

MEMO# 6143

August 19, 1994

THE FINANCIAL SERVICES COMPETITIVENESS ACT INTRODUCED

August 18, 1994 TO: BOARD OF GOVERNORS NO. 85-94 FEDERAL LEGISLATION COMMITTEE
NO. 27-94 FEDERAL LEGISLATION MEMBERS NO. 24-94 FINANCIAL SERVICES ISSUES GROUP
BANK LEGISLATIVE ISSUES GROUP RE: THE FINANCIAL SERVICES COMPETITIVENESS ACT
INTRODUCED THIS MEMO WAS NOT SENT OUT ACCORDING TO LEGISLATIVE AFFAIRS

On August 12, House Financial Institutions Subcommittee Chairman Steve Neal (D-NC) introduced H.R. 4956, the "Financial Services Competitiveness Act." This legislation, which is similar to legislation introduced last Congress by the previous Administration, would establish a new financial services regulatory structure based upon a Diversified Financial Services Holding Company concept. Under this structure, depository and non-depository institutions could exist as separately-capitalized subsidiaries within the same holding company. Chairman Neal is retiring at the end of this session of Congress, and in his introductory remarks stated that he does not expect to move this bill, but rather has introduced it to "facilitate a debate addressing the basic structure [sic] problems that are the result of outdated affiliation and activities restrictions contained in the Bank Holding Company Act, the Glass-Steagall Act, and various other laws." In order to provide a forum for such debate, the Subcommittee may hold a hearing on the legislation sometime this fall. To date, however, nothing has been scheduled. A copy of the legislation, a section-by-section summary, and Chairman Neal's introductory remarks are attached for your review. We will keep you informed as this matter develops. If you wish additional information, please contact the Legislative Affairs Department at 202/326-5890. This memo can be found on FUNDS, the Institute's Fund User Network and Delivery System, under "Legislative Affairs; Washington Update." Julie Domenick Senior Vice President Legislative Affairs Attachments