

# THE FINANCIAL SERVICES ROUNDTABLE



## *Financing America's Economy*

Roundtable Executive Summary Bulletin  
December 16, 2011

### **LEGISLATIVE**

#### **Hearing: Senate Banking Subcommittee on Housing, Transportation, and Community Development**

On Tuesday December 13, Paul Leonard, Vice President of Government Affairs of the Housing Policy Council, testified about the Independent Foreclosure Review process. The hearing had two panels with the first including the OCC. The second panel included Paul Leonard (representing the servicers), two of the independent reviewers, a consumer advocate and a professor. Paul's testimony explained the basic components of the Independent Foreclosure Review and reiterated that this process has just started and that the independent review consortium was committed to the program's success. "All involved fully appreciate the importance of this process, and are working to ensure that reviews are conducted exactly as prescribed. In this spirit, the servicers have specifically followed the direction within the consent orders," said Paul Leonard. The Senators questioned the independence of the reviewers and if outreach to effected homeowners was adequate. [Joan Gregory, [Joan@fsround.org](mailto:Joan@fsround.org)]

#### **Hearing: Senate Committee on Banking, Housing, and Urban Affairs**

On Tuesday, December 13, the Committee held a hearing entitled: "Oversight of Federal Housing Finance Agency Part II." This hearing examined the current state of FHFA oversight of the GSEs. Mr. Steve A. Linick testified, mentioning certain deficiencies and strengths of FHFA. Chairman Johnson stated: "The FHFA is playing a critical role because of their ties with Fannie Mae and Freddie Mac. It is necessary for FHFA to prioritize oversight of the GSEs to further improve the housing market." [Joan Gregory, [Joan@fsround.org](mailto:Joan@fsround.org)]

#### **Hearing: House Financial Services Subcommittee on Capital Markets and Government Sponsored Enterprises**

On Wednesday December 14, the subcommittee held a markup on Chairman Scott Garrett's bill entitled the "Private Mortgage Market Investment Act." Chairman Garrett's legislation takes steps to improve standardization and uniformity in private mortgage backed securities; gives investors more legal certainty; and provides more transparency and disclosure to encourage investors to do their own analysis of the securities they are investing in. Additionally, it eliminates the risk retention provisions of the Dodd-Frank Act and creates a true safe harbor for Qualified Mortgage (QM) loans. "The goal is to try and ensure a robust market without having taxpayers on the hook," said Chairman Garrett. The bill passed the committee by a vote of 18-15. [Joan Gregory, [Joan@fsround.org](mailto:Joan@fsround.org)]

#### **Hearing: House Energy and Commerce Subcommittee on Top Level Domains**

On December 14, BITS attended the House Energy and Commerce Committee Subcommittee on Communications and Technology hearing on "ICANN's Top-Level Domain Name Program." Witnesses highlighted similar concerns voiced in last week's Senate Committee on Commerce, Science, and Transportation hearing – the likelihood of increased consumer confusion and fraud, and unreasonable costs for small businesses. Witnesses recommended requiring notification of the opening of the second application round; lowering fees for businesses, particularly non-profit

organizations; and conducting a more in-depth cost-benefit analysis before launching the program. [Craig Schwartz, [Craig.Schwartz@fsround.org](mailto:Craig.Schwartz@fsround.org)]

## **REGULATORY**

### **Bank Holding Company Working Group Now Analyzing a Variety of Regulatory Releases**

Banking regulators have recently released several important regulatory proposals. In specific, the Roundtable is reviewing the following proposals to determine what formal response is necessary. If you have any questions or comments about any of these items, please contact Brian Tate.

1. [Risk-Based Capital Guidelines; Market Risk; Alternatives to Credit Rating for Debt and Securitizations](#) (FDIC/FED/OCC)
2. [Proposed Guidance on Corporate Debt Securities Eligible for Investment](#) (FDIC)
3. [Proposed Rule for Mutual Insurance Holding Company Treated as Insurance Company](#) (FDIC)
4. [Joint notice on Call Reports for Savings and Loan Holding Companies](#) (OCC/Treasury/FED/FDIC)
5. [Guidance and Comment on Credit Ratings](#) (OCC)
6. [Maximum Obligation Limitation](#) (FDIC)

[Brian Tate, [Brian@fsround.org](mailto:Brian@fsround.org)]

### **Drafts of Volcker Rule Comment Letters Circulated**

Last week the Working Group held three meetings to review the progress and issues related to the draft comment letter. Specifically, calls were held to discuss insurance, funds, and prop trading issues. Meetings regarding this letter will continue, and updated drafts will continue to be circulated to members of the working group. [Peter Freeman, [Peter@fsround.org](mailto:Peter@fsround.org)]

