

**FEDERAL RESERVE BANK
OF NEW YORK**

H-lis. no. 10537 (C)
May 6, 1992

ELIGIBILITY OF FRENCH FIRMS AS PRIMARY DEALERS

Comment Invited by June 25 on Treatment of U.S. Firms

To All Primary Dealers in U.S. Government Securities:

Following is the text of a statement issued by the Board of Governors of the Federal Reserve System:

The Federal Reserve Board is requesting public comment on whether U.S. companies operating in the French Government debt market have the same competitive opportunities as French companies in that market.

Comments must be received by June 25, 1992.

The Primary Dealers Act of 1988, which became effective in August 1989, provides that the Federal Reserve System may not designate or permit the continuation of the designation as a primary dealer of any person of a foreign country if that person's home country does not grant to U.S. companies the same competitive opportunities in the underwriting and distribution of Government debt instruments issued by the country as the country accords to domestic companies.

Printed on the reverse side of this circular is the Board's official notice on this matter. Comments thereon should be submitted by June 25 and should be sent to the Board, as indicated in the notice.

E. GERALD CORRIGAN,
President.

(Over)

FEDERAL RESERVE SYSTEM

Docket No. R-0757

**TREATMENT OF U.S. COMPANIES OPERATING
IN GOVERNMENT DEBT MARKET IN FRANCE**

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice of study and request for comment.

SUMMARY: Under the Primary Dealers Act of 1988, which became effective in August, 1989, the Federal Reserve may not designate or permit the continuation of the designation as a primary dealer of any person of a foreign country if that person's home country does not grant to U.S. companies the same competitive opportunities in the underwriting and distribution of government debt instruments issued by such country as such country accords to its domestic companies. Pursuant to this Act, the Federal Reserve is reviewing the government debt market of France and requests public comment on the treatment of U.S. companies with respect to the French government debt market, focusing in particular on the treatment of U.S. companies relative to domestic firms.

DATE: Comments must be received by June 25, 1992.

ADDRESS: Comments, which should refer to Docket No. R-0757, may be mailed to Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551, to the attention of Mr. William W. Wiles, Secretary. Comments addressed to the attention of Mr. Wiles may be delivered to the Board's mailroom between 8:45 a.m. and 5:15 p.m., and to the security control room outside of those hours. Both the mailroom and the security control room are accessible from the courtyard entrance on 20th Street between Constitution Avenue and C Street, N.W. Comments may be inspected in Room B-1122 between 9:00 a.m. and 5:00 p.m., except as provided in section 261.8 of the Board's Rules Regarding the Availability of Information, 12 CFR 261.8.

FOR FURTHER INFORMATION CONTACT: Kathleen O'Day, Assistant General Counsel (202/452-3786), or Deborah Burand, Senior Attorney (202/452-3427), Legal Division; John Montgomery, Economist (202/452-3579), or Larry Promisel, Senior Associate Director (202/452-3533), Division of International Finance; Board of Governors of the Federal Reserve System. For the hearing impaired only, Telecommunication Device for the Deaf (TDD), Dorothea Thompson (202/452-3544), Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551.

SUPPLEMENTARY INFORMATION: Under the Primary Dealers Act of 1988 ("Act"), 22 U.S.C. §§ 5341-5342, the Federal Reserve may not permit a person of a foreign country to act as a primary dealer in U.S. government securities if the person's home country does not accord U.S. companies the same competitive opportunities as the foreign country accords domestic companies in underwriting and distributing government debt obligations of such foreign country. A "person of a foreign country" includes any foreign individual or company that directly or indirectly controls a primary dealer.

In connection with a proposed transaction, a French company is expected to acquire indirect control of a primary dealer in U.S. government securities. Accordingly, in order to make the determination required by the Act, the Federal Reserve is undertaking a study of the government debt market of France to determine whether U.S. companies are accorded national treatment in their access to that market.

The Federal Reserve would welcome the views of U.S. firms or other persons on the specific respects in which U.S. companies are accorded, or are not accorded, the same competitive opportunities in the underwriting and distribution of French government debt instruments as France accords to French domestic companies. All such comments, which should be submitted by June 25, 1992, would be considered in the context of the study of this market.

By order of the Board of Governors, April 21, 1992.