

MEMO# 4642

March 29, 1993

LETTERS FROM CHAIRMAN DINGELL CONCERNING USE OF BANK NAMES BY BANK-MANAGED MUTUAL FUNDS

March 29, 1993 TO: BOARD OF GOVERNORS NO. 25-93 BANK INVESTMENT MANAGEMENT MEMBERS NO. 3-93 RE: LETTERS FROM CHAIRMAN DINGELL CONCERNING USE OF BANK NAMES BY BANK-MANAGED MUTUAL FUNDS

_____, Energy and Commerce Chairman John Dingell has requested that the Office of the Comptroller of the Currency, the Securities and Exchange Commission, the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision furnish information concerning the use of bank names by bank-managed mutual funds. A copy of Chairman Dingell's letter to the SEC is attached. (Identical copies were sent to the other agencies.) In particular, Chairman Dingell is requesting information concerning (1) current restrictions on the sharing of bank and mutual fund names; (2) required disclosures to prospective customers; (3) intended agency action in response to the recent adoption by mutual funds of similar bank names; (4) steps that the agencies believe are warranted to achieve "consistent protection of investors in this area;" (5) compliance by tellers and other bank personnel with applicable requirements and the resources that have been committed to ensure compliance; and (6) the risks to banks from "customer backlash and litigation liability" and the necessary steps to eliminate or manage those risks. These letters reflect a continuing interest by Chairman Dingell in bank mutual fund activities. We informed you earlier about his inquiries regarding the sale of bond funds and other bond investments. (See Memorandum to Board of Governors No. 19- 93 and Bank Investment Management Members No. 2-93, dated March 18, 1993.) Regarding the latter, Chairman Dingell noted that the Committee would continue to oversee these issues. Matthew P. Fink President Attachment