

Document 0363

[20363001]

Bankers Trust New York Corp. won permission from the Federal Reserve Board to move the company's private placement department to its fledgling securities subsidiary .

[20363002]

The seemingly mundane action , which was opposed by the Securities Industry Association , a trade group , has important implications for banks ' recent entry into the underwriting of corporate securities .

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The Fed 's action increases the volume of publicly registered securities that banks ' securities affiliates will be able to underwrite .

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Several other banks have similar applications pending .

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Over the past two years , the Fed has given a handful of banks ' securities affiliates permission to underwrite and deal in a variety of corporate , asset-backed and municipal securities that had previously been the sole domain of securities firms .

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Securities firms have challenged those Fed approvals , saying they violate federal laws separating the banking and securities businesses .

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However , the Fed limited the revenue that banks could earn from these new underwriting activities to no more than 10 % of the revenue earned from other securities activities long open to banks , such as dealing in U.S. Treasuries .

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For some banks that 10 % ceiling created problems .

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But , by allowing BT Securities Inc. to handle private placements , the Fed boosted the volume of new types of underwriting that the unit can do .

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Private placements involve debt and equity securities , typically in denominations of \$ 1 million , that are sold to institutional investors and are n't registered with the Securities and Exchange Commission .

[20363011]

Last year , Bankers Trust said it placed \$ 10 billion of corporate debt and equities privately .