary Serving as Administrator, Not Investment Adviser, to Mutual Fund	129	—
Fee Rebates Rather Than Credits	130	—
In-Kind Investments in Mutual Funds	131	—
In-Kind Investments in and Redemptions From Mutual Funds and ETFs	—	14
ETF Shares—Securities Exchange Transactions	—	14
Mutual Fund Investment by Bank Collective Investment Funds	133	—

	<i>Main Edition</i>	<i>Supple- ment</i>
“Negative Consent” to Approve Fee Changes	134	15
“Negative Consent” to Approve Mutual Fund Investments	135	—
PTE 77-4 May be Available	135	—
PTE 77-4 Unavailable	136	—
Securities Lending	137	—
Asset Allocation Advisory Programs	137	—
Affiliation Not Covered by PTE 77-4	—	15
PTE 77-4 May be Available	—	16
Text		
Proposed Exemption	139	—
Final Exemption	146	—
 77-7		
Transfer of Individual Life Insurance and Annuity Contracts to Plans (<i>Amended and Superseded by PTE 92-5</i>)	153	—
Analysis		
Introduction	153	—
Text		
Proposed Exemption	154	—
Final Exemption	160	—
Correction	164	—
 77-8		
Transfer of Individual Life Insurance Contracts and Annuities from Plans (<i>Amended and Superseded by PTE 92-6</i>)	165	—
Analysis		
Introduction	165	—
Text		
Proposed Exemption	166	—
Final Exemption	171	—
Correction	176	—

	<i>Main Edition</i>	<i>Supple- ment</i>
77-9 Transactions Involving Insurance Agents and Brokers, Pension Consultants, Insurance and Investment Companies, and Investment Company Principal Underwriters (<i>Amended and Superseded by PTE 84-24</i>)	177	—
Analysis		
Introduction	177	—
Text		
Proposed Exemption	179	—
Final Exemption	192	—
Proposed Additional Conditions	204	—
Correction	208	—
Correction to Proposed Additional Conditions	209	—
Postponement of Effective Date of Certain Conditions	209	—
Proposed Amendment	213	—
Proposed Amendments and Proposed Additional Conditions; Hearing	222	—
Postponement of Effective Date of Certain Conditions	224	—
Final Amendment	225	—
Proposed Amendment	237	—
Final Amendment	239	—
77-10 Furnishing of Office Space, Administrative Services and Goods Involving Multiple Employer Plans	243	17
Analysis		
Introduction	243	—
Interpretations and Related Exemptions	244	17
Interpretations	244	—
Provision of Services Between Plans	244	—
Transfer of Funds from Pension Plan to Welfare Plan	244	—

	<i>Main Edition</i>	<i>Supple- ment</i>
Coordination and Transfer of Benefits	244	—
Provision of Services by Plan to Union	244	—
Payment by Vacation Plan to Party Other Than Participant or Beneficiary	245	—
Lease by Plan to Unions	245	—
Lease by Plan to Related Plan	245	—
Construction by Plan of Building Using Participating Employers and Lease to Union—Court Finds Conditions of Exemption Satisfied	246	—
Related Exemptions	246	17
Lease by Multiemployer Plan to Service Provider	246	—
Leases by Multiemployer Plans to Related Plans, Sponsoring Employers and/or Unions	247	—
Lease of Other Than Office Space	249	—
Lease by Plan to Brother-Sister Plans	—	17
Text		
Proposed Exemption	250	—
Final Exemption	255	—
78-6 Apprenticeship and Training Plans	259	—
Analysis		
Introduction	259	—
Related Exemptions	260	—
Transactions with Other Parties in Interest Outside the Scope of PTE 78-6	260	—
Transactions with Unions Outside the Scope of PTE 78-6	261	—
Use of Employer Property— Section 406(b) Relief	261	—
Lease from Union—Coverage by PTE 78-6	262	—

		<i>Main Edition</i>	<i>Supple- ment</i>
	Text		
	Proposed Exemption	263	—
	Final Exemption	268	—
	Correction	274	—
78-10	Extension of PTE 75-1 for Executing Securities Transactions	275	—
	Analysis		
	Introduction	275	—
	Text		
	Proposed Extension of Existing Exemption	276	—
	Extension of Class Exemption	281	—
78-19	Insurance Company Pooled Separate Accounts (<i>Amended and Superseded by PTE 90-1</i>)	289	—
	Analysis		
	Introduction	289	—
	Text		
	Proposed Exemption	290	—
	Correction	300	—
	Final Exemption	300	—
79-1	Executing Securities Transactions (<i>Replaced by PTE 86-128</i>)	315	—
	Analysis		
	Introduction	315	—
	Text		
	Proposed Exemption	316	—
	Final Exemption	324	—
79-9	Purchase of Customer Notes of Employer (<i>Replaced by PTE 85-68</i>)	335	—
	Analysis		
	Introduction	335	—
	Interpretations	336	—

