

MEMO# 1762

March 9, 1990

INSTITUTE COMMENT LETTER ON DEPOSIT INSURANCE STUDY

March 9, 1990 TO: BOARD OF GOVERNORS NO. 15-90 RE: INSTITUTE COMMENT LETTER ON
DEPOSIT INSURANCE STUDY _____ As

we previously informed you, the Department of Treasury has been soliciting comments in connection with its study of the federal deposit insurance system. (See Memorandum to Board of Governors No. 1-90, dated January 3, 1990.) Attached is a copy of the Institute's comment letter. In the letter, the Institute recommends adoption of the "narrow bank" proposal, in accordance with the position adopted by the Board of Governors at its January meeting. Under the narrow bank proposal, banks affiliated with firms engaged in securities related activities would be entitled to federal deposit insurance only if their portfolios were limited to safe, highly liquid securities. Craig S. Tyle Associate General Counsel Attachment

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