

MEMO# 2036

July 16, 1990

INSTITUTE TESTIMONY ON FINANCIAL SERVICES RESTRUCTURING

July 16, 1990 TO: BOARD OF GOVERNORS NO. 49-90 RE: INSTITUTE TESTIMONY ON FINANCIAL SERVICES RESTRUCTURING

On July 11, the Institute testified at a hearing before the Telecommunications and Finance Subcommittee of the House Energy & Commerce Committee on financial services restructuring. The Institute's testimony set forth its affirmative legislative proposal, approved by the Board in January, which was first presented to the Senate Banking Committee in April. (See Memorandum to Board of Governors No. 32-90, dated April 30, 1990.) As in the April testimony, the Institute stressed four aspects of its proposal: (1) a "two-way street" that would allow banks and securities firms to offer all types of financial services, (2) protection of the federal deposit insurance system through a combination of firewalls and certain restrictions on firms, (3) functional regulation, and (4) special mutual fund firewalls. The Institute's testimony also attacked the OCC common trust fund proposal. The Institute state that, if adopted, the Investment Company Institute v. Camp and, at the same time, contain none of the safeguards provided for in congressional proposals for financial services restructuring. At the hearing, Chairman Markey expressed concern over the OCC proposal and announced that he intended to hold hearings on it after the August recess. Copies of the Institute's written and oral testimony are attached. Craig S. Tyle Associate General Counsel

Attachments

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