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July 26, 2005

The Honorable Mike Crapo
U.S. Senate
Washington, DC 20510

The Honorable Charles E. Schumer
U.S. Senate
Washington, DC 20510

Dear Senator Crapo and Senator Schumer:

On behalf of the Asset Managers Forum (AMF), I am writing to thank you for supporting the inclusion of some common-sense changes to the prohibited transaction rules with the National Employee Savings and Trust Guarantee (NESTEG) Act that the Finance Committee will consider today. The AMF, a subsidiary organization of The Bond Market Association, is comprised of asset management firms whose combined assets under management—including private pension fund investments—exceed \$5 trillion.

In 1974, Congress wrote the Employee Retirement Income Security Act (ERISA) based on a money management industry that has since changed dramatically with consolidation in the financial services industry. In particular, ERISA's prohibited transaction rules, applied today, often serve only to deny plans investment opportunities and raise administrative costs. In one specific example, prohibitions against cross-trading—or trading between pension plan accounts held within a single asset management firm—can raise costs for pension funds and prevent plans from obtaining the best prices on their securities trades. Congress should amend ERISA to permit cross-trading.

The added efficiency of cross-trading will ultimately benefit pension plan participants by lowering plan costs. Thank you again for working to update ERISA's prohibited transaction rules through NESTEG to allow for transactions such as cross-trading.

The Bond Market Association applauds your leadership on these issues.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Vogt", written in a cursive style.

John R. Vogt
Executive Vice President