

THE WHITE HOUSE

WASHINGTON

January 5, 1991

MEMORANDUM FOR ROGER B. PORTER

FROM: MICHAEL KLAUSNER *mk*

SUBJECT: Correspondence From SIA

I have attached a draft response to the Securities Industry Association regarding financial institutions reform. For obvious reasons, I do not think it necessary to comment on the specifics of the SIA proposal.

In his cover letter, the Chairman states that he will contact you to set up a meeting to discuss this issue. I suggest that you schedule the meeting for a date after the Treasury proposal has been announced. There will still be plenty of opportunity after the announcement to analyze and refine the details of an Administration bill. (The announcement will be a Treasury report, with legislative language to follow a few weeks later.) If you want me to be at the meeting (which is certainly not necessary) Fridays will be the only days I can come down.

Recommendation

That you sign the attached letter.

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Dear Mr. Horowitz:

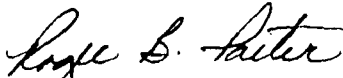
Thank you for your letter and the enclosed materials regarding financial institutions reform. I appreciate the work that the Securities Industry Association has done in this area.

I share the SIA's view that the objective of financial institutions reform should be to enhance the efficiency of financial markets and to limit the exposure of the taxpayer to the risk of bank failure. The SIA's proposal offers several innovative means of achieving those goals.

The Department of the Treasury has announced that it will propose a financial institutions reform package later this month. I understand that the Treasury officials working on that proposal have met with the SIA and many of its members, and I know that they appreciate your advice. I am hopeful that the Treasury proposal will meet the concerns of the securities industry.

I look forward to working with you and Marc Lackritz on this most important piece of legislation.

Warmest regards,



Roger B. Porter
Assistant to the President
for Economic and Domestic Policy

Mr. Gedale B. Horowitz
Chairman
Securities Industry Association
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M Street, N.W.
Washington, D.C. 20036

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