

MEMO# 1560

November 28, 1989

FDIC STUDY ON PASS-THROUGH DEPOSIT INSURANCE

November 28, 1989 TO: PENSION MEMBERS NO. 51-89 UNIT INVESTMENT TRUST MEMBERS NO. 64-89 SEC RULES COMMITTEE NO. 74-89 RE: FDIC STUDY ON PASS-THROUGH DEPOSIT INSURANCE _____ The Federal Deposit Insurance Corporation ("FDIC") is preparing a report to be transmitted to Congress of its findings and recommendations relating to the pass-through of deposit insurance either to individual investors in unit investment trust funds or to individual participants in pension or profit-sharing plans qualified under section 401 of the Internal Revenue Code of 1986. The FDIC is soliciting comments on the issues it will be exploring in its study. In the attached notice, the FDIC specifically requests comments, suggestions and data or statistics on the following items: 1. The extent to which the FDIC should, as a matter of policy, provide pass-through deposit insurance for deposits of unit investment trusts and to individual participants in certain pension and profit-sharing plans. 2. The effect of pass-through insurance coverage on the safety of the insurance funds and the operation of capital markets. 3. The extent to which pass-through insurance coverage generally affects the liquidity of insured financial institutions. 4. The potential effects of expanding the existing insurance coverage to provide pass-through insurance coverage for individual investors in unit investment trusts. Comments on the FDIC study are due by December 15, 1989. Please provide me with any comments that you would like included in the Institute's comment letter by December 8, 1989. Amy B. Rosenblum Assistant General Counsel Attachment