

Add: Paul

nuveen

John Nuveen & Co. Incorporated 209 South LaSalle Street, Chicago, Illinois 60604

(312) 621-300

June 13, 1983

✓ Mr. Richard Ciccarone
Harris Trust and Savings Bank
111 W. Monroe Street
P.O. Box 755
Chicago, Illinois 60690

✓ Ms. Lydia Long
Alex Brown & Sons
One James River Plaza,
7th & Cary Streets
P.O. Box 1480
Richmond, Virginia 23219

Mr. Anthony E. Cone
Blyth Eastman Paine Webber Incorporated
555 California Street, Suite 4300
San Francisco, California 94104

✓ Mr. William J. McCarthy
Fitch Investors Service, Inc.
5 Hanover Square
New York, New York 10004

Ms. Ruth Corson
E. F. Hutton & Company, Inc.
One Boston Place
Boston, Massachusetts 02108

Mr. William J. Poutsiaka
Liberty Mutual Insurance Company
175 Berkley Street
Boston, Massachusetts 02117

✓ Ms. Melinda Allen Crosby
North Carolina National Bank
One NCNB Plaza
Charlotte, North Carolina 28255

✓ Mr. Thaddeus P. Vannice
Bond Department - 5th Floor
Continental Bank
231 S. LaSalle Street
Chicago, Illinois 60693

Mr. George Gregorio
E. F. Hutton & Company, Inc.
Room 1604
One Battery Park Plaza
New York, New York 10004

The National Federation of Municipal Analysts is progressing. Well before the June 30, 1983 target date, three analyst societies have approved the basic Federation concepts summarized in the April 8, 1983 "Report On Preliminary Steps Toward Formation of (the Federation)". For your convenience, a copy of that report is enclosed. The approving societies so far are the Boston, Chicago, and Southern organizations. Each of the three of these has also appointed its two Charter Committee delegates. They are as follows:

- Ruth Corson and William Poutsiaka of the Boston Municipal Analysts Forum;
- Richard Ciccarone and Thad Vannice of the Chicago Municipal Analysts Society;
- Melinda Crosby and Lydia Long of the Southern Municipal Finance Society, formerly named the Southern Municipal Analysts' Society.

The Municipal Analysts Group of New York has been the focus of some activism on both sides of the proposed certification (accreditation) program. As I understand it, position papers were to have been written and ballots were to have been prepared for two issues: the Federation with certification and the Federation without certification. The result of the MAGNY vote is expected to be known by the end of June. From what I have been advised, it appears that the result will almost certainly be Federation approval and that the approval will not be conditional even if the vote is for Federation without certification. However, such a result might be cause for the Charter Committee to give extra attention to the proposed certification objective, the timing of its implementation, etc.

[George Gregorio, will you please advise each of the six named members of the Charter Committee of the result of MAGNY's vote and, if MAGNY becomes a Charter Society, the names of the two New York delegates to the Committee? Regardless of the New York vote result, presumably the Charter Committee delegates should make sufficient phone contact by early July to set a time and place to meet.]

The San Francisco Municipal Forum's prospects as a Charter Society are problematic. As of the last word from that group, there had been little or no substantive action on their part.

The Society of Municipal Analysts has appointed a committee (of which I was named a member) to study the Federation matter, but the committee head has not called a meeting, so I think we can assume that this organization will not be a Charter Society. There has been some opposition to the Federation and/or the accreditation proposal from a few vocal members of the Society--in at least one case from a member who is also a certification opponent within MAGNY.

It seems to me that the certification or accreditation issue has been given disproportionate emphasis by some--in relation to all of the proposed functions of the Federation. In this regard, it may be relevant to compare the reference to that issue on the top of page 2 of the April 8th report (item 1. b.) to the surrounding references to other "PROPOSED FUNCTIONS". Implementing a high quality certification plan may take a long time and may be expensive. Whether or not it is feasible, I trust that most municipal analysts, and the profession, can benefit from the other Federation operations. If a certification program is developed, it could further enhance recognition of individual analysts as well as of the profession. Proponents of certification may never obtain 100% support of municipal analysts--whether because of certain individuals' reluctance to meet certification requirements or otherwise. But perhaps the aims of the Federation and its members can be best served by emphasizing the (hopefully) voluntary nature of certification, without government control--and by emphasizing the other proposed Federation functions. Even without certification, the Federation can have an important role among investment professionals.

Now may I add a personal note? As some of you know, both as President of the Chicago Municipal Analysts Society during the 1982-83 year and as an individual interested in the success of the Federation, I have been actively supporting the development efforts over the past few months. As we were considering selection of the Chicago delegates to the Charter Committee, I

chose to not be a candidate. Two of my considerations were my schedule and the availability of Rich Ciccarone (who is expected to be the Chicago group's President during 1983-84) and Thad Vannice, both of whom I thought were excellent choices for these posts. Another consideration was my belief that broadening the base of people instrumental in formation of the Federation would be healthy for it. My decision was not in any way an indication of lack of interest in the new organization. To the contrary, I plan to be available this summer if I may be of help to any of you in your Federation work. I hope you will feel free to call on me. And I hope to continue to be involved after this summer.

Following are various thoughts from my notes, etc. supplementing the April 8th report. Some of this may be helpful to the Charter Committee.

1. In the Federation Constitution, in addition to provisions for admission of additional societies, perhaps there should be provision for Federation removal of a society (also for voluntary separation by a society?).
2. Consideration might be given to whether a person could become an affiliated individual member regardless of whether or not he or she were within a geographical area served by a constituent society.
3. What would be the status of an affiliated individual member who might also be a member of a newly-admitted constituent society?
4. Should there be provision for removal of an individual member, whether or not a member through a constituent society?
5. Would the Charter Committee want to solicit the involvement, this summer, of someone representing potential affiliated individual members? If so, a candidate might be Bill Solari, of Donaldson, Lufkin & Jenrette, who has expressed strong interest in the Federation.
6. A lady named Lisa Good, of Pittsburgh National Bank, has indicated interest in formation of a Pittsburgh municipal analyst group. It would be small, which suggests the possibility that there could be provision for small constituent societies to join the Federation without giving them two Board seats.
7. A copy of The Institute of Chartered Financial Analysts' Code of Ethics and Standards of Professional Conduct is enclosed.
8. Also enclosed is a copy of a June 8, 1983 letter from Bill Georgeson, with attachments. Bill's subject is a possible relationship between an individual municipal group and a constituent society of the Financial Analysts Federation, but I am enclosing it for information and background that might relate to a similar issue: whether it might be worthwhile to explore possible advantages of some structured relationship between the National Federation of Municipal Analysts and the Financial Analysts Federation.
9. If a certification program is pursued in the near future, the following people might be contacted for advice, etc.: Darwin M. Bayston of The Institute of C. F. A. 's in Charlottesville, VA; Frank McAulliffe of the N. A. S. D. in Washington, D. C.; and John E. Peterson of the M. F. O. A.'s Government Finance Research Center in Washington, D. C.

Cordially,

Paul R. Daniels (R)

Paul R. Daniels

PRD/dan
Enclosures (3)