

Justification for Nonmaterial/Nonsubstantive Change

The Principal Transaction Exemption (the Exemption) was published in the Federal Register on April 8, 2016 (81 FR 21002) pursuant to ERISA section 408(a) and Code section 4975(c)(2), and in accordance with the procedures set forth in 29 CFR part 2570, subpart B (76 FR 66637 (October 27, 2011)). It was granted by the Department in connection with the publication of a final regulation defining who is a fiduciary of an employee benefit plan under ERISA as a result of giving investment advice to a plan or its participants or beneficiaries¹ (Regulation). The Regulation also applies to the definition of a “fiduciary” of a plan (including an IRA) under the Code.

The Exemption permits principal transactions and riskless principal transactions in certain investments between a plan, plan participant or beneficiary account, or an IRA, and a fiduciary that provides investment advice to the plan or IRA, under conditions to safeguard the interests of these investors. The corrections either fix typographical errors or make minor clarifications to provisions that might otherwise be confusing.

The collections of information for the Exemption were approved under OMB control number 1210-0157, which is currently scheduled to expire on June 30, 2019. The Department is hereby submitting a non-material change request to OMB for PTE 2016-02, which makes technical corrections to the Exemption. All of the corrections either correct typographical errors, clarify provisions that might otherwise be confusing, or bring the text of the exemption into agreement with the Department’s intent, as expressed in the PRA analyses for the Regulation and Exemption.

¹ 81 FR 20945 (April 8, 2016).