

In response to the call by the Financial Systems Inquiry (FSI) for a second round of submissions for addressing the Too Big To Fail (TBTF) Banks, I would like to submit the following statement:

It is my understanding that the current speculation in derivatives by Australia's banks led by the Big Four and Macquarie, now exceeds \$24 trillion as against a GDP of only \$1.6 trillion.

It is also my understanding that the Australian Government's Financial Claims Scheme, which is essentially \$20 billion dollars per TBTF bank, does not even come close to addressing the economic exposure of the TBTF banks. Hence the Bank of International Settlements is requesting that all nations adopt bail-in legislation.

Let me see if I have this straight:

The TBTF banks are free to use their customer's funds (unsecured creditors) to speculate in the derivatives market at will and all of their profits in this endeavour are theirs to keep.

However, if another Global Financial Crisis were ever to occur again, the TBTF bank's losses will be socialised and their depositor's funds will essentially be pruned to some extent by way of bail-in legislation in order to prop up the bank.

This proposed legislation does not in anyway promote responsible behaviour on behalf of the TBTF banks as it is legislation of the worst kind. Unless of course you are TBTF bank, then you cannot possibly lose.

I would personally like to see a full and total separation of the banks that have been deemed as Too Big To Fail banks into commercial and investment banks.

Therefore those that wish to partake in risky and speculative trading in derivatives can use the investment banks and the risk will be theirs and their investment bank alone.

Instituting bank bail-in legislation of the banks depositor's funds (i.e. unsecured creditors) is immoral and unconscionable as this is theft if ever carried out.

Just because the Bank of International Settlements wants legislation favouring them and their cronies does not mean it is already a fait accompli decision for Australia.

Therefore I am in full support of the introduction of Glass-Steagall law that has been historically proven to accomplish the protection of all creditors.

Thank You.

Colin White