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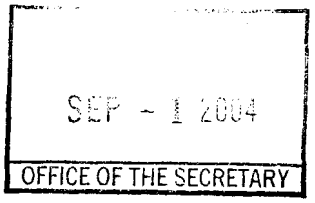
Supplement



VIA FEDERAL EXPRESS

August 31, 2004

Lawrence A. Knecht
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Jonathon G. Katz
Secretary
Securities and Exchange Commission
450 5th Street NW
Washington, D.C. 20549-0609

Re: Regulation B-Proposed Rules under 17 CFR Parts 240 and 242
File No. S7-26-04

Dear Mr. Katz:

This letter supplements the comment letter dated August 20, 2004 previously submitted on behalf of UMB Bank, n.a. and its affiliated companies ("UMB"), a copy of which is enclosed.

In regard to the "one-to-nine" ratio described in proposed Exchange Act Rule 721, UMB requested that the Commission adopt a less complicated test to determine whether a bank satisfies the "chiefly compensated" requirement contained in the Gramm-Leach Bliley Act (the "GLB Act") on a line-of-business basis. Specifically, UMB suggested that a bank be treated as having satisfied the test if a bank's "relationship compensation" comprises a simple majority of the bank's total compensation for all trust and fiduciary accounts. A bank that satisfies this line-of-business test should not be required to also test each new account to ensure that the bank is likely to receive more relationship compensation than sales compensation with respect to each such account. To add individual account calculations on top of the line-of-business test would render the line-of-business exemption more illusory than real. We believe that the chiefly compensated requirement as set forth in the GLB Act is fulfilled as long as a bank's relationship compensation for all trust and fiduciary accounts comprises a majority of the bank's total compensation for such accounts. Accordingly, we request that the Commission eliminate any individual account testing requirement for banks that choose to rely on the line-of-business exemption.

We are also concerned about the Commission's discussion of what activities constitute "clerical and ministerial" under the networking exception. The

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Commission's description of "clerical and ministerial" as including those activities that do not require licensing when performed by an employee of the broker-dealer does not coincide with the GLB Act itself, which provides that "bank employees may forward customer funds or securities and may describe in general terms the types of investment vehicles available from the bank and the broker or dealer under the arrangement." This is true even though a brokerage employee may have to be licensed in order to engage in such activities.

We appreciate the Commission's consideration of UMB's additional comments.

Yours very truly,

Lawrence A. Knecht

Lawrence A. Knecht
Senior Vice President and Legal Counsel

LAK:cbd

Enclosure
CC: Mariner J. Kemper
Peter J. deSilva
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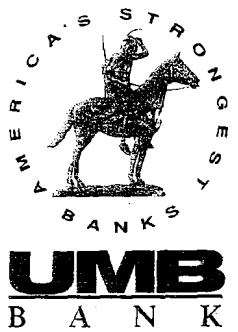

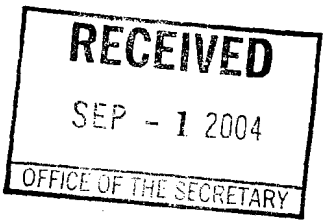

Via Federal Express

August 20, 2004

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Re: Regulation B – Proposed Rules under 17 CFR Parts 240 and 242, File No. S7-26-04

Dear Mr. Katz:

I am writing on behalf of UMB Bank, n.a. and its affiliated companies ("UMB"). We appreciate the opportunity to offer comments on the proposed rules contained in Regulation B as published by the Securities and Exchange Commission (the "Commission" or "SEC").

We believe that Regulation B addresses many of the concerns raised by UMB and other financial institutions in regard to the Interim Final Rules released by the Commission in 2001. In particular, we appreciate the Commission's concurrence with the banking industry's request for a line-of-business alternative in connection with the "chiefly compensated" calculation. However, we are concerned that certain portions of Regulation B will have a disruptive effect on UMB's ability to provide traditional banking services to its customers and that, in several instances, the proposed rules go beyond the intent of Congress in enacting the Gramm-Leach-Bliley Act (the "GLB Act").

Our comments regarding specific sections of Regulation B are set forth below.

A. Safekeeping and Custody Activities Exception. Some of UMB's most serious concerns relate to the proposal that would restrict the authority of banks to accept securities orders from their custodial customers. We do not believe that the exceptions provided in proposed Exchange Act Rule 760 for accounts opened before July 30, 2004 and for "Qualified Investors" will prevent a serious disruption of UMB's ability to service the legitimate needs of its customers.

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The GLB Act expressly allows banks to engage in a variety of custodial-related activities without being considered a broker, including "providing safekeeping or custody services with respect to securities" and "serving as a custodian or provider of other related administrative services to any IRA...." In various Committee reports pertaining to the GLB Act, Congress expressed its intent that an extensive "push-out" of or restrictions on the conduct of traditional banking services is not warranted. Even if we were to accept the SEC's position that the taking of orders by a custodian is prohibited by the GLB Act (a conclusion that we do not believe is warranted), the Commission's proposed order taking rule would create for UMB's custody area the sort of consequences that Congress expressly sought to avoid -- a restriction of its ability to handle the custodial needs of many of its customers and a push-out of those activities to a broker, all to the detriment of UMB's customers.

