



News Release

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EXTENSION OF SEC DEADLINE FOR 22-C2 COMPLIANCE NEEDED, ACCORDING TO SPARK INSTITUTE SURVEY OF RECORD KEEPERS

SIMSBURY, CT, May 30 -- A substantial majority of retirement plan record keepers will not have the Rule 22c-2 required amendments in place by the current SEC deadline of October 16, 2006 according to a survey of members of The SPARK Institute, an organization of retirement plan service providers. A substantial majority of retirement plan record keepers also will not be ready to begin the Rule 22c-2 information reporting by October 16, 2006, the surveyed revealed.

“Based on this survey and discussions with our members, The SPARK Institute is proposing a two tiered extension that moves the information sharing agreement compliance deadline to April 30, 2007, and moves the information reporting compliance deadline to July 31, 2007,” said Larry H. Goldbrum, General Counsel. “That should provide the retirement plan and mutual fund industries reasonable time to collaborate on resolving these issues,” said Goldbrum.

“More than 70% of the record keepers responding to the survey indicated that they cannot reasonably be ready to provide the Rule 22c-2 information reporting by October 16th. That group includes 39% that said that they can only be ready if they commit significant additional resources and incur additional costs to expedite the process, and 33%

who said they will not be ready to meet the information sharing requirements by October 16th under any circumstances,” said Goldbrum.

“More than 80% of the record keepers we polled said that they will not have the required agreement amendments in place by the compliance deadline. Many of our members also commented that the fund companies are driving the amendment process and that they have been contacted by very few of their trading partners,” said Goldbrum.

Goldbrum said that the first tier of the proposed extension to April 30, 2007 for agreements should provide record keepers with enough time to complete the amendment process. “All of the members we surveyed that would not be able to meet the October 16th amendment deadline believe they could complete the process in the second quarter of 2007. However, since many of The Institute’s members indicated that the fund companies are driving the amendment process, whether or not a six months extension will be sufficient will largely depend on how quickly the fund companies act.”

Goldbrum said a substantial majority of The SPARK Institute’s member record keepers expect to be able to begin the Rule 22c-2 information reporting by June 30, 2007. “Just over 80% of the record keepers who said that they would not be ready to meet the October 16th, 2006 deadline for information reporting believe that they could be ready to begin by June 30, 2007,” he said. “However, based on the responses we received and conversations with members, many record keepers are reluctant to devote time, resources and effort to making system changes before the SEC provides additional guidance.” According to Goldbrum, the retirement plan record keepers’ ability to begin information reporting could be further delayed depending on when additional guidance is provided by the SEC and the duration and complexity of the agreement amendment process.

As for redemption fees, Goldbrum said most of the retirement plan record keepers expect to be able to collect certain redemption fees by June 30, 2007. “76% of record keepers that provide services directly to plans will apply redemption fees to participant initiated exchanges only, while 24% of the record keepers will apply redemption fees to other participant level transaction on a limited accommodation basis,” he said. Goldbrum also noted that none of the record keepers will apply redemption fees to other participant level transactions on a routine basis.

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