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United States Senate

WASHINGTON, DC 20510

May 27, 2005

COMMITTEES:
AGRICULTURE, NUTRITION, AND FORESTRY

BANKING, HOUSING, AND
URBAN AFFAIRS

BUDGET

FINANCE

INDIAN AFFAIRS

The Honorable Alan Greenspan
Chairman
Board of Governors of the Federal Reserve System
Constitution Avenue and 20th Street
Washington, DC 20551

CLO: #G - 50
CCS: 05-5324
RECV'D: 5/31/05

Legal

Dear Chairman Greenspan:

I am writing to encourage the Board to clarify the anti-tying restrictions of the Bank Holding Company Act to be consistent with federal antitrust laws.

The Antitrust Division of the Department of Justice has recommended that the Board interpret the Bank Holding Company Act to be consistent with, and not broader than, federal antitrust laws. I support this position since uniform application of the federal antitrust laws in the banking sector will promote competition and benefit consumers by allowing the marketplace to determine what combinations of financial services are offered to corporate customers. This would not eliminate anti-tying restrictions, an important conflict-of-interest standard.

Instead, banks would be subject to the same high standards applied to all other sectors by the Sherman and Clayton Acts. This would clarify that a tying arrangement is illegal only in cases where the seller leverages its market power in one market to force customers to purchase a product in another market with anticompetitive consequences.

The market for both traditional and non-traditional products is broad and includes banks, securities firms, insurance companies, and other specialized financial service providers. Providing equal application of federal antitrust laws will promote healthy competition among banks and non-banks seeking to offer corporate consumers a better deal if two or more products or services are purchased together.

Sincerely,



Mike Crapo
United States Senator

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