

# PLANSPONSOR Quotes Partner Richard S. Chargar on Securities Lending

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The *PLANSPONSOR* article “Lender Beware” reviews the scrutiny of risks in pension funds’ securities-lending practices. It discusses how employers should take a fresh look at such programs to prevent legal or regulatory trouble.

“‘Securities lending used to be viewed as an easy way to enhance earnings,’ says **Richard Chargar**, a partner at the law firm Kelley Drye & Warren LLP in Stamford, Connecticut. ‘Over the past three years, the landscape has changed: It has gone from something that was perceived as a risk-free way to enhance earnings to something that is seen as not risk-free.’”

The article sets forth the types of hazards with securities lending and how sponsors are fundamentally changing how they look at such programs, and what plans are doing to minimize risks.

Mr. Chargar explains risks in 401(k) plans highlighted after the market crisis. “The problem can crop up if a mutual fund lends securities to a counterparty and gets collateral back in cash, which it then reinvests, and sees the value of that reinvestment drop. The fund can have liquidity issues if a number of plans want to withdraw money during that time, Chargar says.”

In the article, Mr. Chargar also provides guidance on how plan sponsors can manage their risks.

To read the full article, click [here](#).