

**MEMO# 2964**

August 2, 1991

## **INSTITUTE TESTIFIES ON "FAIR TRADE IN FINANCIAL SERVICES"**

August 2, 1991 TO: FEDERAL LEGISLATION MEMBERS NO. 13-91 FEDERAL LEGISLATION COMMITTEE NO. 14-91 RE: INSTITUTE TESTIFIES ON "FAIR TRADE IN FINANCIAL SERVICES"

Earlier this week, the Institute testified before the House Ways and Means Subcommittee on Trade on the "Fair Trade in Financial Services Act." In its testimony, the Institute expressed its support for the measure which would authorize the Securities and Exchange Commission to deny U.S. registration to investment advisers from a foreign country that is found to be discriminating against American investment advisers. The Institute addressed three areas of specific concerns with issues of foreign market access and international competitiveness where market access is essential: 1. U.S. investment advisers seeking to advise and manage mutual funds organized abroad; 2. U.S. advisers seeking to provide investment advice abroad to non-mutual fund clients; and 3. U.S. mutual funds seeking to sell their shares abroad. The Institute noted that if U.S. advisers and mutual funds are to compete in these three areas, our government must have a wide range of negotiating tools, including the ability to withhold access to U.S. markets unless equality of competitive opportunity is provided in foreign markets. The Institute asserted that "the Fair Trade in Financial Services Act represents an important step toward equipping our government with the means needed to obtain competitive access for U.S. securities firms in the world's financial markets." - 2 - A copy of the Institute's testimony is attached. Please call if you wish further information. We will keep you informed of further developments. This memo can also be found on FUNDS, the Institute's Fund User Network and Delivery Systems, under Legislative Affairs, Washington Update. Julie Domenick Vice President-Legislative Affairs

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