

MEMO# 1880

April 30, 1990

INSTITUTE TESTIMONY ON GLASS-STEAGALL REFORM LEGISLATION

April 30, 1990 TO: BOARD OF GOVERNORS NO. 32-90 RE: INSTITUTE TESTIMONY ON GLASS-STEAGALL REFORM LEGISLATION

On April 24, the Institute testified at a hearing before the United States Senate Banking Committee. The hearing was one of a series being held by the Committee on legislation to modernize the regulation of financial services. The Institute's testimony marked the first public presentation of the affirmative legislative proposal approved by the Board in January. The testimony stressed four aspects of that proposal, which the Institute stated should be part of any comprehensive proposal: (1) a "two-way street", that would allow banks and securities firms to offer all types of financial services, (2) in order to protect federal deposit insurance, a combination of firewalls and a "narrow bank", (3) functional regulation and (4) special mutual fund firewalls. The Institute's testimony also emphasized the need for financial services restructuring to be addressed in a comprehensive manner and in Congress. This was contrasted with the piecemeal deregulation effected by regulatory agencies, such as the Comptroller's recent proposal to allow mass-merchandising of bank common trust funds. Copies of the Institute's written and oral statements are attached. Craig S. Tyle Associate General Counsel Attachment

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.