

MEMO# 2171

September 7, 1990

SENATE BANKING COMMITTEE APPROVES S.2820, THE "FAIR TRADE IN FINANCIAL SERVICES ACT"

September 7, 1990 TO: BOARD OF GOVERNORS NO. 64-90 SEC RULES COMMITTEE NO. 50-90 INTERNATIONAL FUNDS TASK FORCE NO. 21-90 RE: SENATE BANKING COMMITTEE APPROVES S.2820, THE "FAIR TRADE IN FINANCIAL SERVICES ACT"

_____ The Senate Committee on Banking, Housing, and Urban Affairs has reported S.2820, the "Fair Trade in Financial Services Act of 1990". A copy of the Committee's report is attached. The purpose of the legislation is to encourage foreign countries to grant de facto national treatment to U.S. financial institutions. As we previously informed you, the Institute testified in support of S.2820 at a hearing before the Senate Banking Committee on April 5, 1990. (See Memorandum to Board of Governors No. 25-90, SEC Rules Committee No. 27-90 and International Funds Task Force No. 4-90, dated April 6, 1990.) The bill would, among other things, authorize the Securities and Exchange Commission to deny registration as an investment adviser to a person from a foreign country that, according to a finding by the Treasury Department, discriminates against U.S. advisers by failing to offer the same competitive opportunities, including equal market access, as are available to domestic investment advisers. We will keep you informed of further developments. Frances M. Stadler Assistant General Counsel Attachment