

Justification for Nonmaterial/Non-substantive Change

The Department is hereby submitting a nonmaterial/non-substantive change request to the Office of Management and Budget (OMB) regarding a modification made by the Department's Final Conflict of Interest Rule to the information collection request (ICR) contained in the Department's Principal Transaction Exemption. The exemption was approved by OMB under control number 1210-0157 and is scheduled to expire on June 30, 2019.

Section VII of the final exemption requires financial institutions using the exemption to furnish a written statement of fiduciary status, specified disclosures, and a written commitment to adhere to impartial conduct standards to all retirement investors (in ERISA plans, Individual Retirement Accounts, and non-ERISA plans) prior to or at the same time as the execution of recommended transactions (the "Transition Disclosure").

Pursuant to the final rule, financial institutions using the Principal Transaction Exemption will not be required to send the Transition Disclosure. The modification to the ICR is deregulatory, because it eliminates the requirement to send an estimated 2.5 million Transition Disclosures resulting in an hour burden reduction of approximately 40,000 hours (at an equivalent cost of \$2.2 million) and cost savings of approximately \$760,000 during the first year of the ICR approval period only. This savings produces an annualized reduction over the three year period shown in ROCIS of 13,000 hours (due to rounding) and \$300,000 (due to rounding).

For purposes of ROCIS database entries, the burden has been reduced over the three-year approval period to 53,000 hours (rounded) and \$939.4 million (rounded) annually.