

June 11, 1976

Dear :

This is in response to your inquiry regarding the bonding requirements of the Employee Retirement Income Security Act of 1974 (ERISA) as they may be applicable to the above plan.

You state that the plan is a Named Insured under the Blanket Bond of the Saving Fund Society written by the Accident and Indemnity Company (company). You further state that (company) advised you it does not issue Pay-over Riders and endorsements which would eliminate the \$1,000 deductible for the plan because it believes that financial institutions are exempt from the bonding requirements of ERISA. It is your view that when a bank acts as a fiduciary it is not required to be bonded but that the exemption would not apply to its own plan since individuals would be acting as directors, etc., with respect to the plan. You request clarification.

The Secretary has issued a temporary regulation (29 CFR 2550.412-1) which, pending issuance of a permanent bonding regulations implementing section 412 of ERISA, incorporates by reference most of the bonding regulations issued under the Welfare and Pension Plans Disclosure Act (WPPDA) and makes them applicable to plan officials under ERISA.

Enclosed herewith is a compilation of Regulations and Interpretative Bulletins issued under the WPPDA and your attention is directed to 29 CFR 465.19 through 465.22. You will note that the exemptions provided therein do not cover all financial institutions but, rather, only certain institutions subject to specified Federal regulation and examination.

If an exemption is available pursuant to these temporary regulations, bonding would not be required.

Sincerely,