

employment, might be forced to terminate an otherwise sincere program. I think there could well be a differentiation between the two.

Mr. KEITH. The investment companies have seen fit to tie in, to the life insurance business, in order to assure the completion of a plan in the event an investor dies enroute to his final goal, and in order to compete more effectively perhaps with the life insurance industry, would it not be similarly feasible for an investment company to make an arrangement with an insurance company so that if somebody became disabled their monthly payments could be continued?

Mr. HAACK. I am not an insurance expert, but I would think certainly yes. As a matter of fact, we have a variation of that technique which has been embraced by some of our members recently, whereby they provide what is known as debit balance insurance in the case of a customer having a margin account. If the customer should die, the insurance comes into effect and picks up his debit balance, so I would say without complete knowledge that it would be a possibility.

Mr. KEITH. When one considers the arguments that the SEC advances to prohibit the front-end loads, and you counter with positive approaches, it would seem to me that the industry would be on a little sounder ground.

Mr. HAACK. I would agree.

Mr. KEITH. I would be happy to relinquish for the moment but I would like to come back later for a few minutes.

Mr. MOSS. Mr. Stuckey.

Mr. STUCKEY. Thank you, Mr. Chairman.

Mr. Haack, first let me ask you do you consider the mutual fund as a public utility?

Mr. HAACK. Definitely no.

Mr. STUCKEY. Then wouldn't the current bill which is proposed by the SEC, in which they propose to set themselves up as a ratemaking body, in effect make the mutual funds a public utility?

Mr. HAACK. It certainly would.

Mr. STUCKEY. Would you consider the bill before us constitutional or unconstitutional?

Mr. HAACK. I am not an attorney, sir, and I would be reluctant to give an unqualified opinion.

Mr. STUCKEY. Is there anyone that would like to answer that?

Mr. LEVY. None of us. Well, Donald Calvin is an attorney. It is beyond our competence, Mr. Stuckey.

Mr. STUCKEY. I am not surprised. In your exchange with Senator Sparkman and also in your statement you say that the self-regulatory agencies and exchanges within the security business have demonstrated that they can be flexible and responsive to changing conditions. And you have also said that the National Association of Security Dealers would be willing to set themselves up as a governing body. I tend to favor this. I think any time that industry can self-govern themselves that we are this much better off, without Government interference.

Would you like to explain a little bit or expound on that, because we have had a little conflict I think since the time that the letter was written to Senator Sparkman, when the hearings were being con-