

MEMO# 3561

March 9, 1992

INSTITUTE LETTER TO TREASURY AND U.S. TRADE REPRESENTATIVE CONCERNING GATT NEGOTIATIONS

March 9, 1992 TO: INTERNATIONAL COMMITTEE NO. 5-92 RE: INSTITUTE LETTER TO
TREASURY AND U.S. TRADE REPRESENTATIVE CONCERNING GATT NEGOTIATIONS

As previously reported, on December 20, 1991 GATT Director General Arthur Dunkel released a "Draft Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations". The Dunkel draft significantly changes the Framework of the General Agreement on Trade in Services and the Financial Services Annex. In a January 10 letter to Treasury, the Institute requested that The Dunkel draft be clarified to provide that cross-border purchases, sales and issuances of securities are subject to the federal securities laws, including Section 7(d) of the Investment Company Act of 1940. In the attached letter, which was sent to both the Treasury Department and the U.S. Trade Representative for Services and Investment, the Institute addresses the December 20 draft's apparent failure to provide an effective means to prevent "free- riders" from taking advantage of future changes in the federal securities laws. Free-riders are countries that benefit from the Agreement but make few liberalization commitments. We will keep you informed of developments. Angela C. Goelzer Assistant Counsel - International Attachment

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