### **Roundtable, IFA, ABA, and CBA Host Small Business Lunch & Learn**



*Pictured: (L to R) Panelists Tim Dixon, Citizens Republic Bank; Sean Falk, Franchise Owner; Mike Murphy, M2 Consulting; and Mark Edwards, BB&T; answer questions from Hill staff on small business lending.*

On December 13, the Roundtable, and our trade association partners: International Franchise Association, American Bankers Association, and Consumer Bankers Association, hosted a Lunch & Learn Session on Small Business Lending for Capitol Hill staffers. The session was well received and attended by over 35 staffers. The event's panelist consisted of 2 lenders and 2 borrowers (listed below) that all talked about the current lending environment and how small businesses are a critical part of our nation's economy. In addition, the speakers also discussed small business lending programs at the Small Business Administration. The Roundtable supports small business lending and we look forward to continuing to work with the public and private sectors to increase small business lending in 2012. The Roundtable thanks our speakers, attendees and our trade association partners for making the session a successful event.

**Presenters:**

- Lender: Mark Edwards, Small Commercial Loan Administration Manager, BB&T,
- Lender: Tim Dixon, Citizens Republic (Michigan),
- Borrower: Mike Murphy, M2 Consulting,
- Borrower: Sean Falk, Franchise Owner, Great American Cookie, Pretzelmaker, Mrs. Fields Cookies, Salsarita's Fresh Cantina

[Brian Tate, [Brian@fsround.org](mailto:Brian@fsround.org)]

**For More Regulatory Updates, Check this Week's "Rules in Focus" Memorandum**

For the latest updates on the Roundtable's regulatory efforts, please consult the Roundtable's weekly "Rules in Focus" publication. "Rules in Focus" contains a rundown of all the issues that the Roundtable's regulatory working groups are currently covering.

To access current and past editions of the publication, click [here](#). A new edition of Rules in Focus is released and distributed every Tuesday. [Robert Hatch, [Robert@fsround.org](mailto:Robert@fsround.org)]

**HOUSING**



*Steve Bartlett (left) at the CFPB Forum*

**Steve Bartlett, John Dalton Participate in CFPB's Servicemember Financial Fitness Forum**

On Tuesday, December 13, Roundtable President & CEO Steve Bartlett and Housing Policy Council President John Dalton participated in the forum, hosted by the office of Servicemember Affairs and Assistant Director Mrs. Holly Petraeus. Mr. Bartlett and Mr. Dalton both reiterated the industry's commitment to compliance with both the letter and spirit of the Servicemembers Civil Relief Act and each highlighted the unique products, programs and services that the industry continues to offer Servicemembers and military families. Both reinforced that Roundtable and HPC members are dedicated to providing leadership in best practices in collaboration with stakeholders such as the CFPB and the Department of Defense. Steve Bartlett and John Dalton cited our continued work through the Servicemember Affairs working group as the method by which we will continue and address challenges as we move forward.

[Todd Hill, [Todd@fsround.org](mailto:Todd@fsround.org)]

**RESEARCH**

**Executive Compensation**

Last spring, The Financial Services Roundtable studied a portion of its membership to understand what the largest companies are doing with respect to executive compensation. **100% of surveyed Roundtable companies** reported that their executive compensation practices had been significantly reformed since 2008, and every single responding Roundtable company reported that it had a compensation committee at the Board level.

**The Federal Reserve made the same conclusion in their October 2011 horizontal review of incentive compensation practices.** The Fed reported that the *largest banking organizations have made significant progress* toward enhancing their incentive compensation arrangements. In its study, the Federal Reserve concluded that:

- The largest banks are already at or above Dodd-Frank proposed guidelines for executive compensation (to defer 50% for 3 years);
- Senior executives have more than 60% of their incentive compensation deferred on average;
- Some of the most senior executives have more than 80% deferred;
- Deferral periods generally range from three to five years, with three years the most common.

For more information about executive compensation, please view this week's Fast Facts [here](#).

[Abby McCloskey, [Abby@fsround.org](mailto:Abby@fsround.org)]

**COMMUNITY SERVICE**

**Community Service 2011 Company of the Week: Wells Fargo & Company**

## Wells Fargo Team Members Set Giving Record



*With more than 4,700 walkers, Wells Fargo set a national record for this event and we clearly showed Charlotte that Wells Fargo “walks with heart!”*

In September, during Wells Fargo’s 2011 Community Support and United Way Campaign team members donated a record \$41.6 million to more than 28,000 nonprofits and schools. In addition to a 13 percent increase in donations, the one-month campaign resulted in 122,000 volunteer hours contributed by team members, a 30 percent increase as compared to September 2010. Read [More](#). [Aleksia Ilic, [Aleksia@fsround.org](mailto:Aleksia@fsround.org)]

*The mission of The Financial Services Roundtable is to protect and promote the economic vitality and integrity of its members and the United States financial system.*

[www.fsround.org](http://www.fsround.org)