February 9, 2007

Mr. Ivan Strasfeld
Director
U.S. Department of Labor
Employee Benefits Security Administration
Room N-5700
200 Constitution Avenue, N.W.
Washington, D.C. 20210

Dear Mr. Strasfeld:

On behalf of UnionBanCal Corporation and Union Bank of California we are responding to your letter dated December 12, 2006 to Mr. Takashi Morimura, Chief Executive Officer.

You have asked certain providers of services for Individual Retirement Accounts and similar types of plans (collectively, IRAs) to respond to a request for information published in the December 4, 2006 Federal Register soliciting information concerning the feasibility of the application of computer model investment advice programs for IRAs.

We understand that the Secretary of Labor in consultation with the Secretary of Treasury is to determine, based on the information received, whether there is any computer model investment advice program which may be utilized to provide investment advice to IRA beneficiaries.

By way of background, Union Bank of California has long served as custodian for IRA programs that encompass a range of investments. For instance, individuals may choose from a number of FDIC insured bank deposit products. In addition, customers may also establish brokerage IRAs with UnionBanc Investment Services, the retail brokerage subsidiary of the Bank. Based on suitability, customers may invest in load and no-load mutual funds, brokered CDs, as well as individual stocks and bonds. Also, IRA customers in our Wealth Management area have an expanded set of investment choices that includes private placements and real estate. Along this spectrum of investments, individuals have a need for advice.

The Bank has an opportunity to interact with a steady stream of individuals who are changing jobs or retiring and are often seeking help with their distribution options and retirement planning. Others are in need of a tax advantaged savings plan for retirement. Many of these individuals are also are seeking insight about appropriate IRA investments.

The Bank is firmly committed to meeting the investment needs of its customers by providing financial information through both UnionBanc Investment Services' registered representatives who routinely use computer-based models to render investment advice or, to empower individuals to make their own informed decisions by receiving investment advice via online access to computer-based tools that feature asset allocation and investment analysis from highly regarded consulting firms.

Therefore, we are pleased to respond to the Department of Labor's request for information.

Question #1: Are there computer model investment advice programs for the current year and preceding year that are, or may be, utilized to provide investment advice to beneficiaries of plans described in section 4975(e)(1)(B)-(F) (and so much of subparagraph (G) as relates to such subparagraphs) (hereinafter "IRA") of the Code which:

(a) Apply generally accepted investment theories that take into account the historic returns of different asset classes over defined periods of time;
(b) Utilize relevant information about the beneficiary, which may include age, life expectancy, retirement age, risk tolerance, other assets or sources of income and preferences as to certain types of investments;
(c) Operate in a manner that is not biased in favor of investments offered by the fiduciary adviser or a person with a material affiliation or contractual relationship with the fiduciary adviser;
(d) Take into account the full range of investments, including equities and bonds, in determining the options for the investment portfolios of the beneficiary; and
(e) Allow the beneficiary, in directing the investment, sufficient flexibility in obtaining advice to evaluate and select investment options.

Answer #la: Yes, Union Bank believes that many financial firms offer computer model programs with embedded asset allocation tools, based on tested algorithms and reflecting historic asset class total return results, analysis of arithmetic and geometric returns, standard deviation and expected risks, and over defined time periods.

Answer #1 b: Many programs do collect investors' pertinent financial information, including age, income and knowledge of specific investments. These variables allow programs to produce results in line with an investors' preference for risk and reward.

Answer #1c: Some computer programs may offer investment recommendations, although it is our experience that tools predominantly offer asset allocation recommendations. We are unaware of any models that offer a completely unbiased selection of investment options and across the full range of investments, to investors.

Answer #1d: See response to #1c above. Union Bank is unaware of computer models that encompass "the full range of investments" available to investors.

Answer #1e: Union Bank has observed that many, but not all, computer programs offer flexibility and choice in investment selection. Generally, most models are populated with proprietary mutual funds and non-proprietary mutual funds from approved companies with which the IRA provider has entered a financial agreement.

