

MEMO# 1631

January 3, 1990

TREASURY STUDY OF FEDERAL DEPOSIT INSURANCE

January 3, 1990 TO: BOARD OF GOVERNORS NO. 1-90 RE: TREASURY STUDY OF FEDERAL DEPOSIT INSURANCE _____ As directed by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, the Department of the Treasury is conducting a study of the federal deposit insurance system. In connection with this study, the Department is soliciting comments from interested persons. Comments are due March 9, 1990. Attached is a copy of the notice soliciting comments. Among the items on which the Department is seeking comment are the purpose of deposit insurance and the concerns it has engendered (e.g., subsidization of bank activities, "too big to fail" and encouragement of excessive risks); means for monitoring and measuring risk; whether to reduce the scope of insurance coverage; the feasibility of charging risk-based premiums; the feasibility of alternative deposit insurance systems; and the interrelationship of deposit insurance and regulation. The Institute intends to file a comment letter with the Department. If there are positions you wish the Institute to consider, please contact the undersigned by February 28, 1990. Craig S. Tyle Associate General Counsel Attachment

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