

**REPORT OF THE SECRETARY
OF THE TREASURY ON
GOVERNMENT-
SPONSORED ENTERPRISES**

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Report of the Secretary of the Treasury on Government-Sponsored Enterprises by Nicholas Frederick Brady

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NICHOLAS FREDERICK BRADY

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ENTERPRISES



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THE SECRETARY OF THE TREASURY
WASHINGTON

April 29, 1991

The Honorable J. Danforth Quayle
President of the Senate
United States Senate
Washington, D.C. 20510

Dear Mr. President:

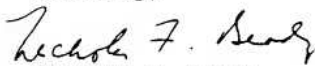
I am pleased to transmit the April 1991 Report of the Secretary of the Treasury on Government-sponsored Enterprises. This Report has been prepared to meet the statutory requirements in section 1404 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA)(Pub. L. No. 101-73) and in section 13501 of the Omnibus Budget Reconciliation Act of 1990 (OBRA)(Pub. L. No. 101-508).

FIRREA requires the Treasury to assess in two annual studies the financial safety and soundness of the GSEs and to study the impact of GSE operations on Federal borrowing. The Treasury submitted the first annual report under FIRREA in May 1990. OBRA requires the Treasury to assess the financial soundness of GSEs, the adequacy of the existing regulatory structure for GSEs, the financial exposure of the Federal Government posed by GSEs, and the effects of GSE activities on Treasury borrowing.

The enclosed study, which is intended to meet the requirements of FIRREA and OBRA, presents principles that are essential to effective financial safety and soundness regulation. It also includes an analysis of the financial condition of the GSEs performed by the Standard & Poor's Corporation, and updates the findings in the 1990 Report regarding the impact of GSE activities on Treasury borrowing. We will submit proposed legislation shortly implementing the recommendations in this study to authorize Federal regulation of the financial safety and soundness of the GSEs.

I am also transmitting the Report to the Speaker of the House of Representatives.

Sincerely,


Nicholas F. Brady

Enclosure



THE SECRETARY OF THE TREASURY
WASHINGTON

April 29, 1991

The Honorable Thomas S. Foley
Speaker of the House
House of Representatives
Washington, D.C. 20515

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