

February 19,
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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.*

Legislative:

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Legislative News

CARD Act Effective Date

The bulk of the CARD Act becomes effective on February 22, 2010. This credit card industry has worked quickly and efficiently to implement the law's requirements ahead of this effective date. The industry has taken affirmative steps to revise their lending policies to better serve their customers' needs, such as providing an opt-in to go over their credit limit, greater access to financial education materials, and financial counseling. The Roundtable looks forward to working with consumers and Congress to make the new CARD Act requirements easy to understand and to make the transition to the new rules as seamless as possible.

For more information, please contact Brian Tate, Brian@fsround.org.

Hearings Next Week

The House Financial Services Committee and the House Small Business Committee are scheduled to hold a joint hearing for Friday, February 26, 2010 at 10 a.m. The hearing is expected to focus on small business and commercial real estate lending. The hearing is expected to have three panels of witnesses scheduled to testify. The three panels are: 1. Small Businesses, 2. Regulators and 3. Financial Institutions. A Roundtable member company will testify. The Roundtable encourages Congress to pursue measures that expand opportunities for small business that will help create a foundation to build a strong and prosperous economy.

For more information, please contact Brian Tate, Brian@fsround.org.

Retirement Security

Recently, Senators Baucus (D-MT) and Grassley (R-IA) introduced a draft jobs bill that included provisions providing relief for defined benefit (DB) pension plans. However, shortly thereafter Senate Majority Leader Harry Reid (D-NV) moved to proceed to a scaled-down jobs bill that did not include funding relief. The Roundtable supports relief for DB plans. The Roundtable will continue to urge members of the House Ways & Means Committee, House Education & Labor Committee, Senate Health, Education, Labor, and Pensions, and the Senate Finance Committee to take action and craft legislation that will provide DB plan funding relief to help businesses of all sizes maximize resources and allow them to remain focused on job creation and retention.

For more information, please contact Brian Tate, Brian@fsround.org.

Health Insurance Industry Fair Competition Act to be Introduced Next Week

The House Committee on Rules will be considering the Health Insurance Industry Fair Competition Act next week. The bill would restore the application of the Federal antitrust laws to the business of health insurance to protect competition and consumers.

For more information please contact Peter Freeman, Peter@fsround.org

Regulatory

Roundtable files comment responding to FDIC's Advanced Notice of Proposed Rulemaking (ANPR) on Compensation.

The Roundtable filed its comment in response to the FDIC's advance proposal to incorporate compensation criteria into the risk-based assessment system. The ANPR would require institutions to (1) create compensation committees staffed solely by independent directors, (2) pay certain employees a "significant" portion of their salary in restricted,

deferred stock and (3) adopt clawback provisions. Firms that failed to adopt all three criteria would be penalized with higher Deposit Insurance Fund (DIF) assessment fees.

The Roundtable **opposed** the proposal, for the following specific reasons:

- The ANPR lacked sufficient data to substantiate a correlation between compensation practices
- One-sized does **not** fit all – compensation models should be individually tailored to meet the needs of a diverse industry, because:
 - The size of an institution does not necessarily determine the level of risk.
 - The FDIC's criteria may not be the **best** way to mitigate risk taking and a myopic focus on compensation ignores the importance of overall risk management.
- The scope of the ANPR exceeds the FDIC's authority.

The Roundtable also **suggested** alternative ways the FDIC may accomplish it's goals:

- Any reform must be undertaken in coordination and consultation with other federal regulators avoids inefficiencies and statutory overreach.
- The FDIC could use existing examination and supervisory methods to rate the alignment of employees' interest with the long-term interests of the institution and the DIF.
- Like the institutions in Category I, institutions in Category II, III and IV should be subject to separate premiums based on individual risk assessments.

The Roundtable's submission is posted on our website.

For more information on this issue, please contact Rich Whiting, Rich@fsround.org.



HPC urges Treasury and FHFA to extend HARP

The Housing Policy Council and other trade groups have written to Treasury Secretary Geithner and Acting Director of FHFA, DeMarco urging the continuation of the Home Affordable Refinance Program (HARP). The HARP program is set to expire on June 10, 2010. HARP enables homeowners who are current on their mortgage loans to refinance even though their home values have dropped. This helps responsible, performing borrowers refinance into a lower mortgage rate and avoid foreclosure. HPC companies believe that HARP is a critical tool in helping the housing market fully recover. HPC will continue to advocate that the program be continued beyond June 10, 2010.

