

MEMO# 1494

October 27, 1989

CHAIRMAN OF INSTITUTE'S TASK FORCE ON MARKET REFORM TESTIFIES ON STOCK MARKET REFORM ACT

October 27, 1989 TO: BOARD OF GOVERNORS NO. 65-89 RE: CHAIRMAN OF INSTITUTE'S
TASK FORCE TESTIFIES ON STOCK MARKET REFORM ACT

On October 25, George Bissell, Chairman of the Institute's Task Force on Market Reform, testified before the House Telecommunications and Finance Subcommittee on the "Stock Market Reform Act of 1989". The Stock Market Reform Act consists of four provisions that would grant the SEC additional powers. Mr. Bissell testified before the Senate Securities Subcommittee on the Act in May. In its testimony, the Institute generally supported the provisions of the Act that would grant the SEC discretionary authority to close the markets during emergencies and direct the SEC to take steps to facilitate coordinated clearing and settlement systems. The Institute also supported the section of the Act that would authorize the SEC to require transaction reports by certain large traders, and stated that, in addition, such reports should generally be made available to the public. The other section of the Act would authorize the SEC to receive financial reports of parent holding companies of broker-dealers. While the Institute supported the goals of this provision, it questioned its broad scope. The Institute also opposed the broad exemption that would be granted to certain regulated financial institutions, such as banks and savings and loans. Copies of the Institute's written and oral testimony are attached. Matthew P. Fink Senior Vice President & General Counsel
Attachment