	<i>Main Edition</i>	<i>Supple- ment</i>
Additional Security Interest Does Not		
Affect Availability of Exemption	336	—
“Heavy Equipment” Definition	336	—
Asset Limit	336	—
Participation Interests in Financing		
Loans Outside Scope of Exemption	336	—
Transition Period	337	—
Text		
Proposed Temporary Exemption	338	—
Correction	345	—
Temporary Exemption	345	—
 79-13		
In-House Plans of Closed-End Investment		
Companies	353	19
Analysis		
Introduction	353	—
Interpretations and Related Exemptions	—	19
Related Exemptions	—	19
Affiliation Not Covered by PTE 79-13	—	19
Text		
Proposed Exemption	354	—
Final Exemption	359	—
 79-15		
Transactions Authorized or Required by		
Judicial Order or Judicially Approved		
Settlement Decree	363	—
Analysis		
Introduction	363	—
Interpretations and Related Exemptions	364	—
Interpretations	364	—
PTE 79-15 Not Available to Enforce		
Contract	364	—
Related Exemptions	364	—
DOL and IRS Not Parties	364	—
Expiring Court Order	364	—

	<i>Main Edition</i>	<i>Supple- ment</i>
Text		
Proposed Exemption	366	—
Final Exemption	371	—
Proposed Amendment to Certain Class Exemptions	373	—
Amendment to Certain Class Exemptions	373	—
79-41 Sale of Funding Contract by an Insurance Company Affiliated with the Employer Maintaining the Plan (Captive Insurance)	375	—
Analysis		
Introduction	375	—
Interpretations and Related Exemptions	376	—
Interpretations	376	—
Stop Loss Coverage	376	—
State Licensing Requirement	376	—
Related Exemptions	376	—
Reinsurance Arrangements	376	—
Exemptions Granted	376	—
Exemptions Denied	378	—
Payment of Commissions	378	—
Affiliation Requirement	378	—
Text		
Proposed Exemption	379	—
Final Exemption	386	—
79-60 Sale of Insurance or Annuity Contracts to Plans Maintained by Insurance Agent or Broker	397	—
Analysis		
Introduction	397	—
Interpretations and Related Exemptions	397	—
Interpretations	397	—

	<i>Main Edition</i>	<i>Supple- ment</i>
Maintaining a Plan	397	—
Related Exemptions	398	—
Cooperative Organization of Employers as Insurance Broker	398	—
Text		
Proposed Exemption	399	—
Final Exemption	404	—
80-26 Interest-Free Loans	409	21
Analysis		
Introduction	409	—
Interpretations and Related Exemptions	411	21
Interpretations	411	—
In General	411	—
Loan Required to Make QDRO		
Distribution	411	—
Advances Required by Freezing of Annuity and Guaranteed Investment Contracts	411	—
Related Exemptions	412	21
Bank Loan Not Covered by PTE 80-26; Guarantee of Loan Covered	412	—
Reimbursement of Direct Expenses Covered	413	—
Loan for More Than Three Days for Other Than Ordinary Operating Expenses	413	21
Loan Secured	417	—
Interest Charged	417	21
Labor Organization Loan	417	—
Frozen Insurance Contracts	417	—
Lines of Credit for Unitized Funds	418	—
Lines of Credit to Plans with Illiquid Securities	—	21
Repayment in Kind of PTE 80-26 Loans	419	—

	<i>Main Edition</i>	<i>Supple- ment</i>
Limited Partnership Interests	419	—
Sale of Insurance Policy	419	—
Claim Rights	419	—
UBIT Implications of Plan Borrowing	420	—
Text		
Proposed Exemption	421	—
Final Exemption	424	—
Correction	428	—
Proposed Amendment (Y2K)	429	—
Final Amendment (Y2K)	434	—
Proposed Amendment (September 11, 2001 terrorist attacks)	439	—
Proposed Amendment to Certain Class Exemptions (including PTE 80-26)	444	—
Amendment to Certain Class Exemptions (including PTE 80-26)	444	—
Final Amendment (September 11, 2001 terrorist attacks)	445	—
Proposed Amendment (3-Day Limitation)	449	—
Final Amendment (3-Day Limitation)	455	—
80-51 Bank Collective Investment Funds <i>(Amended and Superseded by PTE 91-38)</i>	463	—
Analysis		
Introduction	463	—
Text		
Proposed Exemption	464	—
Final Exemption	477	—
Correction	495	—
80-83 Use of Proceeds from Sale of Securities to Reduce or Retire Indebtedness	497	—
Analysis		
Introduction	497	—

	<i>Main Edition</i>	<i>Supple- ment</i>
Text		
Proposed Exemption	498	—
Final Exemption	506	—
Proposed Amendment to Certain Class Exemptions	520	—
Final Amendment to Certain Class Exemptions	520	—
81-6 Lending of Securities (<i>Amended and Superseded by PTE 2006-16</i>)	521	23
Analysis		
Introduction	521	23
Interpretations and Related Exemptions	522	23
Interpretations	522	—
Voting of Loaned Stock	522	—
Related Exemptions	522	23
Return of Non-Identical Securities	522	—
Compliance with PTE 81-6 as Condition of Exemption	522	—
Investment of Cash Collateral in Proprietary Mutual Funds	523	—
Securities Lending by Proprietary Mutual Funds	523	—
Securities Lending With Foreign Broker-Dealers	523	—
Fiduciary with Discretion to Lend Plan Securities to Self	524	23
Securities Lending Platform Arrangement	—	23
Text		
Proposed Exemption	527	—
Final Exemption	536	—
Correction	549	—
Proposed Amendments	550	—

