

MEMO# 6532

January 9, 1995

INSTITUTE LETTER TO SEC ON COMPTROLLER'S REVIEW OF COMMON TRUST FUND REGULATION

January 9, 1995 TO: BANK INVESTMENT MANAGEMENT MEMBERS No. 1-95 BOARD OF GOVERNORS No. 3-95 INSTITUTIONAL FUNDS COMMITTEE No. 1-95 RE: INSTITUTE LETTER TO SEC ON COMPTROLLER'S REVIEW OF COMMON TRUST FUND REGULATION

_____ As you may know, the Office of the Comptroller of the Currency is reviewing its Regulation 9.18 and other rules relating to the fiduciary activities of national banks. The Institute recently submitted the attached letter to SEC Chairman Levitt, expressing concern that as a result of this review process the OCC might amend its rules so that common trust funds, for the first time, could operate as mutual funds without being subject to the investor protection provisions of the federal securities laws. The Institute's letter urges the Commission to discuss with the OCC the amendments under consideration and the investor protections that may be necessary with respect to those amendments. If the Commission determines that the OCC intends to amend its rules either (1) to permit banks to advertise their common trust funds to the public or (2) to permit banks to double-charge their common trust fund beneficiaries, then the Commission should require banks to register common trust funds that engage in either or both practices under the Investment Company Act and the Securities Act. Paul Schott Stevens General Counsel Attachment

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