

M E M O R A N D U M

December 28, 1976

TO : Anne P. Jones
Lee A. Pickard
Richard H. Rowe
Stanley Sporkin
J. Richard Zecher

FROM: John R. Evans *John*
Commissioner

I have been asked to give an address to the American Bankers Association Trust Division Conference at which it is expected that between 1500 and 1700 trust officers will be in attendance. Attached is a copy of a letter which I received from the President of the Trust Division, Jim North, and a copy of a tentative program which suggests possible areas of interest to the participants.

Jim suggested that the most responsible of their trust officers are somewhat concerned about SEC activities affecting their trust departments and would like me to give an overview of what can be expected in the next few years. He also mentioned various statements coming out of the SEC as being the basis for their concern. I would appreciate it if you could provide me with copies of statements which have been made publicly by those in your division or office as well as material which I might use in discussing this broad subject.

You will note that Marty Lybecker and Dale Johnson follow my remarks with subjects that may be pertinent for us to comment on. If you feel that they are, please let me know and provide me with any suggestions you might have in that respect.

We are going to have a very busy schedule in January and since I would like to get my remarks developed as soon as possible, I would appreciate receiving whatever material you can provide by January 7, 1977.



TRUST
DIVISION

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December 10, 1976

Commissioner John Evans
Securities and Exchange Commission
Washington, D.C.

Dear John:

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2/7
I was delighted to receive the message that you would be able to be with us in New Orleans. Just for the record let me spell out that the Conference will be at the Fairmont Hotel, and that I would anticipate you would be talking between 9:45 a.m. and 10:20 a.m. We anticipate that there will be between 1,500 and 1,700 trust officers in the audience. Most of the people in the room are in the business of providing personal trust, pension trust, investment management or corporate trust/transfer agency services. In addition, most of the trust departments which they represent are in a tight profit squeeze and many of them are having to face up to some very difficult decisions on cutting back or withdrawing from areas of service. There will only be a handful of banks represented who are interested in peripheral products such as the Chemical Bank brokerage arrangement or automated stock purchase, in other words, you will have the hard core of the trust business in your audience.

As I indicated on the phone, you should feel free to discuss anything that you feel is important. By way of suggestion, I heard Lee Pickard talk to the Midcontinent Trust Group on achievements of the SEC in improving security markets and the carryover benefits of these improvements to the trust business. I know that most of the audience found this to be very interesting because they had never really looked at the SEC activities in this light. You might also cover what additional changes or SEC actions you perceive or anticipate in the evolving markets and the impacts of these changes or actions. Options are becoming of increasing importance, are emerging as a significant investment vehicle and you might wish to cover whatever special problems your agency may see in connection with the development of options trading.

To

Commission John Evans
Securities and Exchange Commission
Washington, D.C.

p 2

Presumably, the Bank Study currently underway in your agency will have reached a point where a preliminary report has been filed and you may want to make whatever comments you feel appropriate including the criteria for analysis, i.e., investor protection, competition, public benefit.

On a more conceptual plane, you might want to comment on what you see as major issues emerging over the next five to ten years that will impact trust departments, i.e., the implications of the Prudent Man Investment Rule as it constrains the investment of pension assets and the impact of this constraint on the capital raising needs of the economy.

As a last suggestion, you may wish to comment on specific items under consideration by your agency as, for example, the forthcoming disclosure rules.

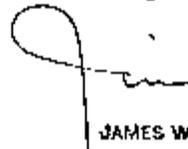
I am completely sincere when I say that you should talk about whatever you feel is most appropriate. I throw out the above suggestions only as an indication of areas where your comments might be appropriate.

You will immediately follow my twenty minute key note remarks and you in turn will be followed by Marty Lybecker, who will be giving us a talk based on his currently being prepared law review article covering comparable regulation and examination of the securities and banking industries leading into a discussion of the commingled agency concept. Following Marty will be Dale Johnson from Louis Allen Associates, who will be discussing the management of conflicts within our banking organizations. We will then adjourn for lunch to which you are, of course, most cordially invited. The luncheon speaker is open, but it will be someone who will talk in a lighter, more humorous vein than the morning program.

I know that I speak for all my colleagues in the Trust Division when I say that we are very pleased that you will be with us. As I indicated on the phone, many of the more perceptive members of the trust industry are developing a case of jitters concerning the SEC's attitudes and intentions with regard to the trust business. Straightforward comments in your usual fashion could go a considerable way in easing the concerns of the trust fraternity. They may not like what you have to say, but I am sure they will appreciate your comments.

With best regards.

Sincerely,



JAMES W. NORTH