	<i>Main Edition</i>	<i>Supple- ment</i>
Final Amendment	555	—
Proposed Amendment to Certain Class Exemptions	560	—
Final Amendment to Certain Class Exemptions	560	—
81-7 Mortgage Pool Investment Trusts (<i>Amended and Superseded by PTE 83-1</i>)	561	—
Analysis		
Introduction	561	—
Text		
Proposed Exemption	562	—
Final Exemption	581	—
81-8 Short-Term Investments	597	—
Analysis		
Introduction	597	—
Interpretations and Related Exemptions	598	—
Interpretations	598	—
Repurchase Agreements	598	—
Reverse Repurchase Agreement Not Covered	598	—
Repurchase Agreement with Affiliate of Plan Trustee	599	—
Information Requirements Not Met by Furnishing Parent’s Financial Statements	599	—
Retail Repurchase Agreements	599	—
PTE 81-8 Not Available Where Section 406(b) Violated	599	—
Related Exemptions	600	—
Repurchase Agreements	600	—
Repurchase Agreement with Bank Maintaining Collective Fund	600	—
Bank Collective Fund Exemption Denied		

	<i>Main Edition</i>	<i>Supple- ment</i>
Where No Independent Safeguards Repurchase Agreement Under Collateralized Guaranteed Investment Contract	600	—
144A Securities	601	—
Debt Instruments of Broker-Dealer Firm Commercial Paper of Plan Sponsor Affiliates	601	—
Text		
Proposed Exemption	602	—
Final Exemption	611	—
Correction	628	—
Proposed Amendments	628	—
Final Amendments	632	—
Proposed Amendment to Certain Class Exemptions	637	—
Final Amendment to Certain Class Exemptions	638	—
81-82 Guaranteed Contract Separate Accounts (<i>Revoked</i>)	639	—
Analysis		
Introduction	639	—
Text		
Proposed Exemption	641	—
Final Exemption	655	—
Proposed Revocation	666	—
Revocation	668	—
82-63 Compensation to Fiduciaries for Securities Lending Services (<i>Amended and Superseded by PTE 2006-16</i>)	671	25
Analysis		
Introduction	671	25

	<i>Main Edition</i>	<i>Supple- ment</i>
Interpretations and Related Exemptions	—	25
Related Exemptions	672	25
Fiduciary With Discretion to Lend Plan		
Securities to Self	672	25
Compliance With PTE 82-63 as		
Condition of Exemption	674	—
Investment of Cash Collateral in		
Proprietary Mutual Funds	674	—
Securities Lending Platform		
Arrangement	—	25
Text		
Proposed Exemption	675	—
Correction	678	—
Final Exemption	679	—
Correction	687	—
Proposed Amendment to Certain Class		
Exemptions	688	—
Final Amendment to Certain Class		
Exemptions	688	—
82-87 Residential Mortgage Financing Arrangements		
(<i>Amended and Superseded by PTE 88-59</i>)	689	—
Analysis		
Introduction	689	—
Text		
Proposed Exemption	690	—
Final Exemption	699	—
83-1 Mortgage Pool Investment Trusts		
(<i>Amends and Supersedes PTE 81-7</i>)	719	27
Analysis		
Introduction	719	—
Interpretations and Related Exemptions	721	27
Interpretations	721	—

	<i>Main Edition</i>	<i>Supple- ment</i>
Renewable Short-Term Mortgage Notes; Frequency of Pass-Through Payments; Placement of Prepayment Amounts in Deposits of Mortgage Pool Sponsor	721	—
Asset-Backed Pooled Investment Trusts	721	—
Related Exemptions	722	27
Multifamily Residential Property		
Mortgages and Commercial Mortgages	722	—
Guaranteed Notes	722	—
Loan Participation Program	722	—
Sale of Collateralized Mortgage Obligations to Plan Trustee	722	—
Asset-Backed Pooled Investment Trusts	723	27
Asset-Backed Securities—		
SBA-Guaranteed Debentures	—	29
Asset-Backed Securities Under Government Liquidity Guarantee Program	—	29
Insurance Company General Accounts	726	—
Text		
Proposed Amendments to PTE 81-7	727	—
Final Exemption	739	—
Proposed Amendment to Certain Class Exemptions	750	—
Final Amendment to Certain Class Exemptions	750	—
84-14 Transactions Determined by an Independent Qualified Professional Asset Manager (QPAM)	751	31
Analysis		
Introduction	751	—
Interpretations and Related Exemptions	753	31
Interpretations	753	31

	<i>Main Edition</i>	<i>Supple- ment</i>
Appointment Authority Condition	—	31
In General	—	31
10% Investor Exception for Pooled Investment Funds	—	32
Conditions Not Met	753	—
Effect of Not Meeting Client Asset Test	753	—
Asset Tests Satisfied by Predecessor Entity	753	—
5% Ownership Test	754	—
QPAMs and Insurance Coverage	754	—
Clarifications Made in Proposed Amendment	755	—
Exclusion of Transactions Covered by Other Class Exemptions	755	—
Continuing Transactions Under Section 406(b)	755	—
Gap in QPAM Coverage—Effect on Continuing Transaction	756	—
Related Exemptions	756	33
Transactions with Parties Appointing the QPAM	756	—
Non-QPAM Control Over Investment Decisions	756	—
In General	756	—
In-House Asset Management	756	—
QPAM Subject to INHAM’s Authority and General Direction	757	—
Client Asset Test	757	—
Disqualifying Crimes	758	—
Leases in Excess of Rentable Space Limits	759	—
QPAM Definition Not Met	760	—
In General	760	—

