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(Editor's note: The following statement is being made in response to House Banking Chairman Rep. James A. Leach's speech before the Financial Services Council on December 17.)

Statement of Eugene A. Ludwig, Comptroller of the Currency:

We are very pleased that House Banking Committee Chairman Jim Leach plans to incorporate in his new Financial Modernization bill the approach of our Part 5 regulation to permit broader activities for bank operating subsidiaries. Although there are still important issues to address, the ratification of our approach by Chairman Leach will enhance progress toward reaching a consensus on financial modernization.

At the OCC, we firmly believe in the necessity for choice in organizational structure provided safety and soundness concerns are satisfied. Because of the changes that have occurred and will occur in the financial services industry, we must not put in place artificial structural impediments that are not necessary for the safe operation of our financial system. Any financial modernization legislation should incorporate these principles. We look forward to a continuing and productive dialog with Chairman Leach on these issues.