

June 9, 1975

Dear :

This is in response to your request for a postponement of the bonding requirements of section 412 of the Employee Retirement Income Security Act (Act) as they may relate to your employee benefit plan. There is no provision in the Act which authorizes the Secretary to grant such a postponement.

The Secretary has issued a temporary regulation (29 CFR 2555) which, pending issuance of a permanent bonding regulation under section 412 of the Act, incorporates by reference most of the bonding regulations issued under the Welfare and Pension Plans Disclosure Act and makes them applicable to plan officials under the Act. A copy of those regulations is enclosed herewith.

Pending the issuance of permanent regulations with respect to section 412 of the Act, a fiduciary is not required to be bonded unless he handles funds or other property of an employee benefit plan. "Handling" occurs whenever the duties or activities of a plan official are such that there is a risk that such funds or other property could be lost in the event of fraud or dishonesty on the part of such person, acting either alone or in collusion with others. For a more detailed treatment of this subject, reference may be made to 29 CFR 464.7 of the enclosure.

Sincerely,