One of the principal reasons why UMB's customers hold mutual fund shares in custody accounts at UMB is to obtain consolidated tax reporting and other recordkeeping. Mutual fund shares held by UMB as custodian are registered at the various fund companies in UMB's nominee name (using the tax ID Number assigned by UMB to that nominee) for the benefit of its customers. It has to be that way in order for the bank to collect dividends and capital gains, process purchases and redemptions, and issue 1099's, all of which are traditional custody functions recognized by Congress. If proposed Rule 760 is adopted in its present version, those accounts would have to be re-registered in the names of the various customers, assuming the customers wish to trade in their shares. In that case, UMB would not be recognized by the funds' transfer agents as the owner of the shares for purposes of transactions, disbursements and tax reporting. The end result, we believe, would be that most customers who wish to hold mutual fund shares in a custody account at UMB would be unable to do so. This is a result that Congress clearly did not want.

In addition, we believe that order taking is a basic administrative activity and a core component of custody services that banks have historically offered to customers. We do not believe that Congress intended to prohibit this activity in the GLB Act.

We also believe that it is incongruous that IRA custody accounts will have to be pushed out to a broker, but IRA trust accounts will not. IRA custodians and IRA trustees are treated synonymously in Internal Revenue Code section 408. Congress surely did not intend that banks would be allowed to administer IRA trust accounts, but not IRA custody accounts.

Furthermore, banks should be permitted to charge reasonable compensation for their services in providing custodial services, including the handling of trade orders. If a bank is precluded from charging fees to customers who expect the bank to process trade orders, this could result indirectly in an across-the-board fee increase for all custody customers. In pricing its custody services, it is only fair that customers who use more of the bank's services (i.e. order processing) pay a higher fee than those customers who merely wish the bank to safekeep securities.

For the reasons set forth above, we believe that proposed Rule 760 is unworkable. We suggest that the rule be revised to permit banks to accept orders from custody customers, regardless of when the account was opened or established, and to charge reasonable fees

for such services. If, however, Rule 760 is not modified in this manner, then we request that the term "Qualified Investor" be clarified to permit a registered investment adviser who opens multiple accounts for his or her clients to count the value of client assets for purposes of satisfying the $25 million minimum.

Turning to proposed Exchange Act Rule 762, we request that the Commission clarify the rule to eliminate any inference that a bank must assume responsibility for all seven of the listed functions with respect to each particular account in order to be considered as acting as a custodian with respect to that account. It is conceivable that the bank could assume some, but not all of these duties in connection with certain accounts, such as escrow accounts. Clearly, escrow accounts should be treated like other custody accounts for purposes of this rule.

Finally, in regard to the Safekeeping and Custody Activities Exception, we do not understand the commentary in the Commission's discussion that accompanies Regulation B relating to the dissemination of a bank's buy list or watch list of securities. Please confirm that the Commission would not view this activity as exceeding the solicitation limits of Exchange Act Rule 3a4-5 as long as such lists are only circulated internally within a bank and its affiliates and are not distributed to customers.

B. Chiefly Compensated Rules under Trust and Fiduciary Activities Exception. As I mentioned, UMB is pleased that proposed Exchange Act Rule 721 permits the "chiefly compensated" calculation to be done on a line-of-business basis. However, UMB would prefer a simpler test than the one-to-nine ratio (between sales and relationship compensation) proposed by the SEC. We believe the chiefly compensated requirement would be satisfied as long as the compensation permitted by the GLB Act (i.e., administration fees, percentage of assets under management, and flat or capped per order processing fees that do not exceed the bank's cost) constitute a simple majority of the bank's total compensation for *all* trust and fiduciary accounts.

Alternatively, if "sales compensation" (as defined in the Commission's rule) is compared to total compensation, we believe that the chiefly compensated test should be satisfied as long as sales compensation is less than 50% of total compensation for *all* trust and fiduciary accounts. In any event, the required ratio of sales compensation to total compensation should be no less than one-to-five (or 20%).

C. Referral Fee Limitations under Networking Exception. Proposed Exchange Act Rule 710 would permit referral fees to be paid under an incentive program that covers a broad range of products and that is designed primarily to reward activities unrelated to securities. Among other requirements, the Rule would mandate that points in such a program must be paid in units of value with a "readily ascertainable" cash equivalent that is known by the employee at the time of the referral.

While we appreciate the clarification that a referral fee may be paid in the form of points in an incentive program, we do not find any statutory support in the GLB Act for the requirement that the program cover a broad range of products and be designed *primarily* to reward activities unrelated to securities. Nor do we find any statutory basis for the requirement that the value of a point in the program must be known by the employee at the time of the referral.

In many cases, the total monetary value of incentive rewards may not be known until the end of the year. Therefore, it may not be possible to determine the value of a point at the time of the referral. The conditions of the rule should be satisfied as long as the monetary value of a point meets the definition of "nominal" at the time the reward is given to the employee. Similarly, as long as the nominal value and other requirements of the proposed rule are satisfied, we see no reason why the plan must be designed primarily to reward activities unrelated to securities.

We also do not believe that the GLB Act warrants a rule that would prevent branch managers or supervisors from participating in bonus or incentive plans, even if their awards are based in part on referrals originated by their branches or departments. The SEC should refrain from regulating bank compensation and bonus programs, and leave this matter to the bank regulators.

Finally, we do not support the optional definition of "nominal" as $15 in 1999 dollars adjusted by changes in the CPI. The baseline should be $25 as adjusted by changes in the CPI.

We appreciate the Commission's consideration of our comments and we respectfully request that Regulation B be modified to address the concerns of UMB and others within the banking industry.

Yours very truly,

Lawrence A Knecht

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Senior Vice President & Legal Counsel

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