

curve, b) the structure of the particular instrument, and c) the relationship of similar instruments to the Treasury yield curve. The relationship to Treasuries is established by markets in generic forward contracts called TBAs ("to be announced") for which current dealer quotes are available from IDBs, Bloomberg and other vendors. Relatively sophisticated analytical tools to value MBS, CMOs, and ABS are available from Bloomberg, Bridge and other vendors. Dealers and some institutional investors have in-house analytical models as well. At least two services make such tools available over the Internet. Overall, the quality of pricing information and interpretive tools available to the market is good.

High yield corporate bonds generally do not have a stable relationship to Treasuries. Therefore, the transparency of the Treasury market does not imply known values for high yield bonds. Interdealer trading is facilitated by IDBs, but prices are not shown on screens. Dealer indicated prices for selected securities generally are transmitted to customers each day by fax and/or e-mail. Overall, the quality of pricing information available in the market for high yield corporate bonds is relatively poor, although dealers do not appear to enjoy a great advantage over their institutional clients.

Investment grade corporate bonds fall between high yield corporates and government bonds both in credit quality and in terms of the quality of pricing information available. They are generally traded in terms of a spread from Treasuries but the relationship is less stable than for non-benchmark Treasuries and Federal Agency bonds. As with high yield corporates, interdealer trading is facilitated by IDBs but prices are not shown on IDB screens. "Investment grade" covers a spectrum of quality and the sensitivity of a bond's price to company or industry specific development tends to increase with lower credit quality. Similarly, the quality of pricing information available for investment grade bonds may be described as ranging from fairly good to fair.

Convertible bonds are not ordinarily traded in fixed income departments. Their close relationship to equity is demonstrated by the fact that both buy and sell side firms typically trade convertible securities (including convertible preferred) in their equity trading departments.

Municipal bonds also do not trade in a close relationship to Treasuries although Treasury prices are certainly very important. The municipal market has become somewhat more commoditized in recent years with more new issues carrying credit insurance. However, this market is highly fragmented—and is characterized by an extremely large number of issues and issuers with a relatively small trading volume, and is highly regionalized. This is a market in which there are few real prices in comparison to the number of different securities. As a result, many securities are difficult to value either for portfolio valuation or trading. All market participants are impacted, but unlike other market segments, retail investors represent an important part of the municipal market (roughly 30% of holdings). The nature of the municipal market is such that price discovery is necessarily difficult, but the MSRB's transparency efforts will improve the distribution of prices, and will also provide the tools that the NASD requires to assure that the municipal market is fair.

Dollar denominated foreign sovereign debt securities, particularly from emerging markets, also do not trade in a close relationship

to Treasuries. There are approximately 10 major dealers in this market. Brady bonds, which were largely responsible for the development of this market, now account for less than half of its trading volume and are declining steadily in significance. Interdealer trading is facilitated by IDBs and real time quotes and transaction prices for many of these securities are provided by EDB screens to the dealer community, but are not generally available outside that group. End-of-day prices are readily available.

Electronic trading of bonds is rapidly becoming a reality, though its ultimate impact is far from clear. There are several single dealer systems in operation, most of them accessible through Bloomberg terminals, offering some form of electronic trading of Treasury securities. Some also offer Federal Agency securities and at least one offers municipal and mortgage backed securities as well. One multi-dealer system, Trade Web, is currently in operation with five sponsoring dealers. Bloomberg, which provides access to several single dealer systems, is preparing to offer a more integrated facility providing access to the quotes of all participating dealers on a single screen. Several other electronic bond trading systems are known to be under development, including at least one that will focus on high yield corporate bonds. A recent survey by the Bond Market Association. ("TBMA") shows that there is a consensus in the industry that electronic execution in some form will be common within a few years.

#### REMEMBERING RABBI SENDER DEUTSCH, A'H

#### HON. JERROLD NADLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1999

Mr. NADLER. Mr. Speaker, I rise to honor the memory of Rabbi Sender Deutsch, a'h, who served, for the past four decades, as the editor and publisher of the influential Yiddish Language newspaper *Der Yid*, and as Vice President of the Satmar community. Reb Sender Deutsch, as he was affectionately known, was a survivor of the Holocaust and was the right hand of the previous Grand Rebbe of Satmar, Rabbi Joel Teitelbaum, z'tl, and the present Grand Rebbe, Rabbi Moses Teitelbaum, Shlita.

Reb Sender, who was 76, and who passed away on September 2, 1998, was laid to rest in the community of Kiryas Yoel, in Monroe, N.Y. He is survived by his wife, three sons, three daughters, grandchildren and great grandchildren. He will be remembered as a compassionate man, a great scholar, and an orator of exceptional skill.

As the Editor of *Der Yid*, Reb Sender was often considered the voice of the Satmar community, and an influential voice in the Chassidic community at large. He was the main speaker at almost all functions organized by the Satmar community worldwide, and on many occasions he traveled the world as an emissary of the Grand Rebbe and the community. He was the author of a three volume history in Yiddish of the Second World War and the tragic fate of world Jewry during that period. He also served as the vice president of the Satmar Jewish school system, United

Talmudical Academy and Beth Rachel School with an enrollment of over 18,000 students, the largest Jewish school system in the United States and worldwide.

Mr. Speaker, my neighbors in Brooklyn join with the many thousands of people around the world whose lives were touched and benefited by the life and work of Reb Sender Deutsch, in honoring his memory and his life of extraordinary accomplishment and dedication to learning. It is an example which I believe all Americans will find inspiring and beneficial.

#### FREEDOM TO CHOOSE A UNION

#### HON. BOB SCHAFFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1999

Mr. SCHAFFER. Mr. Speaker, in America, no citizen should be forced to join an organization and pay dues against their will. Amazingly, Federal law actually grants private labor unions the authority to speak and act on behalf of otherwise free Americans with respect to their jobs, their wages, the terms of their employment and their choices at the ballot box. The law also empowers unions to make political decisions and even cash political contributions to various political causes regardless of whether the worker consents.

The Colorado General Assembly has urged this Congress to repeal these unfair federal laws. A resolution sponsored by State Representative Mark Paschell, and State Senator Jim Congrove has passed both Houses of the State Legislature and as such constitutes my State's official policy on this important matter.

Mr. Speaker, I commend Representative Paschell, and Senator Congrove for their bold leadership and urge my colleagues to follow the suggestions contained in Colorado's House Joint Resolution 99-1032 which I hereby submit for the RECORD.

#### HOUSE JOINT RESOLUTION 99-1032

Whereas, The "National Labor Relations Act", 29 U.S.C. sec. 159(a), grants certified labor organizations the authority to represent and contractually bind all employees in a bargaining unit, including those employees who prefer not to join, financially support, or be represented by a labor organization; and

Whereas, Some union officials consider this federally granted "exclusive representation" an unfair arrangement under state legislation that bans the mandatory collection of a service or other such fee from nonunion employees; and

Whereas, The General Assembly of the state of Colorado agrees that bargaining agreements negotiated by a labor organization should cover or bind only those employees who join or financially support such labor organizations; and

Whereas, The General Assembly believes that employees who choose not to join or financially support a labor organization should not be bound by the provisions of such labor organization's collective bargaining agreement, nor should they be required to accept such labor organization as their bargaining representative; now, therefore, be it

Resolved by the House of Representatives of the Sixty-second General Assembly of the State of Colorado, the Senate concurring herein: