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August 23, 2004

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

Re: File #S7-26-04 SEC Proposed Regulation B

Dear Mr. Katz:

I have reviewed the proposed SEC Regulation B. As a trust officer working for a State chartered banking organization, I believe that there are a number of areas which need further consideration.

First, for the trust and fiduciary exception the proposed line of business test is much too complicated. While the majority of our fees are based upon assets under management we do receive some 12b-1 fees. These fees are designed as an administrative fee for the servicing of relationships and as such should not be considered as sales compensation. The test for fees using sales compensation verses relationship compensation and a 1:9 ratio is much too low. I would think that a simple percentage test for overall fees received by a trust department would suffice. This test could state that no more than 25% of the trust departments' fee could be received from sales compensation (excluding 12b-1).

Second, the custodial exception for small banks with \$100,000 sales compensation appears to be rather low. While our organization is far under the \$500,000,000 small bank exception, \$100,000 is sales compensation would seem to be quite low. Maybe a better definition of sales compensation to exclude 12b-1 fees would be more appropriate. While it is unclear as to how the custodial exception is separate from the other exceptions in the regulation I am certain that banks need to be able to make sales and purchases for custodial accounts including IRA's, 403b accounts, and investment accounts where the bank is acting as a custodian.

Third, the sweep account exception should be expanded to allow for sweeps into any money market mutual fund with a charge of 50 basis points or less. The overall language for the sweep program should be expanded.

Fourth, the exception for Third Party Networking Brokerage Arrangements should expand the definition for nominal referral fees to \$30.00 rather than \$25.00. The hourly wage standard should be increased. Banks should also be permitted to pay a referral fee

each year for the referral of the same customer. Banks should also be permitted to pay bonuses in addition to referral fees.

Finally, I believe that bank trust personnel who held various securities registrations should automatically be granted an exception from the retaking of a securities registration if the registration has gone beyond the two year grace period. Or, as an alternative, permit banks to register trust personnel which would generate additional income for the SEC and require further continuing education for such personnel. I, for example, had my registrations expire in February of this year. I understand that if I should become employed by a broker dealer the broker dealer can request a waiver. I believe this should either be automatic or have some type of registration through banks.

I thank you for your consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike McAlpine", with a long horizontal flourish extending to the right.

Mike McAlpine
Senior Vice President