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

HPC Comments on the Judicial Conference's Proposed Revisions to Bankruptcy Rules for Additional Requirements for Loan Servicers

On February 16, the Housing Policy Council (HPC) and other trade groups sent a comment letter to the Judicial Conference of the United States regarding its proposed revisions to the bankruptcy rules. The proposed revisions would substantially increase the compliance burdens on mortgage servicing companies who have a customer in a Chapter 13 repayment plan. The new rules require much more supporting detail to be supplied at the beginning of a bankruptcy case, when mortgage servicers must file "proofs of claim." The proposed rule will also give the court the

authority to impose sanctions on a mortgage servicer and also diminish a mortgage servicer's statutory right to rely on the validity for timely-filed proofs of claim.

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



BITS/Roundtable Comment on OAS Model Payment Proposal

The Roundtable and BITS submitted a comment letter to the State Department, Federal Trade Commission and Federal Reserve Board opposing a proposal by the Organization of American States (OAS) that would recommend expanding chargeback protection to debit transactions, thus shifting risk of on-line merchants' non-performance to financial institution card issuers.

Current U.S. law provides chargeback protection for credit card transactions, not debit card transactions.

The letter:

- Outlines concerns with the increased cost and operational risks associated with extending chargeback provisions
- Urges U.S. and OAS member countries to develop a model law proposal that is consistent with current U.S. laws and regulations.

The United States will submit a proposal to harmonize e-commerce dispute resolution as their contribution to the OAS Seventh Inter-American Specialized Conference on Private International Law (CIDIP-VII). The overall purpose of the conference is to harmonize private international law in the Americas, though the proposal would not have force of law.

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



ITAC co-sponsors Identity Fraud Survey Report

The Javelin Strategy & Research 2010 Identity Fraud Survey Report, co-sponsored by ITAC, finds that the number of identity fraud victims in the U.S. increased 12% to 11.1 million adults in 2009, while the total annual fraud amount increased by 12.5% to \$54 billion. However, consumers' average fraud resolution time dropped 30% to 21 hours and out-of-pocket costs for consumers hit an all-time low of \$373. ITAC Members received a complimentary copy of the Javelin report. To find out who received the report at your company, contact Ariel Pegues, Ariel@fsround.org; (202) 589-1937.

For more information please contact Anne Wallace, Anne@fsround.org



“Simplifying Regulation for Agents and Brokers...”

Agents for Change Legislative Conference

The Agents for Change legislative conference will be held from May 18-20 in Washington, D.C. Lauded as “Making an Impact,” attendees will have an opportunity to discuss their support of insurance regulation reform with elected officials, hear from high level guest speakers, tour Washington, D.C. landmarks, and network with their peers. Please urge your agents and brokers to attend.

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.

THE FINANCIAL SERVICES ROUNDTABLE



COMMUNITY SERVICE

FOCUS: FINANCIAL EDUCATION

Roundtable Volunteers at DC Non-Profit, Martha’s Table



(L-R) Vince Radulov, Nicole Muryn, Jill Hershey, Wattie Bennett, Aleksia Ilic, Sarah Drew and Brenda Bowen

On Friday, February 19, Roundtable staff, volunteered their time to give back to local DC non-profit, Martha's Table. Martha's Table helps at-risk children, youth, families and individuals in the DC community improve their lives by providing educational programs, food, clothing, and enrichment opportunities. Roundtable staff spent the day preparing meals for low-income and homeless individuals.

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

Roundtable in the News

Clip of the Week

This week Steve Bartlett, President and CEO of The Roundtable, joined other experts on a web roundtable for PBS's Newshour to discuss whether a new consumer financial protection agency should be created.

Click [here](#) to read the discussion.

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

Roundtable Presents on America's "Savings Gap"



On Thursday February 18, Financial Services Roundtable and Consumer Federation of America came together to address America's Savings Gap at the National Press Club. Speakers included Steve Bartlett, President and CEO of Financial Services Roundtable, Ronald O'Hanley, President and CEO of BNY Mellon Asset Management, Steve Brobeck, Executive Director of the Consumer Federation of America, Stephen Potter, President of Northern Trust Global Investments and Dallas Salisbury, President and CEO of Employee Benefits Research Institute.

The news conference highlighted new savings data in regards to low-and moderate-income households, revealing less than half of all households have access to a savings account. Also presented were findings from a nationwide survey on consumer attitudes towards automatic saving, and the results of a survey of the nation's major financial institutions, outlining their efforts to promote savings.

To view the press release of the event 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.

