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Via Federal eRulemaking Portal:
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Office of Regulations and Interpretations
Employee Benefits Security Administration
Attn: RIN 1210-AB97
Room N-5655
U.S. Department of Labor
200 Constitution Avenue N.W.
Washington, DC 20210

Re: Proposed Changes to the Form 5500 Annual Return/Report (RIN 1210-AB97)

Dear Sir or Madam:

We appreciate the opportunity to respond to the request for comment issued by the U.S. Department of Labor (the "Department") regarding the proposed amendments and form revisions to the Form 5500 Annual Return/Report of Employee Benefit Plan and Form 5500-SF Short Form Annual Return/Report of Small Employee Benefit Plan (collectively, the "Form 5500 Proposal"). The Coalition of Collective Investment Trusts (the "Coalition") is a group of fund sponsors and money managers active in the collective investment trust industry. With approximately 50 member companies, the Coalition collectively represents a sizeable presence in the industry. This letter represents the views of the Coalition but not necessarily those of individual member companies.

The Form 5500 Proposal presents significant changes to the information that plans and their service providers will need to report and to the method of such reporting. As such, a number of industry groups have or can be expected to submit detailed comments to the Department suggesting how to modify or refine the Form 5500 Proposal to better coordinate it with existing reporting regimes while still supporting the Department's goals.

The SPARK Institute, Inc. ("SPARK") has submitted a comment letter regarding the Form 5500 Proposal and we are writing today to express our support for the comments offered by SPARK. In particular, we wish to highlight and amplify the concerns raised in section I(D) of the SPARK comment letter with regard to the treatment of certain Collective Trusts ("CCTs") as "hard-to-value" assets. For the reasons summarized below, we strongly concur in the SPARK letter's request that the Department **modify its proposed treatment of CCTs that invest primarily in hard-to-value assets** so that they are not required to be treated as hard-to-value assets if they are valued at least annually.

Hard-to-Value Assets

The Form 5500 Proposal establishes separate treatment for CCTs that invest primarily in hard-to-value assets from that applicable to other CCTs and to other investment alternatives in general. Specifically, the Form 5500 Proposal would require CCTs that are invested primarily in hard-to-value assets to, themselves, be identified as hard-to-value assets. The preamble suggests that this requirement is aimed at increasing transparency and accountability in connection with employee benefit plan investments in hard-to-value and alternative assets, but CCTs are inexplicably singled out for treatment, themselves, as hard-to-value assets.

The rationale for this treatment fails to take into account the significant evolution of CCTs over the past 15 years since the enactment of the Pension Protection Act of 2006 and the nearly 10 years since the Department finalized its fee disclosure regulations. CCT disclosure documents provide detailed information regarding their material terms and conditions, policies and procedures applicable to investment, and risk disclosures relevant to their investment strategies and underlying holdings. Further, CCTs are regulated by state banking regulators and are subject to a robust examination cycle. Significantly, the trustees or sponsors of CCTs generally are ERISA fiduciaries to the plan assets invested in their vehicles and manage them in accordance with an ERISA fiduciary standard. As such, singling out CCTs in the manner proposed is unwarranted and does not serve any underlying policy rationale.

Moreover, as a practical matter and as noted in the SPARK comment letter, the valuation of CCTs is consistent with that of mutual funds and often uses the same custodian and valuation agents as mutual funds. While we strongly support the recommendation that CCTs that are valued at least annually do not need to be identified as hard-to value assets, we note that most CCTs are far more likely to be daily valued. CCTs have developed robust processes to establish daily valuations for underlying alternative assets to support daily valuation at the fund level. Thus, the fact that an investment is not listed on a national exchange does not automatically cause it to merit hard-to-value asset status and, concomitantly, should not confer this status on a CCT that invests in it.

Finally, as overarching concerns, the changes to Schedule H under the Form 5500 Proposal lack clarity and would require substantial amounts of additional information to be provided with very little lead time to adjust systems and processes. While the Form 5500

Proposal would impose hard-to-value asset status on CCTs that are invested "primarily" in hard-to-value assets, the instructions do not specify what level of investment causes a CCT to be primarily invested in hard-to-value assets. As noted in the SPARK letter, this lack of clarity may require CCT sponsors to undertake the burdensome and costly effort of evaluating each underlying investment in an ongoing basis to determine whether it is a hard-to value asset. In addition to the sheer volume of new information required to be captured in connection with the Schedule H changes, this and the other reporting requirements will necessitate significant systems changes and processes to collect information that is not currently being captured. This likely would mean that providers will incur significant costs to prepare for these changes in a short period of time, as well as long term administrative costs that ultimately may necessitate increased fees.

Conclusion

For the reasons stated above, we respectfully request that the Department modify its proposed treatment of CCTs that invest primarily in hard-to-value assets so that they are not required to be treated as hard-to-value assets themselves if they are valued at least annually.

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We thank the Department for this opportunity to comment on the matters addressed in the Form 5500 Proposal and look forward to similar opportunities to provide substantive comments in the future. We would welcome the opportunity to answer any questions or provide any additional information that may be helpful to the Department in connection with its review of this and other comment letters received in connection with the Form 5500 Proposal.

Respectfully submitted,

Clifford Kirsch

Carol McClarnon

FOR THE COALITION OF COLLECTIVE INVESTMENT TRUSTS