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February 11, 2008

Mr. Robert J. Doyle
Director
Office of Regulations & Interpretations
Employee Benefits Security Administration
U.S. Department of Labor
Room N-5655
200 Constitution Ave., NW
Washington, DC 20210
e-ORI@dol.gov

Re: Reasonable Contract or Arrangement under Section 408(b)(2)

Dear Mr. Doyle:

The PNC Financial Services Group, Inc. ("PNC"), Pittsburgh, Pennsylvania, appreciates this opportunity to provide comments to the Department of Labor ("Department") regarding proposed regulations that would redefine what constitutes a "reasonable contract or arrangement" for purposes of the statutory exemption under Section 408(b)(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").<sup>1</sup>

PNC is one of the largest diversified financial services companies in the United States, with \$138.9 billion in assets as of December 31, 2007. PNC engages in retail banking, corporate and institutional banking, asset management and global fund processing services. Its principal subsidiary bank, PNC Bank, National Association ("PNC Bank"), Pittsburgh, Pennsylvania, has branches in the District of Columbia, Florida, Indiana, Kentucky, Maryland, New Jersey, Ohio, Pennsylvania and Virginia. PNC also has two other subsidiary banks, which are located, and have branches in, Delaware, New Jersey and Pennsylvania.

PNC provides global fund processing services through subsidiaries of its wholly-owned subsidiary, PFPC WorldWide, Inc. ("PFPC"). PFPC is a leading full service provider of processing, technology and business solutions for the global investment industry. Securities services include custody, securities lending, and accounting and administration for funds registered under the 1940 Act and alternative investments. Investor services include transfer agency, managed accounts, subaccounting, and distribution. PFPC

<sup>&</sup>lt;sup>1</sup> 72 Fed. Reg. 70,988 (Dec. 13, 2007).

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provided fund accounting/administration services for \$990 billion of net fund assets and provided custody services for \$500 billion of fund assets at December 31, 2007.

The proposed regulation would establish additional disclosure requirements that would have to be met in order for contracts or arrangements with certain types of service providers to be considered "reasonable" and therefore eligible for prohibited transaction relief under section 408(b)(2) of ERISA.

While we are supportive of the Department's goals of achieving greater fee transparency and improving conflict of interest disclosures, we have some concerns about the manner in which the proposal seeks to further those goals. In this regard, we have worked closely with the American Bankers Association ("ABA") in developing their comment letter, and we fully support the comments in that letter. We are also supportive of the comments set forth in the letter submitted by Northern Trust Corporation.

## Effective Date for the Final Regulations

Under the proposal, the final regulations would become effective 90 days after they are issued. As discussed in the ABA comment letter, we believe that such a time frame would be insufficient to create the necessary disclosures and transmit the information to the appropriate plan fiduciaries. In this regard, we are supportive of the recommendation in the Investment Company Institute ("ICI") comment letter that the effective date by delayed for at least one year after the publication of the final rules, consistent with the position taken by the Department with respect to the Form 5500.

We are also supportive of the ICI comment, for the reasons stated in the ICI letter, that the final regulation should apply only to contracts entered into or materially modified after the effective date of the regulations.

## Conclusion

PNC appreciates the opportunity to comment on the proposal. Please do not hesitate to contact me if you have any further questions.

Sincerely,

James S. Keller

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cc: Kathleen A. Flannery Joan Zangrilli