

pioneering spirit in inventing, producing, and selling high technology products and services here at home and around the world.

GEORGE BUSH

The White House,
October 28, 1992.

Note: S. 2941, approved October 28, was assigned Public Law No. 102-564.

Statement by Press Secretary Fitzwater on the Baltic-American Enterprise Fund

October 28, 1992

The President announced today that he will seek congressional authorization for the creation of a Baltic-American Enterprise Fund. This new fund, which will serve Estonia, Latvia, and Lithuania, will be capitalized at \$45 million over 3 years and will be led by a board of directors composed of American citizens and representatives from the three Baltic countries.

The enterprise fund will be modeled after similar funds established by the administration for Poland, the Czech and Slovak Federal Republic, Hungary, and Bulgaria, which have proven extremely successful in assisting private sector development. The objective of the fund will be to provide capital, in the form of either debt or equity financing, to small and medium-sized private enterprises in the Baltics. Just as the other U.S. enterprise funds have done, the Baltic-American Enterprise Fund may assist in the channeling of certain U.S. technical assistance in the Baltic countries, as well

as financial assistance from other countries.

The U.S. Government will also encourage participation in the fund by the European Bank for Reconstruction and Development, other donor countries, and private investors. Such a partnership would leverage USG funds by augmenting them with outside capital.

This U.S. initiative demonstrates once again strong administration support for the independence of Estonia, Latvia, and Lithuania. Since the three countries regained their independence one year ago, the administration has supported and continues to support the withdrawal of all Russian forces from their territory at the earliest possible time, and has also provided substantial economic assistance. The administration's overriding objective is to help the three countries integrate themselves economically and politically with the West to ensure their future prosperity and their freedom.

Statement on Signing the Futures Trading Practices Act of 1992

October 28, 1992

Today I am signing into law H.R. 707, the "Futures Trading Practices Act of 1992." This forward-looking legislation is good for America's futures exchanges, good for farmers and ranchers who use futures, and good for U.S. financial markets. Indeed, this modernization of our financial laws will benefit everybody who works and invests in the American economy.

The bill contains an important provision sought by the Administration to give the Federal Reserve Board authority to oversee margin levels on stock index futures. The margin provision is crucial to help avoid the kinds of major market disruptions that occurred in October 1987 and October 1989. It is part of my Administration's continuing effort to adapt financial laws to the "one

market” of stock and stock derivative products.

The bill also gives the Commodity Futures Trading Commission (CFTC) exemptive authority to remove the cloud of legal uncertainty over the financial instruments known as swap agreements. This uncertainty has threatened to disrupt the huge, global market for these transactions. The bill also will permit exemptions from the Commodity Exchange Act for hybrid financial products that can compete with futures products without the need for futures-style regulation.

The margin and exemptive authority reforms are critical for keeping U.S. financial markets strong and competitive. The Administration first requested them 2 years ago, and I am delighted that they now have been adopted.

The bill strengthens the ability of the CFTC to police the futures markets, impose tougher penalties on wrongdoers, and obtain assistance from foreign futures regulators. These provisions will further enhance the reputation of the United States as the safest and best place in the world to conduct trading.

Two provisions of the Act could be interpreted in a manner that would raise constitutional concerns and will, therefore, be construed so as to avoid those concerns.

Section 215 purports to direct me to ap-

point persons to the CFTC who meet certain congressionally mandated criteria. This provision raises constitutional concerns by appearing to circumscribe my power under the Appointments Clause to nominate officers of the United States. I shall treat the provision as containing advisory, rather than mandatory, criteria for appointment.

Section 213(a)(2) directs the CFTC to issue regulations specifying the circumstances under which the governing board of a contract market may issue, without prior CFTC approval but subject to CFTC suspension within 10 days, issue a temporary emergency market rule. To avoid any violation of the Appointments Clause of the Constitution, this section will be construed only to permit the CFTC to waive the usual statutory requirement that it approve such private market arrangements. So construed, the section does not vest exercise of significant governmental authority in the governing boards.

GEORGE BUSH

The White House,
October 28, 1992.

Note: H.R. 707, approved October 28, was assigned Public Law No. 102-546. This statement was released by the Office of the Press Secretary on October 29.

Statement on Signing the Housing and Community Development Act of 1992

October 28, 1992

Today I am signing into law H.R. 5334, the “Housing and Community Development Act of 1992.” This bill establishes a sound regulatory structure for Government-sponsored enterprises (GSEs), combats money laundering, provides essential regulatory relief to financial institutions, authorizes several key Administration housing initiatives, and reduces the risk of lead-based paint poisoning.

This legislation addresses the problems created by the rapid expansion of certain

GSEs in the last decade. It establishes a means to protect taxpayers from the possible risks posed by GSEs in housing finance. The bill creates a regulator within the Department of Housing and Urban Development (HUD) to ensure that the housing GSEs are adequately capitalized and operated safely.

H.R. 5334 includes many of my Administration’s regulatory relief proposals for depository institutions. The regulatory burden that the Congress has placed on our bank-