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Government Affairs Bulletin

Contact Us

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<http://www.fsround.org>

Core Beliefs of The Financial Services Roundtable:

- . *Large, integrated financial companies finance the nation's economy.*
- . *The competitive marketplace should govern the delivery of products and services.*
 - . *Uniform national standards across state lines are critical.*
 - . *The effective use of technology is essential.*

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Legislative News

Hearing: Financial Crisis Inquiry Commission

This week the Financial Crisis Inquiry Commission (FCIC) held two days of hearings to examine the root causes of the financial crisis. Top leaders of the public and private sectors, commissioners, executives and financial analysts testified on the first day. Topics discussed included: the reasons for the financial crisis, executive compensation programs, financial instruments, underlying goals for incentives, failure of the regulators, lax underwriting standards, overleverage, foreclosures, and ways to prevent future financial crisis were discussed. Suggestions included creating a systemic risk and resolution authority were cited. Witnesses on day one included Mr. James Dimon, the President and CEO of JPMorgan Chase, who acknowledged that some of the causes for the financial crisis were “due to regulatory failure and excessive leverage.” In addition, the Chief Executive Officer and President of Bank of America, Brian Moynihan, explained that his company has “changed its policy” with regard to the risk test from a year ago.

Testimony on day two of the FCIC hearing included Attorney General Eric Holder. The DOJ chief declared that his department would “continue and be vigilant in safeguarding the American economy,” and will “use all measures to hold people accountable.” Testimony in the afternoon included state and local officials such as Illinois State Attorney General Lisa Madigan, who declared that she had worked hard to bring “enforcement actions against predatory mortgage lenders long before Wall Street regulators.” The bi-partisan 10-member Financial Crisis Inquiry Commission was created by Congress. Findings and conclusions will be presented in a formal report to Congress and the President later this year.

For more information please contact Jill Hershey, Jill@fsround.org

Administration Proposes New Financial Tax

On Thursday the Obama Administration proposed a new financial tax to offset the anticipated losses from the TARP program. The tax is projected to raise \$90b over ten years and would be enacted regardless if losses occur from TARP. The tax is applied to the roughly 50 financial firms with more than \$50b that accepted TARP or TLGP money. Approximately 60% of the \$90b will come from the 10 largest banks. The Roundtable opposes the tax and is committed to repaying the taxpayer through the orderly repayment of TARP.

For more information please contact Scott Talbott, Scott@fsround.org

Regulatory News

FDIC Proposes to include Compensation in Assessments

Earlier this week, the Federal Deposit Insurance Corporation (FDIC) proposed to incorporate compensation criteria into the FDIC’s risk-based assessment system (through an advanced notice of proposed rulemaking (ANPR)). [Click here](#) to view the FDIC’s Memo and the ANPR.

Specifically, the FDIC proposes specific criteria that an institution should have within its compensation program such as the requirements that:

- An employee (whose business activities present a significant risk to the institution) should have a significant amount of his/her compensation paid in restricted non-discounted company stock.
- Awards in company stock should only become vested over a multi-year period, with the possibility of a claw back.
- The employee compensation program should be administered by an independent committee of the Board.

If an institution can attest that its compensation programs include each of the criteria listed above, the FDIC could charge a lower risk-based assessment rate. Alternatively, without these criteria in its compensation programs, institutions may face a higher risk-based assessment rate.

Comments are due to the FDIC 30 days from the point of publication in the Federal Register. The Roundtable will be submitting comments on this proposal.

If you have any questions/comments, please contact Melissa Netram, Melissa@fsround.org.



