

**United States Senate**  
WASHINGTON, DC 20510

March 4, 2005

The Honorable William H. Donaldson  
Chairman  
Securities and Exchange Commission  
450 Fifth Street NW  
Washington, DC 20549-0609

Re: Regulation B, Release No. 34-49879, File No. S7-26-0

Dear Mr. Chairman:

We are writing to express our very serious concerns with the Commission's proposed regulation implementing the "push-out" provisions of Title II of the Gramm-Leach-Bliley Act (GLBA). The proposed regulation is fundamentally inconsistent with Congressional intent and would impose burdensome and wholly unjustifiable compliance costs on the entire banking industry.

Accordingly, we strongly urge the Commission not to finalize the proposed regulation in its current form but instead to prepare - and again seek public comment on - a new proposal that is consistent with the language and legislative history of GLBA. We also strongly urge the Commission, in preparing the new proposal and before its issuance for public comment, to work jointly with the bank regulatory agencies and to consult with the President's Working Group on Financial Markets.

Title II of GLBA repealed the blanket exclusion for banks under the definitions of broker and dealer in the Securities Exchange Act of 1934. Because, however, we wanted to allow banks to continue performing certain traditional banking activities involving the purchase and sale of securities, we replaced that exclusion with a series of statutory exceptions to the broker and dealer definitions. In so doing, it was our intention, clearly expressed in the legislative history of GLBA, that these bank products and services continue to be available to bank customers and that banks continue to engage in these activities without having to seek additional authorization from the Commission. Indeed, that was the very purpose of adopting statutory exceptions.

Adoption of the Commission's proposed Regulation B would create a new regulatory maze of requirements that would impose unnecessary burdens on - and in some cases prevent - banks and thrifts that seek to continue to offer their customers those very same traditional bank products and services we sought so explicitly to protect in Title II.

Moreover, the sheer complexity of the proposed regulation and the associated burden of compliance are especially troublesome for community banks and thrifts, most of which are not affiliated with a registered broker. With no affiliate to which they could readily "push out" these activities, many of these institutions would likely choose to stop offering to their customers the traditional products and services protected by Title II. Others might decide to incur the very significant costs associated with registering as a broker, which would require passing those costs on to their customers.

We also note that many products and services either cannot be or traditionally have not been offered by broker-dealers. Preventing banks and thrifts from continuing to offer these products and services will do a disservice to consumers.

This is not the result we intended when Congress adopted GLBA. The only activities Congress intended to "push out" were those activities conducted outside the scope of the statutory exceptions.

While we acknowledge the hard work of the Commission and its staff in the development of the proposed regulation, we believe the approach it embodies is fundamentally flawed. Therefore, we strongly urge the Commission not to finalize the proposed regulation but instead to work with the other financial services regulators and issue for public comment a proposed regulation that is consistent with the plain language and clear legislative history of GLBA.

We appreciate your consideration and look forward to your response.

Sincerely,

Jim Summing

Michael B. Ezi

Jim John

Rebbie Steneaw

Tom Payne

Mike Cryoo

Bob J. Bennett

Wayne Aland

Rick Santorum

Chuck Hesel

Elizabeth Dole

Charles Schumer

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