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Comptroller of the Currency X

TREASURY DEPARTMENT

WASHINGTON 25, D.C.



January 11, 1963

ADDRESS REPLY TO
COMPTROLLER OF THE CURRENCY

Honorable William L. Cary
Chairman
Securities and Exchange Commission
425 Second Street, N.W.
Washington, D. C.

Dear Bill:

I trust that our conference Wednesday has laid the groundwork for the reaching of a common approach to the problems of regulation presented by the broadening of bank activity in the field of collective investment of fiduciary funds.

As you know, the exploratory suggestions made at our meeting on ways of reaching a practical modus vivendi in this area were not based upon any conclusions on the legal issues involved as to the extent of the Commission's authority in the areas in question. Our views on these issues were expressed in our letter dated December 18, 1962. It is our feeling that, if possible, a method of regulating these operations should be developed which will at once protect the interest of the public and the industry without subjecting the banks to duplicative Federal regulation and undue risk of litigation which might result. It was toward this end that we asked to see a draft of the information you would wish included in a "short form" registration.

In view of the wide differences in our respective interpretations of the legal issues involved in this matter, it does not appear that any useful purpose would be served by extensive negotiations on these questions.

Accordingly, we are proceeding with our revision of Regulation 9 which we plan to publish near the end of this month. We shall be glad to make a copy available to you as soon as the drafting work has been completed.

Sincerely,

James J. Saxon
Comptroller of the Currency

CHAIRMAN'S OFFICE
RECEIVED

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SEC. & EXCH. COMM