	<i>Main Edition</i>	<i>Supple- ment</i>
Foreign Bank	760	—
Assets Under Management		
Requirement	760	—
Manager Equity Requirement	761	—
Using a QPAM to Approve a Specific		
Transaction With the Plan Sponsor	761	—
Burden/Expense of Using PTE 84-14	762	—
QPAM Status as a Condition or		
Representation in an Individual		
Exemption	762	33
Available for Transactions Not Covered		
by Individual Exemptions	763	—
Transactions Ceased to Qualify Following		
Merger	764	—
Transactions Involving Places of Public		
Accommodation	—	33
Continuing Transactions	—	33
Foreign Exchange Transactions with		
Investment Manager’s Affiliate	—	35
Principal Transactions in Manager		
Stock	—	35
Text		
Proposed Exemption	765	—
Final Exemption	779	—
Technical Correction	806	—
Proposed Amendment to Certain Class		
Exemptions	808	—
Final Amendment to Certain Class		
Exemptions	808	—
Proposed Amendment	809	—
Final Amendment	826	—
Proposed Amendment (In-House Asset		
Management)	842	—

	<i>Main Edition</i>	<i>Supple- ment</i>
84-24 Transactions Involving Insurance Agents and Brokers, Pension Consultants, Insurance and Investment Companies, and Investment Company Principal Underwriters (<i>Amends and Supersedes PTE 77-9</i>)	853	37
Analysis		
Introduction	853	—
Interpretations and Related Exemptions	855	37
Interpretations	855	37
Insurance or Annuity Contract		
Purchases	855	—
Covered	855	—
Surety Bonds and Administrative Services Agreements Treated as Insurance or Annuity Contract	855	—
PTE 77-9 Not Necessary if Section 408(b)(2) Available	855	—
Mutual Fund Share Redemptions		
Covered	856	—
Exemption Unavailable to Employer and Affiliates; Transition Rule	856	—
Exemption Unavailable to Plan Administrator and Named Fiduciary	856	—
Ceasing to Serve in an Excluded Category	857	—
Exemption Available to Investment Manager or Other Fiduciary with No Authority Over Assets in Particular Transaction	857	—
Exemption Available to Mutual Fund Principal Underwriter Providing Investment Advice	858	—
Additional Plan Purchases	858	—
Disclosure and Approval	858	—

	<i>Main Edition</i>	<i>Supple- ment</i>
When Policy Renewal Is Not an “Additional Purchase”	858	—
Disclosure of Commissions and Other Compensation	858	—
Written Acknowledgment Condition Can be Met by “Best Efforts”	859	—
“Affiliate” Defined	859	—
Participant as Independent Fiduciary for a Participant-Directed Plan	860	—
Mutual Fund Exemption for Sponsors of Master or Prototype Plans	860	—
Covers Sales Made by Unaffiliated Broker-Dealer	860	—
Meaning of “Sponsorship”	860	—
Relief Available for Temporary Investment of Uninvested Assets	861	—
Exemption Unavailable to Plan Trustee	861	—
Exemption Unavailable Because Disclosure and/or Fee Conditions Not Met	862	—
Exemption Unavailable to Insurance Company That Was Not a Covered Party	862	—
Non-Title I Plans Covered (Including IRAs)	862	—
Investment Advice Program—Separate Compensation Not Covered	863	—
Investment Advice to IRA Beneficiaries	—	37
Related Exemptions	863	—
Payment of Fees in Real Estate Loan Transactions	863	—
Purchase of Debentures from Plan Custodian	864	—

	<i>Main Edition</i>	<i>Supple- ment</i>
Performance Evaluation vs. Insurance		
Advice and Brokerage Services	864	—
Nondiscretionary Trustee Relationships		
Covered by PTE 84-24	864	—
In General	864	—
In-Kind Transfer, Fee and Disclosure Issues	864	—
Affiliation with Trustee of a Group Trust, Collective Investment Fund or Single- Customer Investment Fund	865	—
Purchase and Sale of Mutual Fund		
Shares Based on Investment Advice	865	—
Mutual Fund as Party in Interest	866	—
Stop-Loss Insurance Policies	866	—
Synthetic Guaranteed Investment		
Contracts (GICs)	867	—
12b-1 Fees May be Covered as Sales		
Commissions	867	—
Separate Acts of Self-Dealing Not Covered	867	—
Text		
Proposed Amendments to PTE 77-9	869	—
Correction	876	—
Final Exemption	876	—
Correction	886	—
Proposed Amendment	887	—
Final Amendment	893	—
84-46 Recapture of Brokerage Commissions on Behalf of Insurance Company Pooled Separate Accounts (<i>Replaced by PTE 86-128</i>)	903	—
Analysis		
Introduction	903	—
Text		

	<i>Main Edition</i>	<i>Supple- ment</i>
Proposed Exemption	905	—
Final Exemption	912	—
85-68 Purchase of Customer Notes of Employer (<i>Replaces PTE 79-9</i>)	917	—
Analysis		
Introduction	917	—
Related Exemptions	918	—
No Independent Fiduciary	918	—
Customer Notes Investment Option	918	—
Similar Exemptions for Transactions with Employers and Employer Affiliates	919	—
Text		
Proposed Permanent Exemption	921	—
Permanent Exemption	929	—
86-128 Executing Securities Transactions and Recapture of Commissions (<i>Replaces PTE 79-1 and PTE 84-46</i>)	937	39
Analysis		
Introduction	937	—
Interpretations and Related Exemptions	939	39
Interpretations	939	39
In General	939	—
Parties for Whom Relief is Available—In General	939	—
Plan Sponsor Providing Brokerage Services	940	—
Available to Custodian	940	—
Trustee’s In-House Broker	941	—
Purchase of Mutual Fund Shares	942	—
Disclosure Requirements	942	—
Compliance with PTE 86-128 in Place of SEC Rule 11a2-2T	943	—

