

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 banking companies to expand their activities."

This reduction in the cost of financial services, 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 are too important 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 Committee 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 blocking the FMMA, but prior to the matter coming to a vote, Chairman Morrison 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 maintain the current \$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 otherwise to rearrange the FHLBanks' 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 underwriting and reinsurance of mortgage guaranty insurance after a loan has been closed are secondary market transactions included in the exemption for secondary market transactions in section 502(e)(1)(C) of the S. 900 Conference Report.

FEDERAL HOUSING FINANCE BOARD,  
*Washington, DC, October 18, 1999.*

Hon. PHIL GRAMM,  
*Chairman, Committee on Banking, Housing,  
and Urban Affairs, Washington, DC.*

Hon. JIM LEACH,  
*Chairman, Committee on Banking and Financial Services, Washington, DC.*

DEAR SENATOR GRAMM AND CONGRESSMAN LEACH: As you proceed to consider legislation to modernize the Federal Home Loan Bank System as part of the S. 900/H.R. 10 conference, I am aware that there is substantial concern regarding our proposed Financial Management and Mission Achievement regulation (FMMA). Unfortunately, this legitimate concern regarding a far-reaching regulatory initiative has resulted in a proposal for a statutory moratorium on our regulatory authority. Despite the best efforts of well-meaning advocates, such statutory language can only lead to serious ambiguity and potential litigation over the independent regulatory authority of the Finance Board.

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 in conference. Upon such enactment, the Finance Board will: 1. Withdraw, forthwith, its proposed FMMA. 2. Proceed in accordance with the statutory instructions regarding regulations governing a risk-based capital system and a minimum leverage requirement for the Federal Home Loan Banks. 3. Take no action to promulgate proposed or final 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) until such time as the regulations described in number 2 have become final and the statutory period for submission of capital plans by the Banks has expired. 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 led to a proposal for moratorium legislation. You can rely on this commitment to achieve those legitimate ends sought by moratorium proponents 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.

## PERSONAL EXPLANATION

### HON. BILL PASCHELL, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, November 9, 1999*

Mr. PASCHELL. Mr. Speaker, as is reflected in the CONGRESSIONAL RECORD, I was granted a leave of absence for Monday, November 8, 1999.

I would respectfully request that the CONGRESSIONAL RECORD reflect the way in which I would have voted had I been present. The votes are as follows: Rollcall Vote 574—H. Res. 94 On Motion to Suspend the Rules and Agree, Recognizing the generous contribution made by each living person who has donated a kidney to save a life; on rollcall vote 574, I would have voted "yes."

Rollcall Vote 575—H.R. 2904 On Motion to Suspend the Rules and Pass, as Amended, to Reauthorize Funding for the Office of Government Ethics; on rollcall vote 575, I would have voted "yes."

Rollcall Vote 576—H. Res. 344 On Motion to Suspend the Rules and Agree to Recognizing and Honoring Payne Stewart and Extending Condolences to his family and the families of those who died with him; on rollcall vote 576, I would have voted "yes."

HONORING JIM AND CATHY THOMPSON AND THE TOWN OF KILLINGWORTH FOR THE 1999 ROCKEFELLER CENTER CHRISTMAS TREE

### HON. ROSA L. DeLAURO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, November 9, 1999*

Ms. DELAURO. Mr. Speaker, I rise today to pay tribute to the Thompsons and other residents of Killingworth, Connecticut who will provide a 100 foot tall spruce tree that will serve as New York's Rockefeller Center Christmas tree. I am proud, as are the residents of Killingworth, of the special role our tree will play in the national celebration of the holiday season.

This amazing Norway Spruce tree currently stands along side the farmhouse of Jim and Cathy Thompson. When Henry Marquard planted this tree 100 years ago, he never could have imagined its ultimate fate. But now the Thompsons find themselves the proud "parents" of what is to be the tallest tree in Rockefeller Center history.

The tree was first spotted by helicopter last April and later selected by Rockefeller Center officials as the 1999 Christmas tree. Over the summer the huge tree was carefully maintained, despite a record-setting drought. The people of the small town of Killingworth also managed to maintain a huge secret. The public did not know that this tree would become the Rockefeller Center Christmas tree until this week. The secret broke when the state police began to guard the tree around the clock. It will soon be carefully cut down and transported to New York City's Rockefeller Center, where it will stand throughout the holiday season.

The Rockefeller Center Christmas tree is world-renowned. It has been capturing the