

**From:** Supik, Frank [fsupik@buckleykolar.com]

**Sent:** Monday, May 10, 2004 6:55 PM

**To:** efast2@dol.gov

**Subject:** EFAST RFC

Please accept the enclosed comment from the Electronic Financial Services Council in response the Request for Comments on the ERISA Filing Acceptance System.

Thank you in advance for your assistance. Please do not hesitate to call us if you have any questions.

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May 10, 2004

**VIA FIRST CLASS MAIL AND ELECTRONIC MAIL**

EFAST Program Office  
Employee Benefits Security Administration  
Room N-5459  
U.S. Department of Labor  
200 Constitution Avenue, NW  
Washington, DC 20210  
Attn: EFAST RFC

Re: ERISA Filing Acceptance System

Dear Sirs and Madams:

The Electronic Financial Services Council (“EFSC”), a trade group of national companies dedicated to facilitating electronic commerce,<sup>1</sup> appreciates the opportunity to submit its views to the Employee Benefits Security Administration (“EBSA”) on updating the electronic filing systems for Form 5500 series documentation pursuant to the EBSA’s request for comments (“Request for Comments”).

The EFSC supports the efforts of the EBSA, Internal Revenue Service, Pension Benefits Guaranty Corporation and Social Security Administration (collectively, “Agencies”) to improve the ERISA Filing Acceptance System (“EFAST”). The Agencies’ Request for Comments notes that the vast majority of Form 5500 series returns are being prepared on computers, regardless of whether they are actually being filed electronically. The Agencies further note that this trend, coupled with new business practices and capabilities of the Internet and Web-based technology, presents the Agencies with the opportunity to leverage E-government to enhance the operation of the EFAST program. The EFSC

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<sup>1</sup> EFSC Members include: AIG, Fannie Mae, Freddie Mac, GE Mortgage Holdings, Intuit Inc., Principal Financial Group, and Wells Fargo. For more information on EFSC please see [www.efscouncil.org](http://www.efscouncil.org). See also an EFSC product titled Standards and Procedures for Electronic Records and Signatures (“SPeRS”). SPeRS is an industry initiative to develop guidelines for the use of electronic records and signatures, in includes an extensive discussion of authentication methods and electronic signature alternatives. More information about SPeRS can be found on the ESFC website.

agrees with the Agencies that this trend toward electronic filing and electronic based transactions will continue to expand in both the public and private sectors for some time to come and government should continue to facilitate such a trend by adopting regulations that do not unnecessarily encumber this new medium.

Toward this end, and consistent with the Government Paperwork Elimination Act (“GPEA”)<sup>2</sup> and the E-Government Act of 2002, the Agencies are considering a greater emphasis on electronic over paper filing to collect and disseminate Form 5500 series information. The Agencies clearly recognize the benefits from electronic filing: improved transaction accuracy, reduced cycle times, improved cost efficiencies, enhanced information accessibility, and more timely availability of the information required to be filed with the government or counterparties to a transaction.

As part of the Working Group on Electronic Reporting of the Advisory Council on Employee Welfare and Pension Benefit Plans, the Council in its ERISA Advisory Council Working Group Report identified the following actions the Agencies might take to facilitate electronic filing:

- Allow Web-based filing;
- Simplify the electronic authentication procedure; and
- Provide a mechanism by which attachments to filings, such as the Accountant’s Report, can be more easily submitted electronically.

Of particular interest to the EFSC are the ERISA Advisory Council Working Group conclusions with respect to simplifying the electronic authentication procedure. The ERISA Advisory Council Working Group Report noted:

(1) the cycle time for issuing PINs is too long; (2) having to send the PINs and signer IDs to transmitters potentially compromises the integrity of those data; (3) electronic authentication is much more burdensome than authentication for paper but with no apparent corresponding benefit; and 4) the current solution mixes signatures and authentication in a way that may be contributing to this burden.

Revisions to the signature and authentication procedure would be intended to (1) shorten the cycle time for issuing PINs, possibly by taking applications and issuing them electronically; (2) ensure that there is no potential for the integrity of PINs and signer IDs to be compromised; (3) make electronic signature authentication carry the same benefit and costs as paper signature authentication by not requiring filers to pay for electronic credentials or validation of such credentials; (4) ensure that the electronic signature and authentication approach applies to certain third-

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<sup>2</sup> P.L. 105-277, §§ 1701-1710.

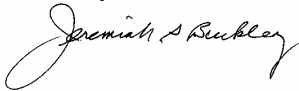
party documents; and (5) ensure that the signature and authentication approach is appropriate to the risk of repudiation for filing.<sup>3</sup>

The EFSC supports minimizing and, where possible, eliminating differences both in acceptance criteria for electronic and paper filings and in the overall treatment of paper and electronic filers. The use of electronic records and signatures should not be more difficult or costly than the use of their paper counterparts.

The EFSC also agrees with the Agencies' determination that EFAST upgrades can best be achieved by developing a technology neutral system that does not favor a particular format, and allows private compliance firms to continue to compete in the development of compliance and filing tools. As the agencies noted in the Request for Comment, return preparers and software developers provide value-added services for plan sponsors by guiding plan administrators through the filing process and ultimately providing a complete and accurate filing acceptable to the government. We support the Agencies' position to not interfere with the delivery of such services.

The EFSC thanks the ESBA for the opportunity to present its views in response to the Request for Comment on the upgrading of the EFAST system.

Sincerely,



Jeremiah S. Buckley  
General Counsel

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<sup>3</sup> Request for Comments at 9-10 (citing ERISA Advisory Council Working Group Report).