	<i>Main Edition</i>	<i>Supple- ment</i>
Commissions Paid to Plan Fiduciary by		
Third-Party Broker Not Covered	943	39
Related Exemptions	944	40
Use of PTE 86-128	944	—
Execution of Securities Transactions		
Through Manager Affiliate	944	—
Agency Cross-Trading	944	—
Direction of Trades to Correspondent —		
Broker-Dealer	945	—
PTE 86-128 Unavailable Because Broker		
Not Affiliated	945	—
Portfolio Liquidation/Restructuring		
Services	946	—
Futures Transactions	946	—
Affiliation Not Covered by PTE 86-128	—	40
Text		
Proposed Exemption	947	—
Final Exemption	964	—
Effective Date	987	—
Proposed Amendment	989	—
Final Amendment	998	—
88-59 Residential Mortgage Financing		
Arrangements (<i>Amends and Supersedes</i>		
<i>PTE 82-87</i>)	1003	—
Analysis		
Introduction	1003	—
Interpretations and Related Exemptions	1005	—
Interpretations	1005	—
PTE 88-59 Not Available Where		
Section 406(b) Violated	1005	—
Related Exemptions	1005	—
Multifamily and Commercial Mortgages	1005	—
Purchase and Sale of Mortgage Notes		

	<i>Main Edition</i>	<i>Supple- ment</i>
with Employer	1006	—
Purchase of Mortgage Contracts from Plan Service Provider	1006	—
Permanent Financing to Retire Construction Loans to Parties in Interest	1007	—
Bank Sales of Residential First Mortgages	1007	—
Text		
Proposed Amendments to PTE 82-87	1008	—
Final Exemption	1020	—
Correction	1031	—
Correction	1031	—
Proposed Amendment to Certain Class Exemptions	1032	—
Final Amendment to Certain Class Exemptions	1032	—
90-1		
Insurance Company Pooled Separate Accounts (<i>Amends and Supersedes PTE 78-19</i>)	1033	—
Analysis		
Introduction	1033	—
Interpretations and Related Exemptions	1034	—
Interpretations	1034	—
Affiliate and Party in Interest Status of Separate Account Investments	1034	—
Transactions with Property Managers	1034	—
Non-Title I Plans Covered	1035	—
Related Exemptions	1035	—
Higher Percentage Investment; Reinsurance Arrangements	1035	—
Transactions with Insurance Company Separate Account	1035	—

	<i>Main Edition</i>	<i>Supple- ment</i>
Transactions Involving the Sponsoring Insurance Company	1038	—
Extension of Credit to Parties Dealing With Separate Account	1038	—
Enhanced Return for Separate Account	1038	—
Guaranteeing Liquidity of Separate Account	1039	—
Reliance on Other Exemptions	1039	—
Delegation of Discretionary Management	1039	—
Text		
Proposed Amendments to PTE 78-19	1040	—
Correction to Proposed Amendments	1047	—
Final Exemption	1048	—
 91-38		
Bank Collective Investment Funds (<i>Amends and Supersedes PTE 80-51</i>)	1057	41
Analysis		
Introduction	1057	—
Interpretations and Related Exemptions	1058	41
Interpretations	1058	41
“Bank” Status	1058	41
Trust Company	1058	—
Effect of Delegating Management Authority	1058	—
Transactions with Another Fund of the Same Bank or Parties in Interest to Plans Investing in Such Fund	1059	—
Related Exemptions	1059	42
Collective Investment Funds Not Maintained by a Bank	1059	—
Transactions with the Bank, Bank Affiliates, and Other Funds of the Bank	1060	42

	<i>Main Edition</i>	<i>Supple- ment</i>
In General	1060	—
Cross-Trading	1061	—
Exchange of Assets for Mutual Fund Shares	1062	—
Liquidation of Common Trust Fund	1062	—
Principal Transactions with Fund Trustee	1063	—
Transactions Ceased to Qualify Following Merger	1063	—
Exemption Denied Where No Independent Safeguards	1063	—
Investments in Bank Affiliate Stock	1063	—
PTE 80-51 Not Satisfied	1064	—
Relief Available Despite Disqualifying Crimes	1064	—
Foreign Exchange Transactions with Investment Manager's Affiliate	—	42
Continuing Transactions	—	42
Text		
Proposed Amendment to PTE 80-51	1065	—
Final Exemption	1070	—
Correction	1078	—
Proposed Amendment to Certain Class Exemptions	1078	—
Final Amendment	1079	—
91-55 American Eagle Coins	1081	—
Analysis		
Introduction	1081	—
Text		
Proposed Exemption	1083	—
Final Exemption	1095	—
Correction	1103	—