Housing Policy Council comments on the Latest HAMP Report

On Friday, January 15, the Treasury Department released its latest report on the Home Affordable Modification Program (HAMP) with more than 100,000 borrowers approved for permanent modifications. Through HAMP, more than 850,000 homeowners have lower monthly mortgage payments, at an average of \$500 less each month. The Housing Policy Council (HPC) believes the latest report shows that participating servicers are making a dedicated effort to convert trial modifications to permanent modifications. This report has revealed that real progress has been made yet more work needs to be done and efforts must continue. While HAMP has helped many homeowners avoid foreclosure, there has also been non-HAMP workouts and modifications. Members of the HOPE NOW Alliance completed over 2.9 million loan workout plans in 2009. HPC also has made suggestions to Treasury on streamlining HAMP to improve the process and assist more homeowners. HPC will continue to work with Treasury in trying to help homeowners avoid foreclosure.

For more information, please contact Paul Leonard, Paul@fsround.org.

HOPE NOW Holds Briefing for Congressional Staff on Industry's Efforts to Prevent Foreclosures

This week, the HOPE NOW Alliance held a briefing on Capitol Hill for congressional staff in both the House and Senate on the industry's efforts in preventing foreclosures. More than 60 House and Senate staffers attended the event. Paul Leonard of the Housing Policy Council was the moderator with speakers from HOPE NOW, GMAC, Sun Trust, MBA, the Homeownership Preservation Foundation and NeighborWorks America. Larry Gilmore of HOPE NOW discussed HOPE NOW's outreach efforts; HOPE NOW's LoanPort which is a new web portal tool that will allow housing counselors to submit complete HAMP Modification Applications and HOPE NOW's data on workouts to help homeowners avoid foreclosure. Marietta Rodriguez of NeighborWorks America explained how borrowers can receive in-person counseling. Nancy Barbour on behalf of Colleen Hernandez with HPF spoke about how Homeowners receive counseling through the HOPE hotline. Dana Dillard of GMAC explained how servicers are working to implement the HAMP modification program and other solutions for borrowers. Katie King of SunTrust explained the work of the HOPE NOW's Task Force on Solutions for Unemployed homeowners and the various resources for borrowers facing unemployment. Mike Fratantoni, of MBA gave an update on the US Economy and the recovery and challenges facing the housing market. Following the presentations, the speakers took questions from Congressional staff. HOPE NOW plans to hold another briefing early in 2010.

For more information, please contact Paul Leonard, Paul@fsround.org.



BITS Briefs OCC

On January 14, BITS briefed senior technology and operational risk officials of the Office of the Comptroller of the Currency (OCC) on the BITS Email Security Project and Sector Coordinating Council research initiatives.

BITS briefed the OCC on the BITS best practices papers and in working with BITS member technology experts and Internet Service Providers on strategies to implement the email security protocols. Recommended protocols encrypt and authenticate emails and reduce spam and the dissemination of malicious software that infect computers or facilitate financial fraud.

OCC officials expressed interest in utilizing the BITS best practices papers and in working with BITS member technology experts and Internet Service Providers on strategies to implement the email security protocols. Recommended protocols encrypt and authenticate emails and reduce spam and the dissemination of malicious software that infect computers or facilitate financial fraud.

BITS will continue to reach out to regulators to share the work of the Email Security Project and to increase the adoption rate of the security suggestions amongst email providers.

OCC officials also expressed interest in collaborating with other BITS security program efforts. BITS briefed OCC officials on the work of the Research and Development Committee of the FSSCC, including ongoing discussions with the Obama administration on identity management initiatives and collaboration with academics on cyber security research.

For more information, contact John Carlson, John@fsround.org.

BITS Publishes “Secure Web Browser Recommendations” White Paper

On December 16, BITS released the paper “Secure Web Browser Recommendations” detailing suggestions for the speedy adoption or improvement of the following technologies by the web browser manufacturer community:

- Extended Validation Certificates
- Password Storage Model
- Reputation Rating System, and
- Stricter Security Policies for Web Applications.

Because web browsers are a primary means of interaction between financial institutions and their customers, and hackers are increasingly using the Internet as a vector of attack, the paper provides guidelines for web browser manufacturers to achieve these security objectives:

- Enhance the general security and integrity of web browsers;
- Reduce the risk of compromise through normal web browsing behavior;
- Increase opportunities for mutual authentication;
- Strengthen the ability of financial institutions to prevent unauthorized third-party code from interacting with online transactions; and
- Improve reliability of the online transactional channel for customers and their financial institution.

