



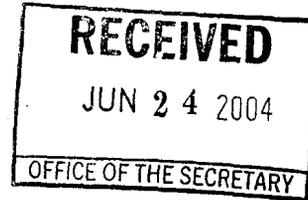
S7-20-04

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**Patricia R. Hatler**  
Senior Vice President and General Counsel  
Office of General Counsel

July 12, 2001

Jonathan G. Katz  
Secretary  
U.S. Securities and Exchange Commission  
450 5<sup>th</sup> Street, N.W.  
Washington, D.C. 20549-0609



Subject: File No. S7-12-01

Dear Sir:

This letter is filed on behalf of Nationwide and is intended to comment upon Release No. 34-44291 in connection with the above File Number. The Release concerns interim final rules and request for comments under Sections 3(a)(4) and 3(a)(5) under the Securities Exchange Act of 1934 (the "Exchange Act"). Nationwide, an insurance and financial services concern based in Columbus, Ohio is a unitary savings and loan holding company under the Home Owners' Loan Act and owns Nationwide Trust Company, FSB, a limited purpose federal thrift chartered by the Office of Thrift Supervision in the U.S. Department of the Treasury.

The rule is designed to address primarily the functional exceptions for banks from the definition of "broker" and "dealer" as set forth in the Gramm-Leach-Bliley Act of 1999 ("GLB"). In conjunction with the operative provisions concerning banks and consistent with GLB, the interim final rule also exempts from the definition of "broker" and "dealer" any savings association or savings bank that has deposits insured by the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act, and is not operated solely for the purpose of evading the provisions of the Exchange Act. Such exemption is granted on the same terms and under the same conditions banks are excepted or exempted. Apart from the operative provisions setting forth various fact patterns under which banks are excepted or exempted from the definition of "broker" or "dealer", Nationwide desires to limit its comments solely to the exemption for savings associations and savings banks.

Nationwide believes that this provision is important to carrying out Congressional intent and is consistent with the spirit of implementing historic financial services reform through GLB. The provision will put federal savings associations and federal savings

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banks on the same plane as national banks and state chartered banks with respect to the same kind of banking business for purposes of the broker-dealer exemptions. I have attached for your review TR-255 dated June 18, 2001 (Federal Register 27760-27800), issued by the Office of Thrift Supervision of the U.S. Department of the Treasury notifying the public and federal thrifts of this action by the Commission. (see attachment.)

While we believe this provision is a good start in the recognition of the integration of financial services in the United States, Nationwide urges the Commission to continue this conforming change through to the Investment Advisers Act of 1940 (the "Advisers Act"). We understand that the Staff of the Commission is drafting amendments to the Advisers Act to address this specific issue among others. We cite and applaud Director Roye's comments at the Third Annual IA Compliance Summit last March in Washington. (see attachment.) Director Roye acknowledged that the Staff was working on an exemptive rule under the Advisers Act for thrifts in the area of common and collective trust funds. GLB amended the Investment Company Act of 1940 definition of banks to include thrifts within the bank exemption enabling federal thrifts to sponsor common and collective investment funds exempt from registration.

We believe that exemptive rulemaking in this area is not only well within the Commission's authority under the Advisers Act, but fully consistent with the spirit of GLB. Moreover, regardless of the exemptive rule, federal thrifts ever remain subject to the jurisdiction and examination of the Office of Thrift Supervision. Accordingly participants in such funds would receive all of the protections available from the fiduciary department of the savings association or savings bank. This is a discrete area of traditional banking. Exemptive action by the Commission would reduce regulatory cost to the financial services consumer without sacrificing any consumer protection and would effectuate GLB.

Respectfully yours,

NATIONWIDE



Patricia R. Hatler  
Senior Vice President, General Counsel and Secretary

cc: Paul F. Roye  
Director—Division of Investment Management

Attachments

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