	<i>Main Edition</i>	<i>Supple- ment</i>
92-5	Transfer of Individual Life Insurance and Annuity Contracts to Plans (<i>Amends and Supersedes PTE 77-7</i>)	1105 —
	Analysis	
	Introduction	1105 —
	Interpretations and Related Exemptions	1106 —
	Interpretations	1106 —
	Non-Title I Plans Covered	1106 —
	Policy Loan as Lien on Contract	1106 —
	Payment of No Consideration by Plan	1106 —
	Related Exemptions	1107 —
	Contract Sales Not Covered	1107 —
	PTE 92-5 Available for Prior Purchase Transaction	1107 —
	Text	
	Proposed Amendment to PTE 77-7	1108 —
	Final Exemption	1112 —
92-6	Transfer of Individual Life Insurance and Annuity Contracts From Plans (<i>Amends and Supersedes PTE 77-8</i>)	1117 —
	Analysis	
	Introduction	1117 —
	Interpretations and Related Exemptions	1118 —
	Interpretations	1118 —
	Insurance Contracts Covering Multiple Lives	1118 —
	Sales of Whole Life Insurance Policies	1118 —
	Sale of Life Insurance Contract to Plan Trustee	1119 —
	Sale to Multiple Relatives	1119 —
	Exemption Availability Not Affected by Continued Receipt of Benefits	1119 —

	<i>Main Edition</i>	<i>Supple- ment</i>
Exemption Availability Not Affected by Policy Loan	1120	—
Surrender Condition—Participant-Directed Plan	1120	—
Non-Title I Plans Covered	1120	—
Nondiscrimination and Tax Issues	1120	—
Related Exemptions	1121	—
Inability to Liquidate Policy	1121	—
Sale to Non-Participant	1121	—
Sale to Family Trust	1121	—
Contract Sales Not Covered Because PTE 77-8 Available	1122	—
Text		
Proposed Amendment to PTE 77-8	1123	—
Final Exemption	1127	—
Correction	1131	—
Proposed Amendment to PTE 92-6	1131	—
Final Amendment to PTE 92-6	1138	—
93-1 Certain Transactions Involving Individual Retirement Accounts and Plans for Self- Employed Individuals	1143	—
Analysis		
Introduction	1143	—
Text		
Proposed Exemption	1145	—
Solicitation of Comments	1149	—
Final Exemption	1151	—
93-2 Receipt of Certain Services in Connection with Individual Retirement Accounts and Plans for Self-Employed Individuals (<i>Amended and Superseded by PTE 93-33</i>)	1159	—

	<i>Main Edition</i>	<i>Supple- ment</i>
Analysis		
Introduction	1159	—
Text		
IRS Announcement 90-1	1161	—
Proposed Exemption	1162	—
Final Exemption	1170	—
 93-33		
Receipt of Certain Services in Connection with Individual Retirement Accounts and Plans for Self-Employed Individuals <i>(Amends and Supersedes PTE 93-2)</i>	1179	45
Analysis		
Introduction	1179	—
Interpretations and Related Exemptions	—	45
Related Exemptions	—	45
Combined Bank/Broker-Dealer Services Exemption	—	45
Interest Rate and Loan Expense Adjustments for Broader Group of Plans	—	46
Text		
Proposed Amendment to PTE 93-2	1181	—
Final Exemption	1184	—
Proposed Amendment to PTE 93-33	1188	—
Final Amendment to PTE 93-33	1192	—
Proposed Amendment	1196	—
Final Amendment	1201	—
 94-20		
Foreign Exchange Transactions	1205	—
Analysis		
Introduction	1205	—
Text		
Solicitation of Comments	1207	—
Proposed Exemption	1217	—

		<i>Main Edition</i>	<i>Supple- ment</i>
	Correction	1230	—
	Final Exemption	1231	—
94-71	Certain Transactions Authorized Pursuant to Settlement Agreements with Department of Labor	1241	—
	Analysis		
	Introduction	1241	—
	Text		
	Proposed Exemption	1242	—
	Final Exemption	1248	—
	Correction	1251	—
95-60	Insurance Company General Accounts	1253	—
	Analysis		
	Introduction	1253	—
	Related Exemptions	1255	—
	Asset-Backed Investment Trusts	1255	—
	Reference in Another Exemption	1255	—
	Text		
	Proposed Exemption	1257	—
	Final Exemption	1272	—
	Proposed Amendment to Certain Class Exemptions	1289	—
	Final Amendment to Certain Class Exemptions	1289	—
96-23	In-House Asset Managers	1291	47
	Analysis		
	Introduction	1291	—
	Interpretations and Related Exemptions	1292	47
	Interpretations	1292	47
	Independent Audit Requirement	1292	—
	Registration of In-House Pension Plan Manager	—	47

	<i>Main Edition</i>	<i>Supple- ment</i>
Related Exemptions	1292	48
QPAM Subject to INHAM’s Authority and General Direction	1292	—
INHAM Exemption Not Available Following Corporate Divestiture	1293	48
INHAM Exemption Audit Timing In-Kind Exchange of Securities Between Trusts Managed by an INHAM	—	48
INHAM Exemption Effectively Unavailable	1293	—
INHAM Status as a Condition or Representation in an Individual Exemption	1294	—
Disqualifying Crimes	1295	—
INHAM Relief Extended to US and Foreign Banks	1295	—
Real Estate Transactions	1295	—
Continuing Transactions	—	49
Text		
Proposed Exemption	1296	—
Final Exemption	1312	—
96-62 Expedited Exemption Procedure	1329	—
Analysis		
Introduction	1329	—
Text		
Proposed Exemption	1332	—
Final Exemption	1345	—
Proposed Amendment to Certain Class Exemptions (including PTE 96-62)	1362	—
Final Amendment to Certain Class Exemptions (including PTE 96-62)	1362	—