Question #2: If currently available computer models do not satisfy all of the criteria described above, which criteria are presently not considered by such computer models? Would it be possible to develop a model that satisfies all of the specified criteria? Which criteria would pose difficulties to developers and why?

Answer #2: To build the model described, Union Bank believes the technology constraints are great. Critical issues include data storage for research on 6,000 plus mutual funds and all stocks listed on NYSE, NASDAQ and other markets worldwide, access to bond offerings, plus performance data and analytical feeds from multiple financial service bureaus. Also, the processing power to satisfy the volume of requests would require load

balancing those requests across multiple servers or need to be channeled to a large mainframe computer to analyze requests and produce results. The costs associated with technology requirements and ongoing support are likely well beyond the reach of any single financial institution. A consortium of companies and a dedicated staff of people would be required to finance and maintain such a model.

Another constraint would be usability and customer experience. Many participants will simply not be comfortable engaging with the computer model, if it is too complex and the investment offerings are too broad.

Question #3: If there are any currently available computer model investment advice programs meeting the criteria described in Question 1 that may be utilized for providing investment advice to IRA beneficiaries, please provide a complete description of such programs and the extent to which they are available to IRA beneficiaries.

Answer #3: As stated in response to #1 d, Union Bank is unaware of computer models that encompass "the full range of investments" available to investors.

Question #4: With respect to any programs described in response to Question 3, do any of such programs permit the IRA beneficiary to invest IRA assets in virtually any investment? If not, what are the difficulties, if any, in creating such a model?

Answer #4: See response to #2 above. Union Bank knows of no computer program permitting the IRA beneficiary to invest his or her IRA assets in virtually any investment.

Question #5: If computer model investment advice programs are not currently available to IRA beneficiaries that permit the investment of IRA assets in virtually any investment, are there computer model investment advice programs currently available to IRA beneficiaries that, by design or operation, limit the investments modeled by the computer program to a subset of the investment universe? If so, who is responsible for the development of such investment limitations and how are the limitations developed? Is there any flexibility on the part of an IRA beneficiary to modify the computer model to take into account his or her preferences? Are such computer model investment advice programs available to the beneficiaries of IRAs that are not maintained by the persons offering such programs?

Answer #5: Union Bank is aware of a number of computer models that offer investment advice aimed towards a subset of the investment universe. Generally, as noted in response #1 e, most models are populated with proprietary mutual funds and non-proprietary mutual funds from approved companies with which the IRA provider has entered a financial agreement.

Question #6: If you offer a computer model investment advice program based on nonproprietary investment products, do you make the program available to investment accounts maintained by you on behalf of IRA beneficiaries?

Answer #6: As indicated in the introductory paragraphs of this letter, Union Bank does offer a computer model investment advice program that includes investment education, based on nonproprietary and proprietary mutual funds to prospective IRA customers.

Question #7: What are the investment options considered by computer investment advice programs? What information on such options is needed? How is the information obtained

and made part of the programs? Is the information publicly available or available to IRA beneficiaries?

Answer #7: As stated above, Union Bank offers a range of investments consistent with model asset allocation portfolios, so that customers may build an appropriately diversified IRA portfolio.

Question #8. How should the Department or a third party evaluate a computer model investment advice program to determine whether a program satisfies the criteria described in Question 1 or any other similar criteria established to evaluate such programs?

Answer #8: We recommend using the same rigorous discipline, methodologies and criteria that independent pension and investment consultants use when evaluating investment choices for inclusion in 401(k) plans.

Question #9: How do computer model investment advice programs present advice to IRA beneficiaries? How do such programs allow beneficiaries to refine, amend or override provided advice?

Answer #9: A tool would embody a risk questionnaire that reveals a tailored asset allocation recommendation, and would allow investors to amend their asset allocation and mutual fund selection by restarting the tool.

Union Bank of California appreciates the opportunity to respond to this request.

Sincerely,

0146~'-W

Alan Kizor
Senior Vice President
Retirement Solutions
Union Bank of California