THE AMERICAN BANKERS ASSOCIATION,
Washington, D.C., July 1, 1968.

Hon. JOHN E. MOSS,
Chairman, Subcommittee on Commerce and Finance, House Committee on Interstate and Foreign Commerce, Rayburn House Office Building, Washington, D.C.

DEAR CONGRESSMAN MOSS: This letter is written for the purpose of expressing the views of The American Bankers Association with respect to H.R. 14475, a bill providing for full disclosure of corporate equity ownership of securities under the Securities Exchange Act of 1934.

The American Bankers Association believes that the overall objective of this bill are sound, constructive, and necessary. One specific provision of this bill would however, present serious difficulties for our member institutions in serving as trustees of corporate pension, retirement, and other employee benefit plans. We refer to paragraph 2 of the proposed new subsection (e) which the bill would add to section 13 of the Securities Exchange Act of 1934.

As drafted, this new paragraph (e) (2) provides that a purchase by any bonus, profit-sharing, pension, retirement, thrift, savings, incentive, stock purchase, or similar plan of the issuer or any person controlling, controlled by, or under common control with the issuer, shall be deemed to be a purchase by the issuer and such a purchase would be required to comply with the rules and regulations to be adopted by the Securities and Exchange Commission under the proposed subsection (e). It is our considermed judgment that the scope of this provision, as presently drafted, is unnecessarily broad, and that its effect would be to needlessly circumscribe the investment administration by bank trust departments of many corporate pension, retirement and other employee benefit plans.

We do not quarrel with the purposes of this provision with respect to those employee benefit funds where the employer or someone in a control relationship with the employer has the power to control, direct or influence the investments made for an employee benefit fund. However, in many cases—if not most—bank trust departments, serving as trustees for the funds of employee benefit plans, act as full discretion trustees with the unconditional power to make all investment decisions. Were the proposed provision to be adopted in its present form, it would be extremely difficult, if not impossible, for bank trustees to effectively perform their investment responsibilities in connection with employee benefit funds for the ultimate benefit of the plan beneficiaries. This would be especially true in the case of collective trust funds, where the assets of many pension plans are commingled for the purposes of efficient and economical investment administration.

For the foregoing reasons, The American Bankers Association recommends that the language of the proposed new subsection 13(e) (2) be amended so as to narrow its application to only those employee benefit plans, in which the issuer or a person in a control relationship with the issuer exercises control, direction, or influence over the investment decisions for a plan. We earnestly hope that your distinguished Subcommittee will see fit to make this necessary modification in the provisions of H.R. 14475.

Sincerely yours,

CHARLES R. MCNEILL,
Director, Washington Office.

AMERICAN LIFE CONVENTION,
Chicago, Ill.
LIFE INSURANCE ASSOCIATION OF AMERICA,
New York, N.Y. July 1, 1968.

Hon. JOHN E. MOSS,
Chairman, Subcommittee on Commerce and Finance, House Committee on Interstate and Foreign Commerce, Rayburn House Office Building, Washington, D.C.

DEAR CONGRESSMAN MOSS: The American Life Convention and the Life Insurance Association of America are two associations with an aggregate membership 353 life insurance companies in the United States and Canada which have force approximately 92 percent of the legal reserve life insurance written he United States. These companies also hold over 99 percent of the reserves sured pension plans in the United States.