	<i>Main Edition</i>	<i>Supple- ment</i>
Proposed Amendment	1363	—
Final Amendment	1368	—
96-63 Restoration of Delinquent Participant Contributions	1375	—
Analysis		
Introduction	1375	—
Text		
Proposed Exemption	1376	—
Pension Payback Program Announcement	1384	—
IRS Announcement 96-15	1390	—
Final Exemption	1391	—
Pension Payback Program (Amended)	1398	—
97-11 Relationship Brokerage	1405	51
Analysis		
Introduction	1405	—
Interpretations and Related Exemptions	1407	51
Interpretations	1407	—
Roth IRAs Covered	1407	—
Related Exemptions	—	51
Combined Bank/Broker-Dealer Services Exemption	—	51
Interest Rate and Loan Expense Adjustments for Broader Group of Plans	—	51
Text		
Proposed Exemption	1408	—
Final Exemption	1416	—
Proposed Amendment	1421	—
Final Amendment	1425	—
Proposed Amendment (Individual Retirement Annuities)	1428	—

	<i>Main Edition</i>	<i>Supple- ment</i>
Final Amendment (Individual Retirement Annuities)	1433	—
97-41 Collective Investment Fund Conversion Transactions	1439	—
Analysis		
Introduction	1439	—
Interpretations and Related Exemptions	1440	—
Interpretations	1440	—
PTE 77-3 Availability—Collective Investment Fund Conversions for In-House Plans	1440	—
Related Exemptions	1441	—
PTE 97-41 Not Available	1441	—
In-Kind Transfers Requiring Additional Exemptive Relief	1441	—
Transfers Not Involving Collective Funds	1442	—
Managed Portfolios	1442	—
Insurance Company Separate Accounts	1442	—
Master Trust and Group Trust of a Non-Bank	1443	—
In-Kind Mutual Fund Redemptions by In-House Plan	1443	—
Text		
Proposed Exemption	1444	—
Technical Correction	1460	—
Final Exemption	1461	—
98-54 Foreign Exchange Transactions Pursuant to Standing Instructions	1477	53
Analysis		
Introduction	1477	—
Interpretations and Related Exemptions	1478	53

		<i>Main Edition</i>	<i>Supple- ment</i>
	Related Exemptions	1478	53
	Foreign Banks	1478	—
	Foreign Exchange Transactions with Investment Manager’s Affiliate	—	53
	Text		
	Proposed Exemption	1479	—
	Final Exemption	1493	—
2002-12	Passive Cross-Trades	1509	55
	Analysis		
	Introduction	1509	—
	Interpretations and Related Exemptions	—	55
	Related Exemptions	1510	55
	Manager Stock	1510	—
	Affiliation Not Covered by PTE 2002-12	—	55
	Text		
	Notice Requesting Information	1512	—
	Proposed Exemption	1523	—
	Final Exemption	1552	—
2002-13	Class Exemption Coverage of Non-Title I “Plans”	1605	—
	Analysis		
	Introduction	1605	—
	Text		
	Proposed Amendment to Certain Class Exemptions	1607	—
	Final Amendment to Certain Class Exemptions	1612	—
2002-51	Voluntary Fiduciary Correction Program	1617	—
	Analysis		
	Introduction	1617	—

1 *ERISA Class Exemptions—2009 Cumulative Supplement*

	<i>Main Edition</i>	<i>Supple- ment</i>
Text		
VFC Program	1619	—
Proposed Exemption	1666	—
IRS Announcement 2002-31	1679	—
Final Exemption	1680	—
Amended and Restated VFC Program	1690	—
Proposed Amendment	1742	—
Updated VFC Program	1750	—
Final Amendment	1801	—
2003-39		
Settlements	1811	57
Analysis		
Introduction	1811	57
Interpretations and Related Exemptions	—	58
Interpretations	—	58
Finding of Compliance With PTE 2003-39	—	58
Compliance With PTE 2003-39 as Evidence of Procedural Fairness	—	59
Argument for Retroactive PTE 2003-39 Compliance to be Decided at Trial	—	59
Related Exemptions	—	60
Cash Infusion Not a Prohibited Transaction	—	60
Text		
Proposed Exemption	1813	—
Final Exemption	1824	—
Proposed Amendment	—	61
2004-07		
REIT Shares	1843	—
Analysis		
Introduction	1843	—

		<i>Main Edition</i>	<i>Supple- ment</i>
	Text		
	Proposed Exemption	1845	—
	Final Exemption	1866	—
2004-16	Automatic Rollover Safe Harbor	1881	—
	Analysis		
	Introduction	1881	—
	Text		
	Proposed Exemption	1883	—
	Proposed Exemption—Correction	1895	—
	Final Exemption	1896	—
2006-06	Abandoned Plans	1909	75
	Analysis		
	Introduction	1909	75
	Text		
	Proposed Exemption	1910	—
	Final Exemption	1923	—
	Proposed Amendment	—	76
	Final Amendment	—	82
2006-16	Securities Lending—Amended and Restated Exemption (<i>Amends and Supersedes PTEs 81-6 and 82-63</i>)	1967	87
	Analysis		
	Introduction	—	87
	Interpretation and Related Exemptions	—	89
	Related Exemptions	—	89
	Fiduciary with Discretion to Lend Plan Securities to Self	—	89
	Lending of Auction-Rate Securities to Self or Affiliates	—	90
	Text		
	Proposed Exemption	1970	91
	Final Exemption	—	91

