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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-8075

October 28, 1987

Mr. Nicholas F. Brady
Chairman
Dillon, Read & Company, Inc.
535 Madison Avenue
New York, NY 10022

Dear Nick:

As Chairman of the Securities Subcommittee of the Senate Banking Committee I look forward to working with you and the special task force which the President has asked you to head to study the dramatic stock market events of the past week. Please view this letter as an early invitation on behalf of the Securities Subcommittee to share with us your recommendations and report to us the findings of the special task force as soon as they become available. The conclusions that you reach will be of considerable interest to the Nation as well as to this Subcommittee which, in the Senate, has jurisdiction over all securities matters.

In the course of the past week I have made the following specific recommendations:

1. The creation of an International Securities Regulatory Commission to better regulate and coordinate international securities markets to help avoid future panics. This Commission would include representatives from the United States, Japan and Great Britain at a minimum. Such an international agency can only be created with the cooperation of the countries involved and therefore, this initiative must come directly from the Administration as Congress cannot create such an organization.
2. The creation of a new Special Advisory Committee to Study the Securities Markets similar to the Special Study that was conducted so successfully in 1963. I would be particularly interested in whether the special task force agrees with me that such a study is necessary and, if so, your views regarding the subjects that should be studied and the authorization that would be needed.

3. An immediate increase in the funding and staff levels for the Division of Market Regulation and Investment Management at the SEC and an exemption for the Commission from the budget cuts posed by Gramm-Rudman.

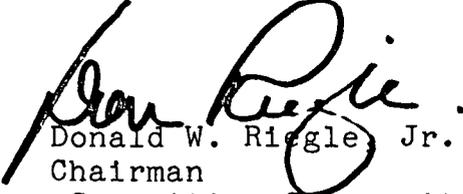
I would very much appreciate it if you and your panel of colleagues would give these three suggestions your serious consideration during the next 30 to 60 days.

You have a demanding challenge ahead and I believe the President has chosen an excellent Chairman for this job. Please call me directly if I can be of any help.

I look forward to reviewing the policy implications of recent events in the financial marketplace with you in the near future.

Best wishes.

Sincerely,



Donald W. Riegle, Jr.
Chairman

Securities Subcommittee