



Daniel Rothstein
Executive Vice President
Corporate Secretary / Regulatory Counsel
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August 27, 2004

Jonathan G. Katz
Secretary
Securities & Exchange Commission
450 Fifth Street, NW
Washington, DC 20549-0609

File # S7-26-04

Dear Mr. Katz:

Provident Bank is a federally chartered savings association that has been serving customers of Rockland County, New York since 1888. Currently, it has \$1.8billion in assets, 27 branches located in four counties of Orange, Rockland, Sullivan and Ulster, New York.

Five years ago, Provident Bank started an investment management and trust department to service the financial needs of its customer base. The department has grown to \$60million fulfilling its mission. It is staffed by two highly experienced officers and has undergone several examinations by the Office of Thrift Supervision (OTS), the primary regulator of Provident Bank.

The department offers all the traditional services that are accustomed for a community bank fulfilling its customers' needs for services. These services include:

Personal Services
Investment Management
Investment Advisory
Custody- Safekeeping
Cash Management
IRA Rollovers
Escrows
Estate Settlement
Fiduciary Services

ERISA Services
Profit Sharing Plans
Money Purchase Plans
401(k) plans

Provident recognizes the SEC's efforts to prescribe specific exceptions from broker registration requirements relating to activities in which banks have traditionally engaged, including trust and fiduciary, networking, sweep accounts, and custody activities. However, as a thrift, Provident is concerned that the proposal as currently written would adversely impact our ability to continue to serve the trust and investment needs of our customers, as described below.

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Exemptions for Savings Associations and Savings Banks

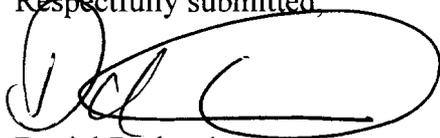
As proposed, thrifts would not be afforded all of the exemptions that would be granted to banks, namely the employee benefit exemption, general custody exemption, and Regulation S exemption. Provident engages in both the administration of employee benefits and the provision of custodial services. As such, we would be adversely impacted if thrifts were not granted equal footing with banks in connection with these exemptions. Thus, we urge the SEC to re-consider its position in this regard and provide the same exceptions to both thrifts and banks, thereby creating a level playing field.

Safekeeping and Custody Activities Exception

Provident currently offers safekeeping services to a wide array of customers in our market area. This service includes; custody of customers' assets, collection of dividend and interest income, remittance of that income, monthly statements, and buying and selling of securities at the customers' direction. Our fees for this service are asset based. We do not take 12-b(1) fees or commissions on trades as compensation for this service. We extract favorable commission rates on trades from the broker/dealers that we use, which accrue directly to the benefit of our customers. Your proposal to disallow the activity of buying and selling securities for our customers will clearly make our custody service unattractive and uncompetitive. Currently customers choose institutions such as ours due to the faith and trust they have in dealing with a local professional.

Provident appreciates the opportunity to comment on the proposal, and thanks the SEC for its consideration of our comments.

Respectfully submitted



Daniel Rothstein

cc: Steve Cosgrove
Jerry Filandro