Part 2
**Statutory Prohibited Transaction Exemptions Added
 by the Pension Protection Act of 2006**

Statutory Prohibited Transaction Exemptions Added by the Pension Protection Act of 2006: Overview	— 123
ERISA Section 408(b)(14)—Participant Investment Advice (<i>Also Section 4975(d)(17) of the Code</i>)	— 125
Analysis	
Introduction	— 125
Transactions Covered	— 125
Scope of the Level Fee Requirement Under the Exemption	— 126
Conditions Applicable to Computer Model Programs	— 128
Conditions Applicable to All Eligible Investment Advice Arrangements	— 130
Standards for Selecting and Monitoring a Fiduciary Adviser	— 130
Effective Date	— 132
Status of Prior DOL Guidance on “Investment Advice”	— 132
Class Exemption	— 132
Current Status of Proposed Regulation and Proposed Class Exemption	— 135
Text	
Sections 408(b)(14) and (g) of ERISA Sections 4975(d)(17) and (f)(8) of the Code	— 141
Uncodified Subsections of Section 601 of the Pension Protection Act of 2006	— 146
Request for Information—Computer Model Feasibility for IRAs	— 149

	<i>Main Edition</i>	<i>Supple- ment</i>
Request for Information—Computer Model Criteria and Disclosure	—	154
Field Assistance Bulletin 2007-1	—	160
U.S. Department of Labor Report to Congress (Aug. 21, 2008)	—	167
Proposed Regulation	—	171
Proposed Exemption	—	231
Final Regulation and Class Exemption	—	250
Proposed Extension of Effective Date	—	319
Delay of Effective Date (1)	—	322
Delay of Effective Date (2)	—	325
Delay of Effective Date/Withdrawal of Final Regulation and Class Exemption	—	327
ERISA Section 408(b)(15)—Block Trading (<i>Also Section 4975(d)(18) of the Code</i>)	—	329
Analysis		
Introduction	—	329
Text		
Section 408(b)(15) of ERISA	—	330
Sections 4975(d)(18) and (f)(9) of the Code	—	330
ERISA Section 408(b)(16)—Electronic Communication Networks (ECNs) (<i>Also Section 4975(d)(19) of the Code</i>)	—	333
Analysis		
Introduction	—	333
Text		
Section 408(b)(16) of ERISA	—	335
Section 4975(d)(19) of the Code	—	335

	<i>Main Edition</i>	<i>Supple- ment</i>
ERISA Section 408(b)(17)—Service Provider Exemption (<i>Also Section 4975(d)(20) of the Code</i>)	—	337
Analysis		
Introduction	—	337
Interpretations and Related Exemptions	—	338
Interpretations	—	338
Securities Lending	—	338
Adequate Consideration Issue	—	338
Text		
Section 408(b)(17) of ERISA	—	340
Sections 4975(d)(20) and (f)(10) of the Code	—	341
ERISA Section 408(b)(18)—Foreign Exchange Transactions (<i>Also Section 4975(d)(21) of the Code</i>)	—	343
Analysis		
Introduction	—	343
Interpretations and Related Exemptions	—	344
Related Exemptions	—	344
Foreign Exchange Transactions with Investment Manager	—	344
Text		
Section 408(b)(18) of ERISA	—	345
Section 4975(d)(21) of the Code	—	345
ERISA Section 408(b)(19)—Securities Cross-Trading (<i>Also Section 4975(d)(22) of the Code</i>)	—	347
Analysis		
Introduction	—	347
Text		
Section 408(b)(19) of ERISA	—	351

	<i>Main Edition</i>	<i>Supple- ment</i>
Section 4975(d)(22) of the Code	—	352
Uncodified Subsection of Section 611(g) of the Pension Protection Act of 2006	—	353
Interim Final Rule	—	354
Final Rule	—	369
ERISA Section 40(b)(20)—Prohibited Transaction Correction Period (<i>Also Section 4975(d)(23) of the Code</i>)	—	391
Analysis		
Introduction	—	391
Text		
Section 408(b)(20) of ERISA	—	392
Sections 4975(d)(23) and (f)(11) of the Code	—	393

Appendixes: Proposed Class Exemptions That Have Not Been Granted

I. Life Insurance Company Discretionary Asset Management	1939	—
Analysis		
Introduction	1939	—
Related Exemptions	1940	—
Discretionary Asset Management Services—Investment Companies	1940	—
Text		
Proposed Exemption	1941	—
II. Guaranteed Contract Separate Accounts; Fiduciary Transactions	1959	—
Analysis		
Introduction	1959	—

	<i>Main Edition</i>	<i>Supple- ment</i>
Text		
Proposed Exemption	1960	—
Withdrawal	1965	—
III. Securities Lending—Amended and Restated Exemption	1967	—
(See <i>PTE 2006-16</i>)	—	87
Analysis		
Introduction	1967	—
Text		
Proposed Exemption	1970	—
Proposed Exemption—Correction	1990	—
IV. Service Provider Disclosures	—	397
Analysis		
Introduction	—	397
Text		
Proposed Exemption	—	399
Index of Applicants	1991	—
Topical Index	1997	407
About the Authors	2021	433