BITS and the Financial Services Technology Consortium (FSTC) are working to directly engage leading browser manufacturers and other stakeholders in collaboratively developing and implementing these and other recommendations.

To view the recommendations, please click [here](#).

For more information, please contact Andrew Kennedy, Andrew@fsround.org.



ITAC Blog

Michael Kaiser, executive director of the National Cyber Security Alliance, talks on the ITAC blog about alliances of law enforcement and private sector to fight alliances to fight sophisticated cybercrime schemes.

Listen to the podcast by clicking [here](#).
For more information, contact Anne Wallace, Anne@fsround.org

Other



“Simplifying Regulation for Agents and Brokers...”

Agents for Change Meets with Senator David Vitter

On January 14 members of Agents for Change attended a meeting with Senator Vitter (R-LA) in Metairie, LA. The meeting provided a forum for insurance agents and brokers to tell real world stories regarding the hoops they have to jump through to serve their customers.



Agents for Change is proud to travel the country to speak with insurance producers and/or executives about the benefits inherent in insurance regulation reform. Please consider inviting Agents for Change to speak with your colleagues as opportunities to educate insurance professionals are paramount to our success

If you are not a member company of Agents for Change, we welcome your support. Insurance regulation is receiving a significant amount of attention in the 111th Congress.

Membership in Agents for Change includes 7,500 producers in 50 states, the District of Columbia, Puerto Rico, and Guam. Members learn about Agents for Change at trade shows, by word of mouth, via the press and our website, and through member companies.

Visit the Agents for Change website – www.agents4change.net – for additional information, updates, background material, FAQ's, and more. To receive periodic e-mail updates from Agents for Change please contact Peter Ludgin, Peter@agents4change.net; 202-589-1929.



Community Service 2010 Company of the Week: Allianz Life Insurance Company of North America Week of January 10, 2010

“Company of the Week” is a weekly update used to communicate to the Community Service Working Group the variety of community services projects Roundtable member companies are involved in. Through “Company of the Week,” companies can showcase their strengths and successes through community service projects as well as inspire other companies in their individual efforts.



Allianz Life Insurance Company of North America (Allianz) recently completed its 10th annual Spirit of Giving campaign, a month-long community giving program designed to inform, educate and build awareness about how employees can have a direct impact of the lives of others in the community.

Through donations from both employees and business partners, Allianz raised record levels of food and clothing for Golden Valley, Minnesota-based PRISM (People Responding in Social Ministry) and Toys for Tots. The totals included:

- 58,063 pounds of food
- 15,483 pounds of clothing
- 2,622 toys, including 29 bicycles
- More than \$116,000 in cash donations

The Company celebrated its achievement on December 11, with a Human Chain donation event, which saw hundreds of Allianz employees form a bucket-brigade style chain, passing thousands of boxed items down the stairs, through the lobby and out its doors to waiting semi-trailers.

During the past 10 years, Allianz Life employees have collected \$236,000 in cash donations, 145,000 pounds of food and 169,000 pounds of clothing.

Congratulations Allianz!

For more information on Company of the Week, please contact Aleksia Ilic, Aleksia@fsround.org.

For more information on Community Service 2010, please click [here](#).

Roundtable in the News

Clip of the Week

Steve Bartlett appeared on the Nightly Business Report this week to discuss the new financial tax, proposed by the President to cover future TARP losses. To view the clip, please click [here](#).

For more information, please contact Elise Brooks, Elise@fsround.org

The Mission of The Financial Services Roundtable:

To be the premier executive forum of the financial services industry.

To provide powerful legislative and regulatory advocacy.

To enhance the industry's reputation.

Led by BITS, to promote best practices and a strong infrastructure in technology.

