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Sam C. Munhollon
Securities Industry Association
Government Relations Committee

August 29, 1983

Honorable Mickey Edwards
208 Cannon Bldg.
Washington, D.C. 20515

Dear Congressman Edwards:

Recently Secretary of the Treasury Donald Regan has supported legislation entitled "Financial Institutions Deregulation Act of 1983 (FIDA)". For your information and consideration I have enclosed articles explaining areas of concern to the Securities Industry Association (SIA).

Specifically, I wish you to consider the following items which "FIDA" fails to satisfy:

Article (2) "The securities affiliate should be the only member of the bank holding company family to engage in securities activities."

- FIDA fails to satisfy. Securities activities involving private placements, commercial paper and financial advisory services may still be performed in the Bank.

Article (3) "No member of the bank holding complex should be allowed to use its assets or business relationships to assist the securities affiliate in its securities activities."

- FIDA fails to satisfy. Such credit transactions should be prohibited entirely.

Article (5) "The tax treatment of securities affiliates and of banks which are allowed to continue securities activities should be identical to that of broker-dealers and should be provided specifically in any proposed legislation dealing with these matters."

- FIDA fails to satisfy. The banks' municipal portfolio would still enjoy the existing tax advantage and if there is any traffic between the DISA dealer inventory and the bank portfolio, some advantage may accrue to the former.

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Article (6) "The Bank Holding Company Act should be amended to forbid a securities affiliate from participating in a financing in which any member of the bank holding company complex is participating (e.g., as supplier of a letter of credit or short term financing or acting as bond trustee), and vice versa."

- FIDA fails to satisfy. This is very important to SIA.

Article (7) "If the securities affiliate is to operate under its own authority and by its own skill, it should not benefit from customer and other valuable data constantly flowing into and developed by its affiliated banks."

- FIDA fails to satisfy.

Article (8) "A securities affiliate should not be permitted to trade on identification with the bank holding company complex."

- FIDA fails to satisfy.

Article (9) "If new underwriting powers are to be granted to bank holding companies or banks, appropriate powers in the field of banking should be granted to securities firms."

- FIDA fails to satisfy. However, if a securities firm does not engage in underwriting or dealing in corporate securities, or elects to give up such activity, it could acquire a bank and become a bank holding company.

Article (10) "A carefully phased timetable for institution of any such changes should be worked out in the interest of stability."

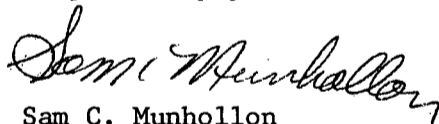
- FIDA fails to satisfy.

The above mentioned discrepancies are very significant issues to the Securities Industry Association. I encourage you to consider each of these issues at great length.

Based on the apparent deregulation taking place in the market place, I ask that you support a moratorium on financial industries deregulation until such time as Congress can thoroughly examine each of the issues and introduce legislation which would both support free entry and exit (encourage competition) on a "level playing field" and benefit the public through greater services at reduced costs.

Thanking you in advance for your consideration, I am

Respectfully your constituent,



Sam C. Munhollon
Account Vice President

Enclosure

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