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A Statement from Steve Bartlett, President and CEO of The Financial Services Roundtable

**The Roundtable Applauds Treasury's Blueprint for Regulatory Reform
Stresses the Urgent Need for a More Effective Regulatory Structure**

Washington DC (March 31, 2008) – The Financial Services Roundtable welcomes the Treasury Department's blueprint to overhaul the nation's financial regulatory system and applauds Secretary Henry M. Paulson, Jr. for providing a foundation upon which Congress, the Administration and the financial services industry can work together to ensure strong, competitive financial markets which are vital to our economy, to consumers, and to job creation.

We are encouraged that Treasury has put together a comprehensive program with numerous long-range and immediate recommendations—many of which are achievable during this legislative session—that will address some of the challenges we are facing. The Roundtable is particularly pleased that the Treasury proposal recommends the creation of an optional federal insurance charter.

Further, we applaud the fact that this proposal is specifically attentive to consumer protection. We believe many of the recommendations in this blueprint, combined with other ongoing efforts, will help improve conditions in the housing market, restore the economy and prevent such situations from happening again in the future.

This proposal, which has been in the works for more than a year now, follows four independent studies, including our own, that have reached similar conclusions about how to improve our regulatory structure. Specifically, each proposal has called for, in one form or another, a more consistent and coordinated regulatory system, principles-based regulation, and prudential supervision. These three reforms were important last year – but now, they are essential to resolving the current market situation. These initiatives are the backbone to reform.

- **A more coordinated and consistent regulatory approach** – We are encouraged that Treasury's blueprint calls for greater coordination through an expanded President's Working Group. If better coordination and consistency were established among the regulators a year ago, perhaps we would not have been in the same position we are today. The regulators would have had a chance to coordinate amongst each other – to prepare for the current situation.
- **A call for principles-based regulation** – It is encouraging to see that the Secretary has introduced the notion of principles-based regulation. Specifically, the Secretary's plan uses the term "objective-based regulation" instead of "principles-based regulation," but the point is the same – to create a regulatory focus on outcomes.
- **A move toward prudential supervision** – The Secretary has offered a roadmap to significantly strengthen prudential supervision that can be embraced and implemented by all financial

regulators to ensure ongoing, constructive engagement with regulated firms on critical compliance issues.

- **A sense of urgency** – The Secretary has noted that there is a sense of urgency to act. The events of the last six months have demonstrated the risk of not having a sufficiently coherent regulatory structure. The urgency of the situation in the capital markets is significant; there is a liquidity problem and a regulatory structure that needs correcting. Current market conditions underscore the urgent need for reform, particularly for more coordination among regulators. However, we strongly recommend that Congress does not overreact and that any action is deliberate and well thought out.
- **The need for thoughtful action, not rushed reaction** – While Congress and the Administration should act without haste, it is imperative that all parties thoughtfully consider this matter and arrive at a measured response that is both deliberate and well thought out.

While there is significant work to be done, we believe there are some vital improvements that can, and should be, realized immediately to improve our current economic condition. The Roundtable has drafted legislation that calls for a more consistent and coordinated regulatory system, principles-based regulation, and prudential supervision. We believe these crucial reforms can be achieved this year.

Again, we congratulate Treasury Secretary Paulson for the strong foundation put forth in the Treasury's blueprint. The Roundtable stands ready to work with Congress and the Treasury to help implement these much needed reforms and to ensure they benefit from affirmative, bi-partisan support.

The Financial Services Roundtable represents 100 of the largest integrated financial services companies providing banking, insurance, and investment products and services to the American consumer. Member companies participate through the Chief Executive Officer and other senior executives nominated by the CEO. Roundtable member companies provide fuel for America's economic engine, accounting directly for \$66.1 trillion in managed assets, \$1.1 trillion in revenue, and 2.5 million jobs. The Roundtable and the Housing Policy Council have partnered with other industry leaders to form HOPE NOW. HOPE NOW is an alliance between counselors, mortgage market participants, and mortgage servicers to create a unified, coordinated plan to reach and help as many homeowners as possible.