

MEMO# 5336

November 18, 1993

LETTER FROM CHAIRMEN DINGELL AND MARKEY TO OCC CONCERNING POSSIBLE AMENDMENTS TO COMMON TRUST FUND REGULATION

November 18, 1993 TO: BANK INVESTMENT MANAGEMENT MEMBERS NO. 33-93 BOARD OF GOVERNORS NO. 106-93 INSTITUTIONAL FUNDS COMMITTEE NO. 17-93 RE: LETTER FROM CHAIRMEN DINGELL AND MARKEY TO OCC CONCERNING POSSIBLE AMENDMENTS TO COMMON TRUST FUND REGULATION

_____ House Energy and Commerce
Committee Chairman John D. Dingell and House Telecommunications and Finance
Subcommittee Chairman Edward J. Markey recently wrote a letter to Comptroller of the
Currency Eugene A. Ludwig concerning possible amendments to OCC Regulation 9.18,
governing common trust funds. A copy of the letter is attached. As you may recall, in 1990
the OCC proposed to amend Regulation 9.18 to permit national banks to advertise their
common trust funds to the public; to determine for themselves whether each participating
trust account had been established for a bona fide fiduciary purpose; and to charge a fee to
the common trust fund in addition to fees already assessed against the beneficiaries. In its
recent Regulatory Flexibility Act agenda, the OCC indicated that final action on
amendments to Regulation 9.18 is expected in December 1993. In their letter, Chairmen
Dingell and Markey state that they "understand [that the proposal] may soon be adopted
and published" by the OCC. Their letter urges the Comptroller "to refrain from amending
Regulation 9.18 in the manner proposed," in view of current Congressional concerns about
bank sales of registered mutual funds. In particular, their letter objects "that as amended
Regulation 9.18 -- particularly insofar as it were to permit advertising or double-charging --
would open the way for banks to sell unregistered mutual funds." (Emphasis in original.)
The letter characterizes such amendments as "highly counterproductive and potentially
quite dangerous." We will keep you informed of further developments. Paul Schott Stevens
General Counsel Attachment