



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Interpretive Letter #885
April 2000
12 CFR 5.34

March 20, 2000

Mr. Michael E. Bleier
General Counsel
Mellon Bank, N.A.
One Mellon Bank Center
Pittsburgh, PA 15258

Dear Mr. Bleier:

This responds to your letter dated February 15, 2000, and your subsequent telephone conversations with OCC staff, concerning the OCC's May 4, 1994 approval letter (Approval Letter) permitting Mellon Bank, N.A. (Bank) to acquire the Dreyfus Corporation (Dreyfus). You have requested that the Bank be relieved from certain commitments noted in the Approval Letter, and from certain conditions of approval listed in the Approval Letter. For the reasons described below, the OCC grants your request.

The specific commitments and approval conditions from which you have requested relief are included on the list attached to this letter. As you have noted, these commitments and conditions have become obsolete and unnecessary as a result of the Gramm-Leach-Bliley Act of 1999 (GLBA)¹. In GLBA, Congress has comprehensively addressed banks' involvement with businesses such as Dreyfus. GLBA has clarified the permissible activities, corporate structures, and applicable safeguards that will govern in the Bank's relationship with Dreyfus. The Bank should be permitted to organize its business with Dreyfus subject to the requirements of GLBA in the same manner as the Bank's competitors. By relieving the Bank from these commitments and approval conditions, the OCC is simply recognizing that the Bank should now be subject to the framework established by Congress in GLBA, rather than the provisions of the OCC's 1994 Approval Letter.

¹ Public Law No. 106-102, November 12, 1999.

This result is also consistent with the OCC's supervisory experience with the Bank since 1994. The OCC has not identified a continuing supervisory need for these commitments and conditions. We are satisfied that the provisions of GLBA, other applicable laws and regulations, and applicable regulatory guidelines, are sufficient to govern the Bank's activities in this area.

I trust that this is responsive to your request. Please contact me if you have any questions.

Sincerely,

- signed -

Julie L. Williams
First Senior Deputy Comptroller
and Chief Counsel

Attachment

Bank Commitments

Each of the mutual funds in the Dreyfus Family of Mutual Funds (the Dreyfus Funds) would use an independent third party to act as distributor, or principal underwriter, of the Dreyfus Funds' shares.

Dreyfus will not be named as the organizer or sponsor of any new Dreyfus Funds, nor provide the seed capital to fund these new mutual funds.

No officer, director, or employee of the Bank will serve as such with respect to the Dreyfus Funds and no officer, director, or employee of the Dreyfus Funds will serve as such in the Bank.

The Bank represents that it will not make any changes in the Policy Statement without prior notice to the OCC and the Federal Reserve Board. The Bank states that it will not make the change if notified of objections by either agency within thirty days of the notification.

Approval Conditions

The Bank and the Subsidiaries will maintain an adequate level of equity capital. In assessing the appropriate level of capitalization, the Bank should include within its evaluation the various risks incurred, e.g., liquidity, fiduciary, operational, and legal. The Subsidiaries also will comply with applicable SEC capital requirements.

The Bank's aggregate direct and indirect investments in and advances to the Subsidiaries shall not exceed an amount equal to the Bank's legal lending limit.

The Bank and the Subsidiaries are subject to the Interagency Statement (2/15/94) regarding sales of nondeposit investment products as described on pages 19-20 of [the Mellon/Dreyfus approval] letter. With respect to other sales activities, the Subsidiaries will provide the disclosures as described on page 20 of [the Mellon/Dreyfus approval] letter.

The Bank and the Subsidiaries must comply with each of the voluntary commitments in the Bank's Policy Statement on Mutual Funds, as the same may be amended from time to time.

The Bank and the Subsidiaries will comply fully with all applicable laws, regulations, orders and directives of regulatory bodies and with the rules of all self-regulatory bodies including the NASD.

