

MEMO# 8642

February 13, 1997

JAPANESE PROPOSALS FOR FINANCIAL SERVICES DEREGULATION

ACTION REQUESTED February 13, 1997 TO: INTERNATIONAL COMMITTEE No. 7-97 RE: JAPANESE PROPOSALS FOR FINANCIAL SERVICES DEREGULATION

As we previously informed you, Treasury Department officials have asked for the Institute's views on market access issues in Japan for use in discussions with Japanese officials about Japan's intentions to further liberalize its financial services market. (See Memorandum to International Committee No. 42-96, December 6, 1996). Attached is a memorandum prepared by the Treasury Department that describes the specific deregulation proposals under consideration in Japan. Treasury has asked us to review the memorandum and identify the issues of most importance to US firms. We have advised Treasury previously of the need for Japan to permit foreign investment managers to use the services of their overseas affiliates in servicing Japanese investment trust clients and to simplify the partnership structure required for managing public pension plan assets. We have also commented that the absence of a credible system of performance measurement for Japanese investment trusts remains a problem that adversely affects the ability of investment trusts to advertise performance in Japan. We plan to advise Treasury that these issues, and the deregulation proposals to expand market access to Japan's pension plans and simplify Japan's investment trust regulations, remain the matters of greatest priority to Institute members. Please review the asset management proposals described in Treasury's memorandum and provide us with any comments that you may have by February 24, 1997. Senior officials of the Treasury Department will discuss these proposals with Japanese officials in early March. You can reach me by phone at 202 326 5826 or by fax at 202 326 5839. Mary S. Podesta Associate Counsel - International Attachment (in .pdf format)