

MEMO# 1274

August 2, 1989

BANC ONE WITHDRAWS APPLICATION TO BROKER SHARES OF AFFILIATED INVESTMENT COMPANIES

August 2, 1989 TO: BOARD OF GOVERNORS NO. 45-89 SEC RULES COMMITTEE NO. 46-89
UNIT INVESTMENT TRUST COMMITTEE NO. 46-89 RE: BANC ONE WITHDRAWS APPLICATION
TO BROKER SHARES OF AFFILIATED INVESTMENT COMPANIES

_____ As we previously informed you, the Institute submitted a comment letter to the Federal Reserve Board on the application of Banc One Corporation to allow its brokerage subsidiary to engage in additional activities, including recommending and brokering shares of investment companies advised by affiliates and paying salesmen on a commission or incentive basis. In its comment letter, the Institute argued that the proposed activities would violate the Bank Holding Company Act and the Glass-Steagall Act. (See Memorandum to Board of Governors No. 40-89, SEC Rules Committee No. 34-89 and Unit Investment Trust Committee No. 31- 89, dated July 6, 1989.) We are pleased to report that Banc One Corporation has filed a modification to its application, in which it withdrew its request for (1) authority to sell, distribute or broker shares of investment companies sponsored or advised by affiliates, (2) authority to compensate employees by means of commissions based on sales of shares of investment companies and (3) authority to provide investment advice with respect to shares of investment companies advised by affiliates. Copies of correspondence between the Institute's counsel and Banc One and the Board are attached. Craig S. Tyle Assistant General Counsel Attachment