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PLAZA 4-1100

June 26, 1963

Sen. Harrison A. Williams, Jr.
United States Senate
Washington 25, D. C.

COPY

My dear Senator Williams:

I am addressing this letter to you in your capacity as Chairman of the Subcommittee on Securities of the Senate Committee on Banking and Currency and, on my part, as Chairman of the Board and General Counsel of the Association of Mutual Fund Plan Sponsors, Inc.

The specific matter as to which the Association wishes to place itself upon record is to indicate its support of Section 6(a) of S.1642, which amends Section 15(a) of the Securities Exchange Act, to require brokers or dealers to be members of a securities association which is registered pursuant to Section 15A of the Securities Exchange Act, - a section that is popularly known as the Maloney Act.

The Association of Mutual Fund Plan Sponsors, Inc. is an association that has been in existence for some six or seven years and today represents the major portion of the mutual fund industry engaged in the sale of contractual plans. The commitments on the plans that they have presently outstanding is in the neighborhood of four billion dollars. Our Association concerns itself with the specific problems presented by this phase of the industry and to that end has adopted a code of ethics to impose upon its members standards with reference to the sale of these contractual plans and to the activities generally of their members in sponsoring and underwriting these plans. Its members, for example, by agreement have adopted the salutary rule, in my opinion, requiring the repayment in full of any payments made by a planholder within thirty days after he may have committed himself to a plan. Repayment will be made for any reason and the purpose of that requirement is to give potential planholders the opportunity to reconsider any decision that they have

initially made at their leisure and in the light of extended scrutiny of the full information which has been given them as to sales and other charges.

A majority of the members of our Association are also members of the National Association of Security Dealers. Some, however, are not members of that Association due to the fact that they have their own selling organizations and do not utilize brokers and dealers in their sales activities. There are also a number of important sponsors and underwriters of contractual plans who are not members of our Association, the reasons for their failure to join our Association being various in character, but centering in many respects about their unwillingness to extend to their planholders the thirty day rule mentioned above.

The members of our Association are not prepared as yet to commit themselves to the idea of being required to join the National Association of Security Dealers or to alternatively form a self-regulatory association which would qualify under Section 15A of the Securities Exchange Act. However, the members of our Association are unanimously of the opinion that their experiment in the field of self-regulation has produced benefits to their portion of the mutual fund industry. They consequently believe that the principle of self-regulation should be extended to all members of their industry, as advocated by the Securities and Exchange Commission. They consequently wish to place themselves on record in behalf of the aforementioned proposal of the Securities and Exchange Commission. It would therefore be appreciated if you could make this letter a part of the record educed by your Subcommittee.

Our members naturally do not wish to be compelled to join two associations and thus be subject to the requirement to pay double dues and be subject to dual regulation. Nor do they wish to be deprived of certain necessary privileges they may presently possess as members of the National Association of Security Dealers by choosing to belong to some other duly registered self-regulatory association. These are problems of detail, in their opinion, that can be readily worked out at a later stage. But they firmly believe in the principles enunciated by the Securities and Exchange Commission, first, that self-regulation is desirable, and second, that to be effective it must embrace all of the persons engaged in the particular type of business given the privilege of self-regulation.

I might add as a personal note that, as a former Chairman of the Securities and Exchange Commission, I was a prime proponent of the Maloney Act, to wit -- Section 15A of the Securities Exchange Act. In my opinion, it has been a valuable adjunct to the regulation of our securities markets, and I believe that its extension to cover the entire field and to permit, as the pending legislative proposals do permit, the creation of separate associations to deal with certain phases of the securities field that are quite distinct from the normal sale of stocks and bonds, will be definitely in the public interest.

Respectfully yours,

James M. Landis

JML/cab