

Statement to the President by Chairman Ruder  
on the Interim Report of the Working Group on Financial Markets

May 16, 1988

Mr. President, it has been a distinct privilege to serve as a member of the Working Group on Financial Markets. The Group's agreement on coordinated trading halts procedures provides an important protection against market panic. Significant improvements in the clearance, settlement, and payments area, as well as important systems enhancements all will help to strengthen our nation's financial markets.

The Working Group also has reached significant agreement on the adequacy of the current levels of margin to protect the financial system from the consequences of margin defaults. I am particularly pleased that three of the members of the Group, myself included, have agreed that some form of federal government oversight of futures margins would be appropriate to increase financial system safety.

The Working Group will be continuing discussions of other intermarket issues, monitoring the implementation of our recommendations, and providing a forum for planning and taking coordinated action in the case of another market emergency. I look forward to the continued efforts of this Group to identify initiatives that will increase the liquidity and safety of the securities and index futures markets.