the convenience of handling their banking, insurance and securities activities at one location. More importantly, with the efficiencies that could be realized from increased competition among banks, insurance, and securities providers under this proposal, consumers could ultimately save an estimated $18 billion annually.

Federal Reserve Chairman Alan Greenspan has stated that “Consumers of financial services are denied the lower prices, increased access and higher quality services that would accompany the increased competition associated with permitting HFLBs' groups to expand their activities.”

This reduction in the cost of financial services, is in turn, a big win for the U.S. economy. Finally, this legislation is a win for America’s international competitive position, as it will allow U.S. companies to compete more effectively with foreign firms for business around the world.

As the Federal Reserve Chairman stated, “We cannot afford to be complacent regarding the future of the U.S. banking industry. The issues addressed in this legislation for the future growth of our economy and the welfare of our citizens.”

This legislation is thirty years overdue. Mr. Speaker, and I urge my colleagues not to delay its passage a day longer.

At this time, I would like to make a few clarifying remarks.

Included in Title VI of the bill before us are complex changes in the structure of the Federal Home Loan Bank (FHLBank) System. I believe these changes will enhance the ability of the System to help member institutions serve their communities, though there is enormous work yet to be done to implement these initiatives. Consequently, at the risk of redundancy, it is important to reiterate the view expressed in the Conference regarding related regulatory actions.

As noted in the Report, the Conferees acknowledged and supported withdrawal of the Financial Management and Mission Achievement (FMMA) rule proposed earlier this year by the Federal Housing Finance Board (FHFB), the FHLBank System regulator. The FMMA would have made dramatic changes in such areas as mission, investments, liquidity, capital, access to advances and director/senior officer responsibilities. Because of serious concerns over the FMMA’s impact on FHLBank earnings, its effect on safety and soundness and its legal basis, the proposal has been intensely controversial among the FHLBanks’ membership, with over 20 national and state bank and thrift trade associations calling for a legislated delay on FMMA.

Many Conferees not only shared these concerns but also felt strongly that the FMMA should not be pursued while the FHLBank System is responding to the statutory changes in this bill. There was great sympathy for a moratorium, tolling the FMMA, but prior to the matter coming to a vote, Chairman Morris of the FHFB sent a letter to Chairmen Gramm and Leach agreeing to withdraw the proposal, which I want to make sure is part of the RECORD. He also promised to consult with the Banking Committees regarding the content of the capital rules and any rules dealing with investments or advances. The FHFB’s commitment not to act precipitously in promulgating regulations in these areas creates the proper framework for effective and timely implementation of the reforms that Congress is seeking to put in place.

The regulatory standstill to which the FHFB has committed should apply to any final rules or policies applicable to investments, and the FHFB should not pursue any new FHLBank capitalization, including any $9 billion ceiling on member mortgage asset pilot programs or similar activities. In the context of dramatic impending changes in the capital structure of the FHLBanks, I believe it is necessary for the FHFB to refrain from any effort to pursue actions with similar regulatory implications for the FHLBank investment framework, liquidity structure and balance sheets.

Finally, Mr. Speaker I would like to note that it is my understanding that credit enhancement done through the FHLBank System’s pooling and reinsurance of mortgage guaranty insurance after a loan has been closed are secondary market transactions included in the exemption for secondary market transactions included in the S. 900 Conference Report. Therefore, this letter is intended to give you and your colleagues on the Committee of Conference solid assurances about our intentions upon final enactment of the statute being drafted. Upon such enactment, the Finance Board will: 1. Withdraw, forthwith, its proposed FMMA. 2. Proceed in accordance with the statutory provisions regarding regulating governing a risk-based capital system and a minimum leverage requirement for the Federal Home Loan Banks. 3. Take no action to promulgate final or proposed regulations limiting assets or advances beyond those currently in effect except to the extent necessary to protect the safety and soundness of the Federal Home Loan Banks. 4. Consult with each of you and your colleagues on the Banking Committees of the House and the Senate, regarding the content of both the capital regulations and any regulations on the subjects described in number 3, prior to issuing them in proposed form.

I believe that these commitments cover the areas of concern which have lead to a proposal for moratorium legislation. You can rely on this commitment to achieve those legitimate ends without clouding the necessary regulatory authority of the Finance Board which could result from statutory language. Thank you for your consideration.

Sincerely,

BRUCE A. MORRISON.