INTRODUCTION

Robert H. Mundheim

MR. MUNDHEIM: Nowhere is it clearer that we live in an international context than in the world of finance, money, and capital markets. Nevertheless, important national interests are expressed in the regulatory and other structures that, at least at times, impede the free flow of capital and the development of institutions to serve the needs of the capital markets.

There are a number of examples of efforts to create international forums to discuss the ways in which to accommodate the differing goals of free capital markets and appropriate regulatory schemes. For example, the New York Stock Exchange is an active participant in the International Federation of Stock Exchanges which has taken some steps to harmonize the activities of exchange markets for stocks and bonds. The University of Pennsylvania Center for Study of Financial Institutions was the catalyst some years ago for organizing a standing International Faculty for Corporate and Capital Market Law comprised of academics from seven countries. All of the members of that faculty are here today and will be participating in the plenary sessions and in the workshops [1].

Today's conference represents a joint effort by the New York Stock Exchange and the Center for Study of Financial Institutions along with the American Law Institute to promote what we hope will be a wide-ranging discussion among a diverse group of participants.

The focus of today's discussion is banking. After a brief look at the rush of foreign banks to the U.S., we will turn to the views of regulators from three of the leading banking countries on key issues relating to the supervision of multinational banking organizations. In particular, we will discuss the division of responsibility between the supervisory authorities of the host country and home country. In addition, the role of international cooperation among regulatory authorities will be canvassed. Significant multinational activity requires a somewhat different regulatory response than purely domestic activity and you will see that point illustrated in this morning's discussion.

Further, this morning's discussion will foreshadow later discussions of the regulatory problems associated with the multinational activities of securities firms and one of the points that the conference will develop is that what is happening in the banking field now will likely be followed, at least in certain respects, in terms of approach and techniques in the securities business.

After the discussion of the supervisory problems, we will focus on the U.S. scene to see how the activities of foreign banks in the U.S. and how the development of international banking have influenced and may in the future influence various aspects of domestic bank regulation and practice.

This afternoon we will shift our emphasis from the institution of banking to banks' stock in trade, money. That discussion will take off from the dramatic U.S. freeze of Iranian assets. What impact does that experience have on the willingness of foreigners to hold dollars in U.S. banks in the U.S. or in their branches or sub-
sidiaries abroad? Will it spur the development of a dollar clearing system outside the U.S.? The Iranian experience has also caused a re-examination of syndicate loan practices and we will also get an analysis of some of those practices.

NOTES

[1] Members and Associate Members of the International Faculty

MEMBERS

Brazil

Modesto Carvalhosa
Professor, University of São Paulo Law School

France

Barthélemy Mercadal
Professor, University of Rouen

Germany

Klaus J. Hopt
Professor, University of Tubingen

Friedrich Kübler
Professor, University of Frankfurt

Japan

Katsuro Kanzaki
Professor, Kobe University

Misao Tatsuta
Professor, Kyoto University

Switzerland

Alain Hirsch
Professor, University of Geneva; Member, Swiss Banking Commission

United Kingdom

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Deputy Director General, Panel on Take-overs & Mergers

Paul L. Davies
Professor, Balliol College, Oxford

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Douglas W. Hawes, Esquire
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Vanderbilt University and New York University Schools of Law

Noyes E. Leech
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Morris Nendelson
Professor, University of Pennsylvania

Robert H. Mundheim*
University Professor of Law and Finance, University of Pennsylvania; formerly General Counsel, United States Treasury Department

*Professor Mundheim serves as the Presiding Officer of the International Faculty.
ASSOCIATE MEMBERS

From its inception, the International Faculty has worked particularly closely with the Japan Securities Research Institute, Instituto Brasileiro de Mercado de Capitais (IBMEC) and the French Commission des Operations de Bourse. Dr. Kaichi Shimura, Dr. Nelson L. Eizirik and Madame Marie-Claude Robert are Associate Members representing these institutions.

The International Faculty has also worked closely with Carl W. Schneider, Visiting Professor, University of Pennsylvania Law School and the Acting Director of its Center for Study of Financial Institutions; Dr. Alain Viandier of the Faculty of Sciences and Economics, Caen, France; Professor Yoshio Kumano of Senshu University; Claude Lempereur, Conseiller of the Belgium Banking Commission; and André Bruyneel, Avocat and Law Professor at the University of Brussels.